

INTERRA COPPER CORP.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Nine Months Ended September 30, 2022 and 2021.

Pursuant to subsection 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations, 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 Interra Copper Corp. ("the Company") for the interim periods ended September 30, 2022, and 2021 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, D&H Group LLP, have not performed a review of these condensed interim consolidated financial statements.

November 23, 2022

INTERRA COPPER CORP.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	September 30, 2022	December 31, 2021
		\$	\$
ASSETS			
Current			
Cash		176,470	490,825
GST receivable		11,897	123,762
Prepaid expenses and deposits		12,500	67,916
		200,867	682,503
Reclamation bond		25,000	25,000
Exploration and evaluation assets	4, 6, 7	5,934,539	5,817,265
Total assets		6,160,406	6,524,768
LIABILITIES			
Accounts payable and accrued liabilities	7	44,531	100,810
Total liabilities		44,531	100,810
SHAREHOLDERS' EQUITY			
Share capital	6	7,616,158	7,487,958
Reserve	6	4,207,821	4,357,265
Accumulated deficit		(5,708,104)	(5,421,265)
Total shareholders' equity		6,115,875	6,423,958
Total liabilities and shareholders' equity		6,160,406	6,524,768

Nature of operations and going concern (Note 1, 2)

These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 23, 2022.

"DW J. McAdam"
Director

"Scott Young"
Director

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

INTERRA COPPER CORP.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
OPERATING EXPENSES					
Advertising and marketing		-	102,463	68,916	354,830
Consulting fees		11,200	13,785	15,700	17,785
Director fees	7	7,580	10,637	28,098	31,268
Exploration and evaluation	7	-	1,300	-	7,953
Filing fees		6,683	7,407	42,807	49,459
General and administrative	7	4,249	3,649	12,766	37,343
Investor relations		21,001	36,370	41,271	68,380
Management fees	7	36,867	75,477	126,232	189,527
Professional fees		16,349	8,503	100,493	63,309
Share-based payments (recovery)	7	(35,143)	232,040	(149,444)	610,020
Total operating expenses		68,786	491,631	286,839	1,429,874
OTHER EXPENSES					
Foreign exchange loss		-	2	-	18
Impairment of exploration and evaluation assets		-	317,596	-	317,596
Total other expenses		-	317,598	-	317,614
Net loss and comprehensive loss		68,786	809,229	286,839	1,747,488
Net loss per share					
Basic and diluted		0.01	0.10	0.03	0.23
Weighted average number of common shares outstanding ⁽¹⁾					
Basic and diluted		8,576,467	8,273,423	8,451,922	7,485,603

⁽¹⁾ The weighted average number of common shares outstanding was adjusted for the Share Consolidation (Note 6(a)).*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

INTERRA COPPER CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	2022	Nine months ended September 30, 2021
	\$	\$
OPERATING ACTIVITIES		
Net loss and comprehensive loss	(286,839)	(1,747,488)
Items not affecting cash:		
Share-based payments (recovery)	(149,444)	610,020
Impairment of exploration and evaluation assets	-	317,596
Changes in non-cash working capital items:		
Accounts receivable	-	43,670
GST receivable	111,865	(107,598)
Prepaid expenses and deposits	55,416	25,017
Reclamation bond	-	(15,000)
Accounts payable and accrued liabilities	(76,279)	48,810
Net cash used in operating activities	(345,281)	(824,973)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(79,074)	(1,894,259)
Net cash used in investing activities	(79,074)	(1,894,259)
FINANCING ACTIVITIES		
Proceeds from private placements	110,000	2,701,453
Proceeds from exercise of warrants	-	60,000
Share issuance costs	-	(109,467)
Share subscriptions received	-	151,500
Net cash provided by financing activities	110,000	2,803,486
Change in cash	(314,355)	84,254
Cash, beginning of period	490,825	907,658
Cash, end of period	176,470	991,912
Supplemental cash flow information:		
Shares issued for exploration and evaluation assets	18,200	-
Exploration and evaluation assets acquisition costs included in accounts payable and accrued liabilities	20,000	-

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

INTERRA COPPER CORP.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares ⁽¹⁾	Share capital	Reserve	Shares to be issued	Accumulated deficit	Total shareholder's equity
	#	\$	\$	\$	\$	\$
Balance, December 31, 2020	6,467,671	6,155,449	2,575,232	-	(3,767,253)	4,963,428
Flow through units issued	985,972	1,175,537	599,211	-	-	1,774,748
Units issued for private placements	686,448	614,769	311,936	-	-	926,705
Warrants exercised	133,333	68,496	(8,496)	-	-	60,000
Share issuance costs	-	(175,921)	66,454	-	-	(109,467)
Share-based payments	-	-	610,020	-	-	610,020
Share subscription received	-	-	-	151,500	-	151,500
Net loss for the period	-	-	-	-	(1,747,488)	(1,747,488)
Balance, September 30, 2021	8,273,424	7,838,330	4,154,357	151,500	(5,514,741)	6,629,446
Flow through units issued	102,778	128,035	56,965	(151,500)	-	33,500
Flow-through premium liability	-	(489,937)	-	-	-	(489,937)
Units issued for private placements	12,222	11,530	4,970	-	-	16,500
Share-based payments	-	-	140,973	-	-	140,973
Net loss for the period	-	-	-	-	93,476	93,476
Balance, December 31, 2021	8,388,424	7,487,958	4,357,265	-	(5,421,265)	6,423,958
Shares issued for exploration and evaluation assets	35,000	18,200	-	-	-	18,200
Shares issued for private placements	220,000	110,000	-	-	-	110,000
Share-based payments (recovery)	-	-	(149,444)	-	-	(149,444)
Net loss for the period	-	-	-	-	(286,839)	(286,839)
Balance, September 30, 2022	8,643,424	7,616,158	4,207,821	-	(5,708,104)	6,115,875

⁽¹⁾ The number of common shares was adjusted for the Share Consolidation (Note 6(a)).*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

INTERRA COPPER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS

Interra Copper Corp. (the “Company” or “Interra”) was incorporated under the laws of British Columbia on August 30, 2018, for the purposes of a plan of arrangement with Chemesis International Inc., a publicly traded company.

The Company is a junior mineral exploration company engaged in the acquisition, exploration, and evaluation of natural resource properties in British Columbia, Canada. The Company currently has two mineral exploration properties, which are the Thane Property located in north-central British Columbia, and the Chuck Creek Property located in central British Columbia (Note 4).

Interra’s registered and records office is Suite 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. On September 23, 2019, the common shares of the Company were approved for listing on the Canadian Securities Exchange (the “CSE”) and commenced trading on September 24, 2019, under the symbol “IMCX”. On March 3, 2020, the common shares of the Company were listed on the Frankfurt Stock Exchange under the symbol “3MX”. On February 26, 2021, the common shares of the Company were quoted on the OTCQB Marketplace under the symbol “IMIMF” in the United States.

On May 2, 2022, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidation common share for every nine pre-consolidation common shares (the “Share Consolidation”).

2. GOING CONCERN

These unaudited condensed interim consolidated financial statements (the “interim financial statements”) have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at September 30, 2022, the Company had working capital of \$156,336 (December 31, 2021 - \$581,693) and accumulated deficit of \$5,708,104 (December 31, 2021 - \$5,421,265). During the nine months ended September 30, 2022, the Company incurred a net loss of \$286,839 (2021 - \$1,747,488) and expects to incur further losses in the development of its business. To date the Company has not earned any revenue and is considered to be in the exploration stage. The Company’s operations are funded from equity financings which are dependent upon many external factors. The Company recognizes that it will be required to obtain additional financing to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

There is material uncertainty about whether the Company will be able to obtain the required financing and complete or develop a business. This material uncertainty may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to reported carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

3. BASIS OF PRESENTATION

a) Statement of compliance

These interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. IFRS includes International Accounting Standards (“IAS”) and interpretations issued by the IFRS Interpretations Committee. As such, these financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the years ended December 31, 2021 and 2020.

These interim financial statements were prepared using accounting policies consistent with those in the annual financial statements.

INTERRA COPPER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

3. BASIS OF PRESENTATION (CONTINUED)**b) Basis of measurement**

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 financial statements have been prepared using the accrual method of accounting. All dollar amounts presented are in Canadian dollars unless otherwise specified.

c) Functional and presentation currency

These interim financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional and presentation currency.

d) Reclassification of prior amounts

The Company has reclassified certain comparative information on the condensed interim consolidated statements of loss and comprehensive loss to conform with current period presentation.

e) Basis of consolidation

These interim financial statements include the accounts of the Company and its wholly owned subsidiaries (collectively, the "Company"). Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. Intercompany balances and transactions are eliminated upon consolidation. These financial statements incorporate the accounts of the Company and the following subsidiaries:

	Country of incorporation	Holding	Functional currency
Thane Minerals Inc.	Canada	100%	Canadian dollar
Canadian Mining of Arizona Inc.	US	100%	Canadian dollar

f) Significant judgements, estimates, and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures requires significant judgment. The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Functional currency

Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

INTERRA COPPER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

3. BASIS OF PRESENTATION (CONTINUED)*Impairment of exploration and evaluation assets*

The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation assets. In addition, the Company is required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely, and exploration and evaluation assets should be impaired.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The Company determines the fair value of stock options granted using the Black Scholes option pricing model. This model requires the input of highly subjective assumptions, including share price volatility, which can materially affect the fair value estimate of stock options.

Completeness of reclamation liabilities

Management determines the future costs the Company will incur to complete the rehabilitation work that is required to comply with existing laws, regulations, and agreements in place at each exploration site. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could increase the extent of rehabilitation work required by the Company. Management determined at the date of the Statement of Financial Position that no material rehabilitation provisions were required under IAS 37 *Provisions, Contingent Liabilities, and Contingent Assets*.

4. EXPLORATION AND EVALUATION ASSETS

	As at September 30, 2022			As at December 31, 2021		
	Bullard Pass	Chuck Creek Property	Thane Project	Bullard Pass	Chuck Creek Property	Thane Project
	\$	\$	\$	\$	\$	\$
Acquisition costs	-	48,700	2,674,728	74,435	-	2,674,728
Deferred exploration costs	-	9,434	3,201,677	243,161	-	3,142,537
Impairment of exploration and evaluation assets	-	-	-	(317,596)	-	-
Balance	-	58,134	5,876,405	-	-	5,817,265

INTERRA COPPER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	Bullard Pass	Chuck Creek Property	Thane Project	Total
	\$	\$	\$	\$
Balance, December 31, 2020	317,596	-	3,486,599	3,804,195
Exploration costs				
Aircraft rental	-	-	396,163	396,163
Assaying	-	-	157,973	157,973
Camp costs	-	-	337,551	337,551
Drilling expenditures	-	-	789,633	789,633
Prospecting	-	-	528,719	528,719
Geological consulting	-	-	76,225	76,225
Geophysics	-	-	44,402	44,402
Impairment of exploration and evaluation assets	(317,596)	-	-	(317,596)
Balance, December 31, 2021	-	-	5,817,265	5,817,265
Acquisition costs	-	48,700	-	48,700
Exploration costs				
Assaying	-	-	3,332	3,332
Camp costs	-	2,000	9,903	11,903
Drilling expenditures	-	7,434	37,972	45,406
Geological consulting	-	-	7,933	7,933
Balance, September 30, 2022	-	58,134	5,876,405	5,934,539

a) Bullard Pass Project

On February 1, 2019, the Company completed a spin out transaction to acquire 171 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United States ("Bullard Pass Project"). Effective September 1, 2021, the Company decided not to pursue further work on the Bullard Pass Project in Arizona in order to focus 100% of its efforts and company resources on the Thane Project. As a result, the Company wrote off previously capitalized costs incurred on the property as an impairment of exploration and evaluation assets of \$317,596 in the third quarter of the year ended December 31, 2021.

b) Chuck Creek Property

The Chuck Creek Property covers 8,293 acres (33.57 sq. kilometers) and is situated in central British Columbia. The Chuck Creek Property is located within the Eagle Bay Assemblage of rocks and is surrounded on all sides by Taseko Mines' Yellowhead property, which hosts a copper-gold volcanogenic-sulphide deposit.

On February 1, 2021, the Company entered into a non-binding letter of intent to acquire a 100% interest in the Chuck Creek Property held by two former directors of the Company. Pursuant to the letter of intent, the Company planned to acquire the Chuck Creek Property for a purchase price of \$50,000 and a 1% net smelter return royalty. On June 6, 2022, the Company entered into an agreement to purchase the Chuck Creek Property, in exchange for \$30,000 cash, 35,000 common shares, which were subsequently issued on June 29, 2022 (Note 6(b)(i)), and a 1% Net Smelter Return (NSR), with a 0.5% buy back option.

c) Thane Project

The "Thane Project" comprises 50,904 acres (206 sq. kilometers) of contiguous claims located in the Quesnel Terrane of north-central British Columbia. The northern part of the Quesnel Terrane extends from south of the Mt. Milligan Mine northward to the Kemess Mine, with the Thane Project located midway between these two copper-gold porphyry deposits. This property includes several highly prospective mineralized areas identified to date, including the "Cathedral Area" on which the Company's exploration is currently focused.

On May 25, 2021, the Company engaged CME Consultants Inc. to manage and supervise the 2021 exploration program for the Thane Project. The exploration program was completed on budget at \$2,330,666.

INTERRA COPPER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

5. FLOW-THROUGH PREMIUM LIABILITY

On April 16, 2021, the Company completed a private placement for gross proceeds of \$1,422,624 through the issuance of 720,764 flow-through units ("FT Units") at the price of \$1.80 per FT Unit and 92,778 standard equity units (the "Units") at the price of \$1.35. Each FT Unit consists of one flow-through share and one warrant. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of \$2.70 for a period of twenty-four months from the closing date of the private placement. The FT Units were issued at a premium of \$0.45 per FT Unit.

On May 19, 2021, the Company completed a private placement for gross proceeds of \$1,253,829 through the issuance of 265,208 FT Units at a price of \$1.80 per FT Unit and 575,152 Units at the price of \$1.35 per Unit. The FT Units were issued at a premium of \$0.45 per FT Unit.

On October 29, 2021, the Company completed a private placement for gross proceeds of \$201,500 through the issuance of 102,778 FT Units at a price of \$1.80 per FT Unit and 12,222 Units at the price of \$1.35 per Unit. The FT Units were issued at a premium of \$0.45 per FT Unit.

Funds raised through the issuance of flow-through units are required to be expended on qualifying Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

Below is a summary of the flow-through financing and the related flow-through share premium liability for the year ended December 31, 2021:

	FT Units issued ⁽¹⁾	FT Unit Price ⁽¹⁾	Premium per FT Unit ⁽¹⁾	Flow-through premium liability
	#	\$	\$	\$
April 16, 2021	720,764	1.80	0.45	324,343
May 19, 2021	265,208	1.80	0.45	119,344
October 29, 2021	102,778	1.80	0.45	46,250
Total	1,088,750			489,937

⁽¹⁾ The number of FT Units, FT Unit price, and premium per FT Unit were adjusted for the Share Consolidation (Note 6(a)).

The following table is a continuity of the flow-through funds raised, the eligible expenditures renounced, along with the corresponding impact on the flow-through premium liability:

	Flow-through funding and eligible expenditures renounced	Flow-through premium liability
	\$	\$
Balance, December 31, 2020	-	-
Flow-through funds raised	1,959,748	489,937
Eligible expenditures renounced	(1,959,748)	(489,937)
Balance, September 30, 2022 and December 31, 2021	-	-

6. EQUITY**a) Authorized share capital**

The authorized share capital of the Company consists of unlimited common shares with no par value.

On May 2, 2022, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidation common share for every nine pre-consolidation common shares with no fractional shares issued.

Accordingly, the Company effected the Share Consolidation in these interim financial statements as if it had happened at the beginning of all periods presented, and disclosed all share capital, warrant, and stock option information (including the related impact to price per share/unit and excise prices), respectively on a post consolidated basis.

INTERRA COPPER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

6. EQUITY (CONTINUED)**b) Shares issued**

During the nine months ended September 30, 2022, the Company had the following share transactions:

- On June 29, 2022, the Company issued 35,000 common shares at a fair value of \$0.52 per share for gross proceeds of \$18,200 for an acquisition payment for the Chuck Creek Property.
- On July 28, 2022, the Company closed a non-brokered private placement financing comprising 220,000 common shares for gross proceeds of \$110,000.

During the year ended December 31, 2021, the Company had the following share transactions:

- On April 16, 2021, the Company closed a non-brokered private placement financing comprising 720,764 FT Units at a price of \$1.80 per FT Unit for gross proceeds of \$1,297,374, and 92,778 Units at a price of \$1.35 per Unit for gross proceeds of \$125,250. Each FT Unit consists of one flow-through share and one warrant. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of \$2.70 for a period of twenty-four months from the closing date of the private placement. As a result, \$941,260 was allocated to share capital and \$481,364 was allocated to warrants reserve.
- On May 19, 2021, the Company closed a non-brokered private placement financing comprising 265,208 FT Units at a price of \$1.80 per FT Unit for gross proceeds of \$477,374, and 575,152 Units at a price of \$1.35 per Unit for gross proceeds of \$776,455. Each FT Unit consists of one flow-through share and one warrant. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of \$2.70 for a period of twenty-four months from the closing date of the private placement. As a result, \$832,992 was allocated to share capital, and \$420,837 was allocated to warrants reserve.
- On May 28, 2021, the Company closed a private placement financing comprising 18,518 Units at \$1.35 per Unit for gross proceeds of \$25,000. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of \$2.70 for a period of twenty-four months from the closing date of the private placement. As a result, \$16,165 was allocated to share capital, and \$8,835 was allocated to warrants reserve.
- Pursuant to the FT Unit and Unit financings, the Company incurred \$175,921 of share issuance costs including \$66,454 fair value for 554,778 broker warrants exercisable at \$1.80 with a two-year term.
- On October 29, 2021, the Company closed a non-brokered private placement financing comprising 102,778 FT Units at a price of \$1.80 per FT Unit for gross proceeds of \$185,000, and 12,222 Units at a price of \$1.35 per Unit for gross proceeds of \$16,500. Each FT Unit consists of one flow-through share and one warrant. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of \$2.70 for a period of twenty-four months from the closing date of the private placement. As a result, \$139,454 was allocated to share capital, and \$62,046 was allocated to warrants reserve.
- During the year ended December 31, 2021, the Company issued 133,333 common shares on the exercise of 133,333 warrants for gross proceeds of \$60,000. As a result, \$8,496 was allocated from reserves to share capital.

INTERRA COPPER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

6. EQUITY (CONTINUED)**c) Warrants**

The following is a summary of the Company's warrants for the nine months ended September 30, 2022 and the year ended December 31, 2021:

	Number of warrants ⁽¹⁾	Weighted average exercise price ⁽¹⁾
	#	\$
Balance, December 31, 2020	1,607,264	2.88
Exercised	(133,333)	0.45
Issued	1,849,061	2.70
Expired	(552,136)	1.17
Balance, December 31, 2021	2,770,856	3.22
Expired	(921,795)	4.33
Balance, September 30, 2022	1,849,061	2.67

⁽¹⁾ The number of warrants and weighted average exercise price were adjusted for the Share Consolidation (Note 6(a)).

As at September 30, 2022, the Company had the following warrants outstanding:

Expiry date	Number of warrants ⁽¹⁾	Weighted average exercise price ⁽¹⁾	Weighted average remaining life
	#	\$	years
April 16, 2023	813,540	2.70	0.54
April 16, 2023	44,309	1.80	0.54
May 19, 2023	16,037	1.80	0.63
May 19, 2023	840,360	2.70	0.63
May 28, 2023	1,296	1.80	0.66
May 28, 2023	18,519	2.70	0.66
October 28, 2023	115,000	2.70	1.08
Balance, September 30, 2022	1,849,061	2.67	0.62

⁽¹⁾ The number of warrants and weighted average exercise price were adjusted for the Share Consolidation (Note 6(a)).

d) Unit warrants

In connection with the private placement which closed on May 13, 2020, the Company issued 27,939 broker unit warrants (the "Unit Warrants"). Each Unit Warrant is exercisable at \$4.32 for a period of two years, and when exercised converts into one common share and one common share purchase warrant exercisable at \$5.40 for a period of two years from the date of conversion. On May 13, 2022, 27,939 Unit Warrants expired unexercised.

e) Options

On July 12, 2019, the Company adopted an equity incentive plan (the "Plan") whereby up to 20% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors, and consultants. Awards that may be granted under the Plan to eligible persons include stock options, restricted share rights and deferred share units. With respect to stock options, the exercise price of any stock option may not be set at less than the minimum price permitted by the CSE. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives.

Stock options are typically exercisable for a period of five years from the date of grant. However, the board of directors of the Company (the "Board") may determine in their discretion any exercise period of up to a maximum of ten years from the date of grant. The Board also determines the vesting period of stock options; however, stock options granted to any person engaged in investor relations activities will vest over a period of not less than 12 months with no more than 25% of the stock options vesting in any three-month period.

INTERRA COPPER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

6. EQUITY (CONTINUED)

During the nine months ended September 30, 2022, there were no new stock options issued.

During the year ended December 31, 2021, the following stock options were issued under the stock option plan:

- On January 5, 2021, the Company granted 233,333 stock options with an exercise price of \$2.25 and expiration date of January 5, 2026, to consultants and an officer/director of the Company. These stock options vest over a period of 18 months.
- On January 13, 2021, the Company announced it has appointed Freeform Communications Inc. ("Freeform") to provide investor relations and on-line marketing services. Under the terms of the agreement, Freeform has been engaged for a 6-month term at \$4,000 per month. The Company also granted to Freeform 27,778 stock options that vest over a period of 18 months with an exercise price of \$2.25 and an expiration date of January 12, 2023.
- On March 1, 2021, the Company granted 44,444 stock options that vest over a period of 18 months with an exercise price of \$2.25 and an expiration date of March 1, 2024 to a consultant.
- On July 6, 2021, the Company granted 200,000 stock options that vest over a period of 18 months with an exercise price of \$1.98 and an expiration date of July 6, 2026 to certain officers and/or directors of the Company.
- On July 28, 2021, the Company granted 66,667 stock options that vest over a period of 18 months with an exercise price of \$1.98 and an expiration date of July 28, 2026 to a director of the Company.

The fair value of stock options granted during the year ended December 31, 2021 have been estimated using the Black-Scholes pricing model with the following weighted average assumptions:

	2021
Share price	\$0.20
Exercise price	\$0.25
Expected option life (years)	4.70
Expected volatility	117.41%
Risk-free rate	0.49%
Dividend yield	0.00%

As at September 30, 2022, 246,667 options were outstanding and had a weighted average remaining life of 2.50 years.

The following is a summary of the Company's options for the nine months ended September 30, 2022 and the year ended December 31, 2021:

	Number of options outstanding ⁽¹⁾	Weighted average exercise price ⁽¹⁾
	#	\$
Balance, December 31, 2020	692,778	2.34
Options granted	572,222	2.16
Options expired/cancelled	(184,722)	2.25
Balance, December 31, 2021	1,080,278	2.25
Options expired/cancelled	(941,389)	2.23
Balance, September 30, 2022	138,889	2.47

⁽¹⁾ The number of FT Units, FT Unit price, and premium per FT Unit were adjusted for the Share Consolidation (Note 6(a)).

INTERRA COPPER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

6. EQUITY (CONTINUED)

As at September 30, 2022, the Company had the following options outstanding and exercisable:

Expiry date	Number of options outstanding ⁽¹⁾	Number of options exercisable ⁽¹⁾	Weighted average exercise price ⁽¹⁾	Remaining contractual life
	#	#	\$	years
July 22, 2023	5,556	5,556	4.50	0.81
September 24, 2024	33,333	33,333	1.44	1.99
July 3, 2025	100,000	100,000	2.70	2.76
Balance, September 30, 2022	138,889	138,889	2.47	2.50

⁽¹⁾ The number of options and weighted average exercise price were adjusted for the Share Consolidation (Note 6(a)).**7. RELATED PARTY DISCLOSURES**

Key management personnel are the directors and officers of the Company. Amounts paid to key management personnel and/or entities over which they have control during the three and nine months ended September 30, 2022 and 2021 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Director fees	\$ 7,580	\$ 10,636	\$ 28,098	\$ 31,268
General and administrative	-	-	1,122	-
Management fees	36,867	75,477	126,232	189,527
Share-based payments (recovery)	-	232,040	(107,866)	610,020
	44,447	318,153	47,586	830,815

CEO - During the three and nine months ended September 30, 2022, \$13,875 and \$45,905, respectively (2021 - \$32,806 and \$88,306, respectively) was paid to a company controlled by an officer of the Company for CEO-related services.

COO - During the three and nine months ended September 30, 2022, \$nil and \$2,000, respectively (2021 - \$6,000 and \$19,050, respectively), was paid to a company controlled by a former officer of the Company for COO-related services.

During the three and nine months ended September 30, 2022, \$9,394 and \$67,421, respectively (2021 - \$1,600,710 and \$1,610,228, respectively) was paid for capitalized exploration expenditures and \$nil and \$1,122 (2021 - \$nil and \$nil, respectively) was paid for general and administrative expenses to a company controlled by the COO of the Company.

CFO - During the three and nine months ended September 30, 2022, \$13,992 and \$51,327, respectively (2021 - \$27,408 and \$53,908, respectively), was paid to a company controlled by an officer of the Company for CFO-related services provided.

Corporate Secretary - During the three and nine months ended September 30, 2022, \$9,000 and \$27,000, respectively (2021 - \$9,263 and \$28,263 respectively), was paid to a company controlled by an officer of the Company for corporate secretarial-related services provided.

Directors - During the three and nine months ended September 30, 2022, \$7,580 and \$28,098 respectively (2021 - \$10,636 and \$31,268, respectively) were paid to non-executive Directors of the Company for Director fees.

As at September 30, 2022, \$3,229 (December 31, 2021 - \$83,270) was included in accounts payable and accrued liabilities for amounts due to a related party.

INTERRA COPPER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

8. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations. The Company obtains funding primarily through issuing common stock. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial risk management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Credit risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. The Company's primary exposure to credit risk is on its cash and reclamation bond. The Company manages its credit risk relating to cash through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company's cash is held with large Canadian banks. The Company assessed credit risk as low.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations, associated with its accounts payable and accrued liabilities, as they fall due. As at September 30, 2022, the Company's working capital is \$156,336 (December 31, 2021 - \$581,693), and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Foreign currency risk exposure arises with respect to some of the Company's accounts payable and accrued liabilities. Assuming all other variables constant, an increase or a decrease of 10% of the U.S. dollar against the Canadian dollar, the net loss of the Company and the equity for the three and nine months ended September 30, 2022 would have varied by a negligible amount. The Company had no hedging agreements in place with respect to foreign exchange rates.

b) Fair value of financial instruments

As at September 30, 2022 and December 31, 2021, the Company's financial instruments consist of cash, reclamation bond and accounts payable and accrued liabilities, all of which are measured at amortized cost.

The carrying value of cash, reclamation bond and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.