

Lupaka Gold Corp.

Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022
(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 September 30, 2023, 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 September 30, 2023 and December 31, 2022

(expressed in Canadian Dollars, Except Share Data)

| | September 30, 2023 \$ | December 31, 2022 \$ |
|---|-----------------------------|----------------------------|
| Assets | | |
| Current assets | | |
| Cash | 50,799 | 70,595 |
| GST receivable (Note 3) | 1,302 | 13,085 |
| Prepaid expenses and deposits | 1,465 | 853 |
| | 53,566 | 84,533 |
| Non-current asset | | |
| Mineral properties (Note 4) | 22,351 | 19,642 |
| Total assets | 75,917 | 104,175 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 5) | 674,190 | 726,507 |
| Due to related parties (Note 6) | 17,850 | 18,900 |
| Total liabilities | 692,040 | 745,407 |
| Shareholders' Equity | | |
| Common shares (Note 8 (a)) | 60,052,537 | 60,015,245 |
| Warrants (Note 8 (b)) | 328,768 | 248,835 |
| Contributed surplus | 8,471,583 | 8,453,050 |
| Deficit | (68,628,102) | (68,517,452) |
| Accumulated other comprehensive income (loss) | (840,909) | (840,910) |
| Total equity | (616,123) | (641,232) |
| Total liabilities and equity | 75,917 | 104,175 |

Nature of operations and going concern (Note 1)

Subsequent event (Note 8 (a))

Approved and authorized for issue by the Board of Directors on November 27, 2023

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 and nine months ended September 30, 2023 and 2022 (Unaudited)

(expressed in Canadian Dollars, Except Share Data)

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|------------|-----------------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Operating expenses | | | | |
| Exploration | | | | |
| Project administration | 149 | - | 1,182 | - |
| General and administration | | | | |
| Arbitration expenses | 3,966 | 18,953 | 33,735 | 40,638 |
| Management fees | 5,875 | 11,571 | 27,623 | 92,282 |
| Professional and regulatory fees | 17,432 | 35,691 | 37,673 | 191,579 |
| Office and general | 1,504 | 1,469 | 5,538 | 5,659 |
| Shareholder and investor relations | 4,292 | 1,965 | 6,416 | 14,393 |
| Total general and administration | 33,069 | 69,649 | 110,985 | 344,551 |
| Operating loss | (33,218) | (69,649) | (112,167) | (344,551) |
| Foreign exchange gain (loss) | (4,225) | (14,418) | 1,517 | (17,839) |
| Net loss for the period | (37,443) | (84,067) | (110,650) | (362,390) |
| Other comprehensive gain (loss) | 468 | 1,059 | 1 | 1,312 |
| Loss and comprehensive loss for the period | (36,975) | (83,008) | (110,649) | (361,078) |
| Weighted average number of shares outstanding | | | | |
| Basic and diluted | 19,287,567 | 16,027,770 | 18,452,326 | 16,027,770 |
| Loss per share, basic and diluted | (\$0.00) | (\$0.01) | (\$0.01) | (\$0.02) |

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 and nine months ended September 30, 2023 and 2022 (Unaudited)

(presented in Canadian Dollars)

| | Nine months ended September 30, | |
|--|---------------------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Cash flows used in operating activities | | |
| Net loss for the period | (110,650) | (362,390) |
| Adjustment for items not affecting cash: | | |
| Share-based compensation expense (Note 8) | 18,533 | 61,286 |
| | (92,117) | (301,104) |
| Changes in non-cash working capital | | |
| Trade and other receivables | 11,783 | (8,955) |
| Prepaid expenses and deposits | (612) | 1,134 |
| Accounts payables and accrued liabilities | (52,315) | 204,593 |
| Due to/from related parties (Note 6) | (1,050) | (1,050) |
| Net cash used in operating activities | (134,311) | (105,382) |
| Cash used in investing activities | | |
| Mineral properties | (2,710) | (7,327) |
| Net cash used in investing activities | (2,710) | (7,327) |
| Cash flows from financing activities | | |
| Proceeds from private placements, net | 117,225 | - |
| Net cash from financing activities | 117,225 | - |
| Net decrease in cash | (19,796) | (112,709) |
| Cash- beginning of period | 70,595 | 121,215 |
| Cash - end of period | 50,799 | 8,506 |

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 and nine months ended September 30, 2023 and 2022 (Unaudited)

(presented in Canadian Dollars, Except Share Data)

| | Nine months ended September 30, | | | |
|---|---------------------------------|--------------|------------|--------------|
| | 2023 | | 2022 | |
| | Number | \$ | Number | \$ |
| Common shares (Note 8 (a)) | | | | |
| Balance – beginning of period | 18,027,784 | 60,015,245 | 16,027,784 | 59,892,640 |
| Issued pursuant to private placements | 2,000,000 | 120,000 | | |
| Share issuance costs | | (2,775) | | |
| Fair value of share purchase warrants issued | | (79,933) | | |
| Balance – end of period | 20,027,784 | 60,052,537 | 16,027,784 | 59,892,640 |
| Share purchase warrants (Note 8 (b)) | | | | |
| Balance – beginning of period | | 248,835 | | 171,440 |
| Issued pursuant to private placements | | 79,933 | | - |
| Balance – end of period | | 328,768 | | 171,440 |
| Contributed surplus | | | | |
| Balance – beginning of period | | 8,453,050 | | 8,375,119 |
| Share-based compensation | | 18,533 | | 61,286 |
| Balance – end of period | | 8,471,583 | | 8,436,405 |
| Deficit | | | | |
| Balance – beginning of period | | (68,517,452) | | (68,095,146) |
| Net loss for the period | | (110,650) | | (362,390) |
| Balance – end of period | | (68,628,102) | | (68,457,536) |
| Accumulated other comprehensive income | | | | |
| Balance – beginning of period | | (840,910) | | (841,986) |
| Currency translation adjustment on foreign operations | | 1 | | 1,312 |
| Balance – end of period | | (840,909) | | (840,674) |
| Total shareholders' equity | | (616,123) | | (797,725) |

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 and nine months ended September 30, 2023 and 2022 (Unaudited)

(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 continues to hold three potential gold properties in the state of Oregon, USA. As well, management continues to seek out other 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 September 30, 2023, the Company had a working capital deficit (current assets less current liabilities) of \$638,474 (December 31, 2022 - \$660,874) and accumulated deficit of \$68,628,102 (December 31, 2022 –\$68,517,452). For the nine months ended September 30, 2023, the Company had a net loss of \$110,650 (nine months ended September 30, 2022 – \$362,390) and used cash in operating activities of \$134,311 (nine months ended September 30, 2022 – \$105,382).

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 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.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements Three and nine months ended September 30, 2023 and 2022 (Unaudited)

(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, 2022, 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 \$22,351 have been capitalized to mineral properties to September 30, 2023 (December 31, 2022 - \$19,642).

5 Accounts payable and accrued liabilities

As at September 30, 2023 and December 31, 2022, \$293,425 was payable to a former CEO of the Company pursuant to a March 2018 settlement agreement which was renegotiated in February 2019. In addition, ~\$218,000 (December 31, 2022 – ~\$218,000) remains due to 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 and nine months ended September 30, 2023 and 2022 (Unaudited)

(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 and nine months ended September 30, 2023 and 2022, the Company incurred \$1,000 and \$3,000, respectively for both years, 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 and nine months ended September 30, 2023 and 2022 is shown below:

| | Three months ended September 30 | | Nine months ended September 30 | |
|--------------------------|------------------------------------|-------|-----------------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Management fees | 1,000 | 1,000 | 3,000 | 3,000 |
| Share-based compensation | 1,361 | 7,812 | 11,550 | 40,620 |
| Total | 2,361 | 8,812 | 14,550 | 43,620 |

(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 September 30, 2023:

- \$1,050 (December 31, 2022 - \$2,100) was payable to the Company's CFO for outstanding management fees and GST, which is included in Due to Related Parties;
- \$16,800 (December 31, 2022 - \$16,800) was payable for consulting and advisory services to Havilah Holdings Inc. ("Havilah"), which is included in Due to Related Parties. Havilah is a co-owner of K-Rok Minerals Inc., a >10% shareholder of the Company, which is owned 47.5% by ABE, 47.5% 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; and
- \$293,425 (December 31, 2022 - \$293,425) 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 and nine months ended September 30, 2023 and 2022 (Unaudited)

(presented in Canadian Dollars)

7 Arbitration Claim Made Under The Canada-Peru Trade Agreement

By agreement with PLI Huara Holdings LP (“PLI”) 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 IMC’s Invicta Gold Project.

On July 2, 2019, the Company received a formal Notice of Acceleration (“Acceleration Notice”) from PLI regarding the PLI Financing Agreement. The Acceleration Notice claimed 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.

On November 12, 2019, the Company received a Notice of Indemnification and Reservation of Rights letter dated November 8, 2019 from PLI Huaura Holdings L.P., which primarily demanded that the Company make the indemnification payments to PLI in respect of the PLI Financing Agreement (which PLI claims, as of October 31, 2019, totaled an aggregate of approximately US\$16 million), and all other amounts outstanding under the PLI Financing Agreement were to be paid immediately on demand and that PLI hereby made a demand for payment of such amounts.

The specified claims of default related primarily to the Company’s inability to make the scheduled repayments against the PLI Financing Agreement as a result of the ongoing illegal road blockade carried out by the community of Paran at 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 (London) and Boles Schiller Flexner LLP (New York City) to represent its interests in the CPFTA Arbitration, which primarily centers on a claim for US\$47.7 Million plus arbitration expenses and interest at a rate of LIBOR+2% compounded annually from August 27, 2019 until payment is received by Lupaka.

While the Company and PLI disputed each other’s actions and claims, effective July 22, 2020, mutual releases (the “Release”) were executed between the Company and its subsidiaries (together, the “Lupaka Parties”) and PLI Huaura Holdings L.P. (“PLI”), Invicta Mining Corp S.A.C. (“IMC”) and certain associated parties of PLI (the “PLI Parties”).

As a result, all claims made or in the process of being made by the Lupaka Parties against the PLI Parties are deemed to be released and forever discharged from each and every one of the PLI Parties; and all claims made or in the process of being made by the PLI Parties against the Lupaka Parties are deemed to be released and forever discharged from each and every one of the Lupaka Parties. A significant outcome of the release to the Company is that the liability of \$22,225,052 to PLI was fully discharged by the PLI Parties and eliminated in the fiscal year ended December 31, 2020.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements Three and nine months ended September 30, 2023 and 2022 (Unaudited)

(presented in Canadian Dollars)

Arbitration Claim Made Under The Canada-Peru Trade Agreement (continued)

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.

From March 27 to April 3, 2023, the arbitration hearing stage of the Company’s Arbitration Claim against the Republic of Peru convened in Washington, D.C. Subsequent to the completion of the arbitration hearings, the Tribunal granted the Parties an opportunity to answer specific questions that the Tribunal had. These questions and information requests were received and answered by the Parties in late June 2023.

During the week of October 16, 2023, the Company and the Republic of Peru each submitted their request for payment of arbitration expenses to the ICSID Tribunal, which management believes to be the last documents to be submitted for the Arbitration Claim process.

The Tribunal has not yet provided the Parties with any indication as to their timeline for any Arbitration Award decision.

8 Equity

a) Common shares

Authorized: unlimited with no par value.

Consolidation of the Company’s common shares

At the Company’s annual general and special meeting of the Company’s shareholders held on June 10, 2022 (the “Meeting”), the shareholders approved: a consolidation of the common shares in the capital of the Company on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares (the “Consolidation”); and a necessary amendment of the Company’s Articles. On August 15, 2022, the effective date of the Consolidation, trading of the Company’s post-Consolidation shares commenced on August 15, 2022 with a new CUSIP number of 550435309 and a new ISIN number of CA5504353098. The Company’s name and stock symbol remain unchanged following the Consolidation. All information related to the Company’s common shares, options, warrants and loss per share have been retroactively adjusted to give effect to the Consolidation for all periods presented. Immediately following the Consolidation, the number of common shares outstanding was reduced to 16,027,784 shares issued and outstanding.

Private Placements

November 2023

On November 23, 2023, the Company closed a non-brokered private placement (the “Placement”), to raise gross proceeds of \$30,000.

The Company issued 500,000 units at a price of \$0.06 per unit. Each unit consists of one common share of the Company and one common share purchase warrant (each, a “Warrant”). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 for a period of three years from closing.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2023 and 2022 (Unaudited)

(presented in Canadian Dollars)

Equity (continued)

No insiders of the Company participated in the Placement and no finders' fees were paid. The proceeds of the Placement will be used to fund property acquisitions and development expenditures, and general working capital. The shares and Warrants issued in the Placement are subject to a four-month hold period.

July/August 2023

On July 26 and August 18, 2023, the Company closed non-brokered private placements (the "NBPPs"), to raise gross proceeds of \$120,000, by issuing 1,300,000 and 700,000 units, respectively, at a price of \$0.06 per unit. Each unit consists of one common share of the Company and one common share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 for a period of three years from the closing dates. No finders' fees are applicable, and the proceeds of the NBPP will be used to fund property acquisitions and development expenditures, and general working capital. Total share issuance costs were \$2,775.

October 2022

On October 28, 2022, the Company announced that it had closed a non-brokered private placement. Upon the closing, the Company issued 2,000,000 units at a price of \$0.10 per unit for gross proceeds of \$200,000. 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 \$0.25 for a period of three years from the closing. All of the shares issued and any warrant shares (if exercised prior to March 1, 2023) were subject to a hold period expiring four months and one day from the closing in accordance with applicable securities laws. No finder's fees were paid in connection with this private placement.

The proceeds of the private placements will be used for property acquisitions and development expenditures, and general working capital.

b) Share purchase warrants

Pursuant to the closing of the July 26 and August 18, 2023 private placements, the Company issued 1,300,000 and 700,000 transferable common share purchase warrants, respectively, 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 respective Closing (the "Placement") dates. All of the Shares issued and any Warrants Shares (if exercised prior to November 27 or December 19, 2023, respectively) are subject to a hold period expiring four months and one day from the respective Closing dates. The residual fair value of the Warrant Shares was estimated to be a weighted average value of \$0.0400 per warrant, for a total of \$79,933 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 (%) | 4.70 – 4.78% |
| Expected life (years) | 3.0 |
| Expected volatility (%) | 100% |

As at September 30, 2023, all 2,000,000 Warrant Shares remain outstanding.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2023 and 2022 (Unaudited)

(presented in Canadian Dollars)

Equity (continued)

Pursuant to the closing of the October 28, 2022 private placement, the Company issued 2,000,000 transferable common share purchase warrants entitling the holder to purchase an additional common share of the Company at a price of \$0.25 for a period of three years from the Closing (the "Placement"). All of the Shares issued and any Warrants Shares (if exercised prior to March 1, 2023) are subject to a hold period expiring four months and one day from the Closing. The residual fair value of the Warrant Shares was estimated to be \$0.039 per warrant, for a total of \$77,395 recorded as Warrants, at the grant dates using the Black-Scholes option-pricing model and based on the following assumptions:

| | |
|-----------------------------|------|
| Exercise price (\$) | 0.25 |
| Risk free interest rate (%) | 3.84 |
| Expected life (years) | 3.0 |
| Expected volatility (%) | 100% |

As at September 30, 2023, all 2,000,000 Warrant Shares remain outstanding.

Pursuant to the closing of the July 2021 private placement, the Company issued 400,000 pre-consolidation Warrant Shares. Each Warrant Share entitles the holder to purchase one additional common share, exercisable at a pre-consolidation price of \$0.10 per warrant for a period of thirty-six months from closing. The residual fair value of the Warrant Shares was estimated to be a pre-consolidation price of \$0.24 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 (\$) | 1.00 |
| Risk free interest rate (%) | 0.44 |
| Expected life (years) | 3.0 |
| Expected volatility (%) | 100% |

As at September 30, 2023, all 400,000 pre-consolidation Warrant Shares remain outstanding.

Pursuant to the closing of the January 2021 private placement, the Company issued 200,000 pre-consolidation Warrant Shares. Each Warrant Share entitles the holder to purchase one additional common share, exercisable at a pre-consolidation price of \$1.00 per warrant for a period of thirty-six months from closing. The residual fair value of the Warrant Shares was estimated to be a pre-consolidation price of \$0.38 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 (\$) | 1.00 |
| Risk free interest rate (%) | 0.16 |
| Expected life (years) | 3.0 |
| Expected volatility (%) | 100% |

As at September 30, 2023, all 200,000 pre-consolidation Warrant Shares remain outstanding.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements Three and nine months ended September 30, 2023 and 2022 (Unaudited)

(presented in Canadian Dollars)

Equity (continued)

Following is a continuity schedule of the Company's warrants, for the three and nine months ended September 30, 2023 and 2022:

| | Nine months ended September 30, | | | |
|--|--|--|--|--|
| | 2023 | | 2022 | |
| | Number of share purchase warrants | Weighted average exercise price \$ | Number of share purchase warrants | Weighted average exercise price \$ |
| Warrants outstanding – beginning of period | 2,600,000 | 0.42 | 600,000 | 1.00 |
| Issued | 2,000,000 | 0.10 | - | - |
| Warrants outstanding – end of period | 4,600,000 | 0.28 | 600,000 | 1.00 |

The weighted average remaining life of the Company's warrants is 2.2 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. Options granted, if any, vest in equal amounts beginning as early as on the date of grant and ending up to eighteen months from the date of grant.

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

| | Nine months ended September 30, | | | |
|---|---------------------------------|--|-------------------------------|--|
| | 2023 | | 2022 | |
| | Number of share options | Weighted average exercise price \$ | Number of share options | Weighted average exercise price \$ |
| Options outstanding – beginning of period | 1,603,167 | 0.59 | 1,458,167 | 0.81 |
| Expired | (137,500) | 1.88 | (100,000) | 1.50 |
| Options outstanding – end of period | 1,465,667 | 0.47 | 1,358,167 | 0.76 |

There were no share options granted in the three and nine months ended September 30, 2023 and 2022.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2023 and 2022 (Unaudited)

(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 have been recorded for the three and nine months ended September 30, 2023 and 2022 and allocated as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---------------------------------------|------------------------------------|---------------|-----------------------------------|---------------|
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Management fees | 1,788 | 42,613 | 14,618 | 52,769 |
| Shareholder and investor relations | 285 | 3,566 | 1,882 | 4,348 |
| Arbitration expenses | 215 | 3,388 | 2,033 | 4,169 |
| Total share-based compensation | 2,288 | 49,567 | 18,533 | 61,286 |

The following table summarizes information about share options outstanding and exercisable at September 30, 2023:

| Year of Expiry | Range of exercise prices \$ | Outstanding | | | Exercisable | | |
|----------------------|--------------------------------------|-------------------------------------|--|---|-------------------------------------|--|---|
| | | Number of options outstanding | Weighted average exercise price \$ | Weighted average remaining contractua l life (years) | Number of options exercisable | Weighted average exercise price \$ | Weighted average remaining contractua l life (years) |
| 2023 | 1.20 | 97,500 | 1.20 | 0.1 | 97,500 | 1.20 | 0.1 |
| 2024 | 0.50 – 1.00 | 345,000 | 0.57 | 0.9 | 345,000 | 0.57 | 0.9 |
| 2025 | 0.50 | 403,167 | 0.50 | 2.0 | 403,167 | 0.50 | 2.0 |
| 2026 | 0.50 | 300,000 | 0.50 | 3.1 | 300,000 | 0.50 | 3.1 |
| 2027 | 0.09 | 320,000 | 0.09 | 4.1 | 160,000 | 0.09 | 4.1 |
| | | 1,465,667 | 0.47 | 2.3 | 1,305,667 | 0.52 | 2.1 |

d) Contingent Value Rights

In June 2022, the Company issued contingent value rights (each, a "CVR") to its shareholders. Each CVR entitles the holder to receive a pro rata portion of any net amount available for distribution if the Company receives a cash award (the "CVR Award") from the Company's Arbitration Claim. The net amount will be calculated by deducting from the Award proceeds certain amounts including the fees of the Company's Arbitration Claim 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 issued the CVRs at a deemed value of \$0.000001 per CVR by way of a one-time special dividend to shareholders holding common shares of the Company as of June 8, 2022 (the "CVR Record Date"). Each shareholder as of the CVR Record Date received one CVR for each common share of the Company then held. The CVRs are governed by the terms of an indenture entered into between the Company and Computershare Trust Company of Canada.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2023 and 2022 (Unaudited)

(presented in Canadian Dollars)

Equity (continued)

The issuance of the CVRs by the Company is intended to crystallize the entitlement of shareholders as of the CVR Record Date to a portion of the CVR Award received by the Company, if any, and prevent dilution of this entitlement through subsequent share issuances of the Company prior to any CVR Award being received.

9 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. Loss for the three and nine months ended September 30, 2023 and total assets by segments as at September 30, 2023 and December 31, 2022 are as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|--------|------------------------------------|------------|-----------------------------------|------------|
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Loss | | | | |
| Canada | 37,294 | 84,067 | 109,468 | 362,390 |
| USA | 149 | - | 1,182 | - |
| Total | 37,443 | 84,067 | 110,650 | 362,390 |

| | As at September 30, 2023 \$ | As at December 31, 2022 \$ |
|---------------|--------------------------------------|-------------------------------------|
| | Total assets | |
| Canada | 53,566 | 84,533 |
| United States | 22,351 | 19,642 |
| | 75,917 | 104,175 |

10 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 September 30, 2023 – (\$616,123); December 31, 2022 – (\$641,232).

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 September 30, 2023, 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 and nine months ended September 30, 2023 and 2022 (Unaudited)

(presented in Canadian Dollars)

11 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 September 30, 2023 and December 31, 2022, the Company's undiscounted contractual obligations and their maturity dates were as follows:

| | September 30, 2023 \$ | December 31, 2022 \$ |
|--|-----------------------------|----------------------------|
| Trade and other payables (within 1 year) | 692,040 | 745,407 |

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).

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 September 30, 2023 and December 31, 2022, the Company had no financial instruments that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.