
PNG Copper Inc.

Unaudited Condensed Interim Financial Statements

June 30, 2022

PNG Copper Inc.

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Notice of Non-Review of Interim Financial Statements

The attached condensed interim financial statements for the six-month period ended June 30, 2022 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim financial statements.

PNG Copper Inc.

Unaudited Condensed Interim Statements of Financial Position

Expressed in Canadian Dollars

As at,	June 30, 2022	December 31, 2021
	\$	\$
Assets		
Current:		
Cash	48,146	87,502
Prepaid expenses	4,385	2,396
Total current assets	52,531	89,898
Equipment, <i>note 5</i>	99,455	112,726
Total Assets	151,986	202,624
Liabilities		
Current:		
Accounts payable and accrued liabilities, <i>note 8</i>	311,237	515,560
Total current liabilities	311,237	515,560
Total Liabilities	311,237	515,560
Shareholders' Equity		
Issued capital, <i>note 6</i>	8,877,157	7,934,947
Equity reserves, <i>note 7</i>	2,079,362	1,710,230
Deficit	(11,115,770)	(9,958,113)
Total Shareholders' Equity	(159,251)	(312,936)
Total Liabilities and Shareholders' Equity	151,986	202,624

Going concern, commitments and contingencies, *notes 1, 4 and 9*

Subsequent events, *note 11*

See accompanying notes to the unaudited condensed interim financial statements.

Approved on behalf of the Board:

"David Drinkwater" Director

"Stephen Grey" Director

PNG Copper Inc.

Unaudited Condensed Interim Statements of Changes in Equity

Expressed in Canadian Dollars

	Shares #	Issued Capital \$	Equity reserves \$	Deficit \$	Total equity \$
December 31, 2020	85,293,425	6,977,439	1,228,597	(7,286,332)	919,704
Expiry of options	-	-	(2,879)	2,879	-
Non-brokered private placement, net of issuance costs	5,223,332	741,654	-	-	741,654
Valuation of warrants issued in private placement	-	(354,835)	354,835	-	-
Shares issued for property, <i>note 4</i>	664,032	149,370	-	-	149,370
Share based payments	-	-	65,329	-	65,329
Loss for the year	-	-	-	(1,622,628)	(1,622,628)
June 30, 2021	91,180,789	7,513,628	1,645,882	(8,906,081)	253,429
Expiry of options	-	-	(351,987)	351,987	-
Non-brokered private placement, net of issuance costs	7,260,238	861,881	-	-	861,881
Warrants issued, <i>note 7</i>	-	(404,077)	404,077	-	-
Shares issued for property	-	(36,485)	-	-	(36,485)
Share based payments	-	-	12,258	-	12,258
Loss for six months	-	-	-	(1,404,019)	(1,404,019)
December 31, 2021	98,441,027	7,934,947	1,710,230	(9,958,113)	(312,936)
Expiry of options	-	-	(34,180)	34,180	-
Non-brokered private placement, net of issuance costs	4,980,000	233,918	-	-	233,918
Valuation of warrants issued in private placement	-	(5,135)	5,135	-	-
Shares issued in settlement of accounts payable	13,541,651	776,476	-	-	-
Warrants issued, <i>note 7</i>	-	(340,548)	340,548	-	-
Shares issued for property, <i>note 4</i>	4,703,364	277,499	-	-	277,499
Share based payments	-	-	57,629	-	57,629
Loss for six months	-	-	-	(1,191,837)	(1,191,837)
Balance at June 30, 2022	121,666,042	8,877,157	2,079,362	(11,115,770)	(935,727)

See accompanying notes to the unaudited condensed interim financial statements.

PNG Copper Inc.

Unaudited Condensed Interim Statements of Operations and Comprehensive Loss

Expressed in Canadian Dollars

	For the three months ended June 30... 2022	2021	2022	2021
	For the six months ended June 30...			
	\$	\$	\$	\$
Expenses:				
Amortization	7,277	7,725	14,453	15,450
Consulting services	4,322	7,196	4,322	34,509
Exploration and evaluation expenses, <i>note 4</i>	331,904	180,396	908,591	1,073,717
Foreign exchange loss	1,613	6,651	12,906	27,391
Insurance	1,750	2,854	3,936	5,383
Investor relations	880	1,048	1,120	4,790
Management fees, <i>note 8</i>	-	43,750	-	87,500
Office and general	970	4,256	2,066	9,974
Professional fees, <i>note 8</i>	85,539	108,391	167,682	184,679
Rent	-	3,000	-	6,000
Salaries and employee benefits, <i>note 8</i>	-	44,858	-	91,912
Share based payments, <i>note 7</i>	20,327	31,994	57,629	65,329
Transfer agent and filing fees	14,638	9,052	19,132	15,994
Total expenses	469,220	451,171	1,191,837	1,622,628
Net loss and comprehensive loss for the period	(469,220)	(451,171)	(1,191,837)	(1,622,628)
Net loss per common share:				
- basic	(0.00)	(0.00)	(0.01)	(0.01)
- diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number common shares outstanding				
- basic	116,354,018	89,680,790	108,943,224	89,327,624
- diluted	116,354,018	89,680,790	108,943,224	89,327,624

See accompanying notes to the unaudited condensed interim financial statements.

PNG Copper Inc.

Unaudited Condensed Interim Statements of Cash Flows

Expressed in Canadian Dollars

	2022	2021	2022	2021
For the three months ended June 30...				
For the six months ended June 30...				
	\$	\$	\$	\$
Cash was provided by (used in):				
Operating activities:				
Net loss for the period	(469,220)	(451,171)	(1,191,837)	(1,622,628)
Items not affecting cash:				
Shares issued in settlement of accounts payable	282,769	-	776,476	-
Shares issued for property acquisition	-	-	277,499	149,370
Amortization	7,277	7,725	14,453	15,450
Share-based payments	20,327	31,994	57,629	65,329
	(158,847)	(411,452)	(65,780)	(1,392,479)
Cash was provided by (used to finance) changes in the following working capital items:				
Prepaid expenses	(2,815)	4,243	(1,989)	5,069
Accounts payable and accrued liabilities	28,413	(41,345)	(204,323)	(26,144)
Net change in non-cash working capital	25,598	(37,102)	(206,312)	(21,075)
Net cash used in operation activities	(133,249)	(448,554)	(272,092)	(1,413,554)
Investing activities:				
Equipment additions	-	-	(1,182)	-
Net cash (used in)/provided by investing activities	-	-	(1,182)	-
Financing activities:				
Share subscriptions	-	-	-	15,055
Non-brokered private placement	174,000	250,000	279,000	250,000
Issue costs	(20,568)	(32,035)	(45,082)	(41,846)
Net cash provided by financing activities	153,432	217,965	233,918	223,209
Change in cash	20,183	(230,589)	(39,356)	(1,190,345)
Cash, beginning of period	27,963	481,888	87,502	1,441,644
Cash, end of period	48,146	251,299	48,146	251,299
Cash is composed of the following:				
Cash	48,146	251,299	48,146	251,299
Term deposits	-	-	-	-
	48,146	251,299	48,146	251,299

See accompanying notes to the unaudited condensed interim financial statements.

PNG Copper Inc.

Notes to the Unaudited Condensed Interim Financial Statements

June 30, 2022 and 2021

(expressed in Canadian dollars unless otherwise noted)

1. Nature of operations and going concern

PNG Copper Inc. (the "Company" or "PNG Copper"), was incorporated on October 4, 2017 under the Canada Business Corporations Act (the "Act") as Golden Birch Resources Inc.. The name was changed to PNG Copper Inc. on August 12, 2021. The principal business of the Company is the acquisition, exploration and development of mineral property interests in Papua New Guinea. The Company is a public company incorporated in Canada with limited liability under the legislation of Canada and trades on the Canadian Securities Exchange ("PNGC"). The head office is located at 66 Wellington Street West, Suite 4100, Toronto, Ontario M5K 1B7.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts expended on exploration and evaluation activities is dependant upon a discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and restrictions and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, unregistered prior claims and agreements, aboriginal claims, social license requirements and non-compliance with regulatory requirements.

The Company had a net loss of \$1,191,837 (June 30, 2021 - \$1,622,628) for the period ended June 30, 2022 and had an accumulated deficit of \$11,115,770 (2021 - \$9,958,113) and a working capital deficiency of \$(258,706) (2021 - \$(425,662)) as at June 30, 2022. The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. These financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

PNG Copper Inc.

Notes to the Unaudited Condensed Interim Financial Statements

June 30, 2022 and 2021

(expressed in Canadian dollars unless otherwise noted)

1. Nature of operations and going concern (continued)

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

2. Basis of presentation

(a) Statement of compliance with International Financial Reporting Standards

These financial statements, including comparatives, have been prepared in accordance and compliance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

(b) Basis of preparation

The interim condensed financial statements for the six months ended June 30, 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 2021.

Current accounting changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

Future Accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2022 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

PNG Copper Inc.

Notes to the Unaudited Condensed Interim Financial Statements

June 30, 2022 and 2021

(expressed in Canadian dollars unless otherwise noted)

3. Significant accounting policies

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statement for the year ended 2021.

These unaudited condensed interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended 2021. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the six month period ended June 30, 2022 are not necessarily indicative of the results that may be expected for the year ending September 12, 1906.

The significant accounting policies followed in these condensed interim financial statements are consistent with those applied in the Corporation's audited annual financial statements for the year ended 2021.

Use of critical estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future year.

In preparing these condensed interim consolidated financial statements, the significant judgements and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2021.

PNG Copper Inc.

Notes to the Unaudited Condensed Interim Financial Statements

June 30, 2022 and 2021

(expressed in Canadian dollars unless otherwise noted)

4. Exploration and evaluation expenses

Transactions for the six months ended June 30, 2022 and 2021 on the Keveri project are as follows:

	2022	2021
Accommodations	7,540	20,517
Accounting services	21,172	36,656
Administration	8,052	5,959
Assays	-	9,015
Communications	9,117	7,110
Community support	2,440	2,098
Compensation	285	-
Drilling	65,776	4,018
Employment services	21,218	86,881
Field supplies	20,311	56,015
Geologists	106,242	68,889
Helicopter chartering	202,127	203,798
In-country logistics	1,856	47,145
Option payments	279,946	296,985
Other	10,872	9,673
Professional services	224	-
Road maintenance	1,262	(9,365)
Site meal services	14,290	33,779
Storage	4,217	(3,265)
Travel	75,524	36,775
Wages	56,120	161,034
	908,591	1,073,717

Mount Suckling Property, Papua New Guinea

Pursuant to an option and joint venture agreement with Papuan Mineral Pty Ltd. (PMPL) and its wholly owned subsidiary Papuan Miners Ltd. (PML) dated August 28, 2018, which agreement was replaced by a definitive option agreement amongst the parties dated March 20, 2020, and subsequently amended in November 2021, the Company has an option to acquire 85% of the issued and outstanding shares of PML. PML is the legal and beneficial owner of 100% of the licences which encompass the Mount Suckling Project in Papua New Guinea. The renewal application for one of the two licences for the Mount Suckling Project is currently in process and such renewal is not assured.

The interest will be earned in two stages: To exercise the first option and earn a 51% interest in the Mount Suckling Project, the Company must:

- (a) pay to PMPL \$129,000 AU (\$123,000) within 25 days of execution of the agreement (paid);
 - (b) pay to PMPL \$100,000 AU (\$96,000) within six months of the execution of the agreement if the shares of the Company are not listed on a recognized stock exchange ("Listing") (paid);
 - (c) pay to PMPL \$200,000 AU (\$192,000) within twelve months of the execution of the agreement if the shares of the Company are not listed on a recognized stock exchange (paid);
-

PNG Copper Inc.

Notes to the Unaudited Condensed Interim Financial Statements

June 30, 2022 and 2021

(expressed in Canadian dollars unless otherwise noted)

4. Exploration and evaluation expenses (continued)

Mount Suckling Property, Papua New Guinea (continued)

- (d) List the shares of the Company on a recognized stock exchange within 18 months of the execution date, August 24, 2018, of the agreement (Completed). Effective March 2, 2020, the Company commenced trading on the Canadian Securities Exchange ("CSE");
- (e) fund a total of \$300,000 AU in exploration expenditures on the Mount Suckling Project, within twelve months of March 2, 2020 (Completed);
- (f) complete 3,000 metres of diamond drilling within 42 months of March 2, 2020;
- (g) complete an equity financing of not less than \$3,000,000 AU (\$2,876,000), net of fees, upon Listing. Equity financing's completed prior to listing are included in the total (Completed);
- (h) pay to PMPL \$450,000 AU (\$431,000) in cash as follows:
 - (i) \$150,000 AU (\$131,000) upon Listing (paid);
 - (ii) \$150,000 AU (\$149,000) within 12 months of March 2, 2020 or by the issuance of Common Shares (at the Company's election) at the volume-weighted average price for trading of Common Shares on a recognized stock exchange immediately preceding their issue (paid); and
 - (iii) \$150,000 AU (\$144,000) within 24 months of March 2, 2020 or by the issuance of Common Shares (at the Company's election) at the volume-weighted average price for trading of Common Shares on a recognized stock exchange immediately preceding their issue (issued).
- (i) pay to PMPL \$1,500,000 AU (\$1,438,000) in cash or in common shares of the Company with values as follows:
 - (i) \$500,000 AU (\$479,000) within 30 months of March 2, 2020; and
 - (ii) \$1,000,000 AU (\$959,000) within 36 months of March 2, 2020.
- (j) issue to PMPL shares of the Company with a value of \$600,000 AU (\$575,000) upon Listing (issued);
- (k) from the Listing date, pay PMPL an annual option fee of \$150,000 AU (\$144,000) per year until the second option is completed (2021 payment made). The amended agreement specifies that the Company can pay their 24 month payment and their 26 month payment in cash or shares at a deemed value of the 30-day volume weighted average price up to the date of issuance (2022 payment made in shares); and
- (l) meet the exploration expenditure requirements to maintain the licences in good standing for a period of two years after listing on a recognized stock exchange and for a period of 12 months should the Company elect not to exercise the second option. Annual exploration expenditure requirements are approximately K60,000 (\$24,000).

PNG Copper Inc.

Notes to the Unaudited Condensed Interim Financial Statements

June 30, 2022 and 2021

(expressed in Canadian dollars unless otherwise noted)

4. Exploration and evaluation expenses (continued)

Mount Suckling Property, Papua New Guinea (continued)

To exercise the second option and earn a further 34% interest in the Mount Suckling Project, the Company must:

- (a) complete 10,000 metres of diamond drilling during the period of the second option; and
- (b) make the following payments in cash or shares of the Company as follows:
 - (i) \$500,000 AU (\$479,000) within 48 months of March 2, 2020
 - (ii) \$1,000,000 AU (\$959,000) within 60 months of March 2, 2020
 - (iii) \$1,500,000 AU (\$1,438,000) within 72 months of March 2, 2020

The Company must pay the applicable ground rent and mineral right fees, which are payable to the Government of Papua New Guinea pursuant to the Prospecting License, and becoming due during the option period. The Company is also obligated to meet PML's statutory and administrative expenses during the option period. These costs are estimated to be approximately \$10,000 annually.

The Project is subject to a 2.0% net smelter royalty ("NSR Royalty") in the Mount Suckling Property, 1/2 of which the Company has the right to purchase (1.0%) at any time for \$1,500,000.

The government of Papua New Guinea holds the right to acquire up to a 30% interest in the licences at any time prior to the commencement of mining by paying to the Company the prorata amount of accumulated exploration expenditures incurred. The government would then further contribute to the development on a prorata basis unless otherwise agreed. They are also entitled to a levy of 0.25% of mine revenue. Two directors of the Company control PMPL. See Note 8.

5. Equipment

	Computer hardware	Furniture and equipment	Total
	\$	\$	\$
Cost December 31, 2021	19,045	139,813	158,858
Additions	487	695	1,182
June 30, 2022	19,532	140,508	160,040
Accumulated depreciation			
December 31, 2021	16,249	29,883	46,132
Charges for the period	836	13,617	14,453
June 30, 2022	17,085	43,500	60,585
Net book value			
June 30, 2022	2,447	97,008	99,455
Net book value			
December 31, 2021	2,796	109,930	112,726

PNG Copper Inc.

Notes to the Unaudited Condensed Interim Financial Statements

June 30, 2022 and 2021

(expressed in Canadian dollars unless otherwise noted)

6. Issued Capital

(i) Authorized

Authorized share capital consists of:

- (i) an unlimited number of voting and participating Class A shares without par value; and
- (ii) an unlimited number of non-voting and non-participating Class B shares without par value, redeemable for the amount paid for such shares. No Class B shares are outstanding.

(ii) Shares issued for property

On February 25, 2021, the Company issued 664,032 Class A common shares with a stated value of \$0.225 per share pursuant to the option on the Mount Suckling property. The value attributed to the shares was based on the quoted market price on the date of issuance.

On March 21, 2022, the Company issued 4,703,364 Class A common shares with a value of \$277,499 required pursuant to the Mount Suckling Option and Joint Venture Agreement, as disclosed in note 4.

(iii) Settlement of accounts payable

On January 24, 2022, the Company issued 500,000 Class A common shares to the acting president to settle accounts payable in the amount of \$35,000.

On March 7, 2022, the Company settled outstanding obligations in the amount of \$108,711 with a director of the Company by the issuance of 1,553,020 Class A common shares of the Company and warrants to purchase 1,553,020 Class A common shares of \$0.10 per share expiring March 7, 2027.

On March 21, 2022, the Company settled outstanding obligations in the amount of \$349,996 with former senior management of the Company by the issuance of 5,833,266 Class A common shares of the Company.

On May 18, 2022, the Company settled outstanding obligations in the amount of \$25,000 with former senior management of the Company by the issuance of 500,000 Class A common shares of the Company.

On May 18, 2022, the Company settled outstanding obligations in the amount of \$257,768 with a director of the Company by the issuance of 5,155,365 Class A common shares of the Company and warrants to purchase 5,155,365 Class A common shares of \$0.07 per share expiring May 18, 2027.

PNG Copper Inc.

Notes to the Unaudited Condensed Interim Financial Statements

June 30, 2022 and 2021

(expressed in Canadian dollars unless otherwise noted)

6. Issued Capital (continued)

(iv) Non-brokered private placements

On May 14, 2020, the Company completed the first tranche of its non-brokered private placement financing. This tranche consisted of the sale of 7,500,000 units at a price of \$0.15 per unit for gross proceeds of \$1,125,000, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of \$0.20 per common share until May 14, 2025. The Company paid a finder's fee of \$101,250 in cash and 750,000 non-transferable finder's warrants, with each such finder's warrant entitling the holder thereof to acquire one unit of the Company at a price of \$0.15 per share and one finder's unit warrant. Each finder's unit warrant entitles the holder to purchase one common share at a price of \$0.20 per common share until May 14, 2025.

On July 30, 2020, the Company completed the second tranche of its non-brokered private placement financing. This tranche consisted of the sale of 3,693,343 units at a price of \$0.15 per unit for gross proceeds of \$554,002, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of \$0.20 per common share until July 30, 2025. The Company paid a finder's fee of \$49,050 in cash and 363,333 non-transferable finder's warrants, with each such finder's warrant entitling the holder thereof to acquire one unit of the Company at a price of \$0.15 per share and one finder's unit warrant. Each finder's unit warrant entitles the holder to purchase one common share at a price of \$0.20 per common share until July 30, 2025.

On August 27, 2020, the Company completed the third and final tranche of its non-brokered private placement financing. This tranche consisted of the sale of 303,335 units at a price of \$0.15 per unit for gross proceeds of \$45,500, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.20 per common share until August 27, 2025.

On January 4, 2021, the Company completed the non-brokered private placement financing. This tranche of 3,556,666 units at a price of \$0.15 per unit for gross proceeds of \$533,500 is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of \$0.20 per common share until January 4, 2026. The Company paid a finder's fee of \$900 in cash and 6,000 non-transferable finder's warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of \$0.15 per share until January 4, 2026.

On February 25, 2021, the Company issued 664,032 Class A common shares with a stated value of \$0.22 per share pursuant to the option on the Mount Suckling property. The value attributed to the shares was based on the twenty day volume-weighted average price prior to this event.

PNG Copper Inc.

Notes to the Unaudited Condensed Interim Financial Statements

June 30, 2022 and 2021

(expressed in Canadian dollars unless otherwise noted)

6. Issued Capital (continued)

(iv) Non-brokered private placements (continued)

On June 28, 2021, the Company completed the first tranche of its non-brokered private placement financing. This tranche consisted of the sale of 1,666,666 units at a price of \$0.15 per unit for gross proceeds of \$250,000, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.20 per common share until June 28, 2026. The Company paid a finder's fee of \$22,500 in cash and 166,666 non-transferable finder's warrants, with each such finder's warrant entitling the holder thereof to acquire one unit of the Company at a price of \$0.15 per unit. Each finder's unit warrant entitles the holder to purchase one common share at a price of \$0.20 per common share until June 28, 2026.

On August 12, 2021, the Company completed the second tranche of its non-brokered private placement financing. This tranche consisted of the sale of 3,333,333 units at a price of \$0.15 per unit for gross proceeds of \$500,000, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.20 per common share until August 12, 2026. The Company paid a finder's fee of \$47,000 in cash and 333,333 non-transferable finder's warrants, with each such finder's warrant entitling the holder thereof to acquire one unit of the Company at a price of \$0.15 per unit. Each finder's unit warrant entitles the holder to purchase one common share at a price of \$0.20 per common share until August 12, 2026.

On September 2, 2021, the Company completed the third and final tranche of its non-brokered private placement financing. This tranche consisted of the sale of 2,498,333 units at a price of \$0.15 per unit for gross proceeds of \$374,750, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.20 per common share until September 2, 2026. The Company paid a finder's fee of \$18,000 in cash and 133,333 non-transferable finder's warrants, with each such finder's warrant entitling the holder thereof to acquire one unit of the Company at a price of \$0.15 per unit. Each finder's unit warrant entitles the holder to purchase one common share at a price of \$0.20 per common share until September 2, 2026.

On December 14, 2021 the Company completed a non-brokered private placement financing. This consisted of the sale of 1,428,572 units at a price of \$0.07 per unit for gross proceeds of \$100,000, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.10 per common share until December 13, 2026. The Company paid a finder's fee of \$9,000 in cash and 142,857 non-transferable finder's warrants, with each such finder's warrant entitling the holder thereof to acquire one unit of the Company at a price of \$0.07 per unit. Each finder's unit warrant entitles the holder to purchase one common share at a price of \$0.10 per common share until December 13, 2026.

PNG Copper Inc.

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6. Issued Capital (continued)

(iv) Non-brokered private placements (continued)

On January 24, 2022, the Company completed a non-brokered private placement financing. This consisted of 1,500,000 units at a price of \$0.07 per unit for gross proceeds of \$105,000 is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.07 per common share until January 24, 2027. The Company paid a finder's fee of \$9,450 in cash and 150,000 non-transferable finder's warrants, with each such warrant entitling the holder thereof to acquire one unit at a price of \$0.07 per share until January 24, 2027.

On June 1, 2022, the Company completed a brokered private placement financing. This consisted of 3,480,000 units at a price of \$0.05 per unit for gross proceeds of \$174,000 is comprised of one common share and one common share purchase warrant. Each broker warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.07 per common share until June 1, 2027. The Company paid a finder's fee of \$15,660 in cash and 348,000 non-transferable finder's warrants, with each such warrant entitling the holder thereof to acquire one unit at a price of \$0.05 per share until June 1, 2027.

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7. Equity reserves

	No. of options #	Weighted Average Exercise Price \$	Grant Date Fair Value of options \$	No. of warrants #	Weighted Average Exercise Price \$	Grant Date Fair Value of warrants \$	Total Value \$
December 31, 2020	8,499,995	0.18	544,118	12,610,011	0.15	684,479	1,228,597
Granted/Expensed	1,019,000	0.30	77,587	13,265,759	0.17	758,912	836,499
Forfeited	(6,263,995)	(0.15)	(354,866)	-	-	-	(354,866)
December 31, 2021	3,255,000	0.18	266,839	25,875,770	0.17	1,443,391	1,710,230
Granted/Expensed	2,450,000	0.10	57,629	8,706,385	0.07	345,682	403,311
Expired	(300,000)	0.10	(34,180)	-	-	-	(34,180)
June 30, 2022	5,405,000	0.15	290,288	34,582,155	0.16	1,789,073	2,079,361

Employee share option plan

The Company has a share option plan to assist the Company in attracting, retaining and motivating directors, key officers, employees and consultants of the Company and to closely align the personal interests of such parties with those of the shareholders by providing them with the opportunity, through options, to acquire common shares of the Company.

PNG Copper Inc.

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7. Equity reserves (continued)

The following share option arrangements were in existence as at June 30, 2022:

Date Granted	Options Granted	Options Exercisable	Exercise Price \$	Expiry Date
June 30, 2019	975,000	975,000	0.25	June 30, 2023
October 21, 2019	359,425	359,425	0.15	October 21, 2023
March 2, 2020	280,575	280,575	0.15	March 2, 2024
October 26, 2020	340,000	340,000	0.20	October 26, 2024
June 23, 2021	400,000	300,000	0.20	June 23, 2025
November 25, 2021	600,000	300,000	0.15	November 25, 2025
February 14, 2022	2,150,000	537,500	0.10	February 14, 2026
May 30, 2022	300,000	300,000	0.10	May 30, 2024
	5,405,000	3,392,500	0.15	

The weighted average exercise price of options exercisable at June 30, 2022 was \$0.18 (December 31, 2021 - \$0.19).

The weighted average remaining contractual life of options outstanding at June 30, 2022 is 2.77 years (December 31, 2021 - 2.35 years).

The fair value of share options granted has been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life	Estimated grant date fair value \$	Share price \$
October 4, 2018	0	2.46	135	4 years	117,000	0.051
June 30, 2019	0	2.46	135	4 years	234,000	0.100
October 21, 2019	0	1.61	134	4 years	89,000	0.150
March 2, 2020	0	1.07	134	4 years	62,000	0.150
October 26, 2020	0	1.07	134	4 years	124,429	0.140
June 23, 2021	0	0.97	134	4 years	48,185	0.145
November 25, 2021	0	1.41	134	4 years	34,180	0.07
February 14, 2022	0	2.31	134	4 years	64,500	0.06
May 30, 2022	0	1.41	141	4 years	16,833	0.06

PNG Copper Inc.

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7. Equity reserves (continued)

The following warrant arrangements were in existence as at June 30, 2022:

Warrants #	Exercise Price \$	Estimated Grant Date Fair Value \$	Expiry Date
7,500,000	0.15	356,381	May 14, 2025
750,000 *	0.15	85,695	May 14, 2025
3,693,343	0.15	182,180	July 30, 2025
363,333 *	0.15	42,278	July 30, 2025
303,335	0.15	17,945	August 27, 2025
3,556,666	0.20	234,853	January 4, 2026
6,000 *	0.15	409	January 4, 2026
1,666,666	0.20	95,432	June 28, 2026
166,666 *	0.15	11,105	June 28, 2026
3,333,333	0.20	197,695	August 12, 2026
333,333 *	0.15	22,245	August 12, 2026
2,498,333	0.20	152,921	September 2, 2026
133,333 *	0.15	8,855	September 2, 2026
1,428,572	0.10	30,514	December 13, 2026
142,857	0.07	4,883	December 13, 2026
1,500,000	0.07	49,054	January 24, 2027
150,000 *	0.07	5,135	January 24, 2027
1,553,020	0.10	50,764	March 7, 2027
5,155,365	0.07	225,188	May 18, 2027
348,000 *	0.07	15,542	June 1, 2027
34,582,155	0.16	1,789,074	

The warrants indicated by an "*" grant the holder a unit, consisting of a share and a warrant.

The weighted average remaining contractual life of warrants outstanding at June 30, 2022 is 4.32 years (December 31, 2021 - 4.44).

PNG Copper Inc.

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7. Equity reserves (continued)

The fair value of warrants granted has been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life	Estimated grant date fair value \$
May 14, 2020	0	0.37	105	5	442,076
July 30, 2020	0	0.31	108	5	224,458
August 27, 2020	0	0.26	108	5	17,945
January 4, 2021	0	0.39	131	5	235,262
June 22, 2021	0	0.95	126	5	119,573
August 12, 2021	0	0.89	137	5	224,376
September 2, 2021	0	0.77	136	5	167,680
December 13, 2021	0	1.24	141	5	45,224
January 24, 2022	0	1.63	141	5	49,054
March 7, 2022	0	1.51	141	5	50,764
May 18, 2022	0	2.70	141	5	225,188
June 1, 2022	0	2.74	141	5	15,542

8. Related party information

The following transactions were entered into with related parties during the six month periods ended June 30, 2022 and 2021:

	2022 \$	2021 \$
With a person related to a director of the Company:		
Rent	-	6,000
With directors of the Company:		
Management fees	-	87,500
With a partnership in which an officer of the Company is a partner:		
Accounting services	68,022	79,728
With a corporation whose directors were directors of the Company:		
Mount Suckling acquisition payments	277,499	296,985

PNG Copper Inc.

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8. Related party information (continued)

Accounts payable and accrued liabilities as at June 30, 2022 include amounts owing to directors and officers in the amount of \$10,546 (June 30, 2021 - \$9,650). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The remuneration of directors and other members of key management personnel during the periods ended June 30, 2022 and 2021 were as follows:

	2022	2021
	\$	\$
Short-term benefits	-	47,054
Share-based payments	12,159	18,801

9. Commitments and contingencies

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

PNG Copper Inc.

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10. Capital management

The capital of the Company consists of issued capital, warrants and options. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of its exploration and evaluation assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the risks, objectives, policies and procedures in 2022 or 2021.

11. Subsequent events

a) Issuance of Class A shares

On August 16, 2022, the Company completed a non-brokered private placement financing, consisting of the sale of 2,000,000 units at a price of \$0.05 per unit for gross proceeds of \$100,000, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of \$0.07 per common share until August 16, 2027. The Company paid a finder's fee of \$9,000 in cash and issued 200,000 non-transferable broker warrants, with each such broker warrant entitling the holder thereof to acquire one unit of the Company at a price of \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant which entitles the holder to purchase one common share at a price of \$0.07 per common share until August 16, 2027.

b) Settlement of accounts payable

On August 16, 2022, the Company issued 500,000 Class A common shares to the acting president to settle accounts payable in the amount of \$25,000.

On August 16, 2022, the Company settled outstanding obligations in the amount of \$313,164 with a director of the Company by the issuance of 6,263,285 Class A common shares of the Company and warrants to purchase 6,263,285 Class A common shares of \$0.07 per share expiring August 16, 2027.

c) Grant of stock options

On August 25, 2022, the Company granted 1,350,000 stock options to directors of the Company which options are exercisable into common shares of the Company at a price of \$0.10 per share. Subject to the rules of the CSE and the Company's stock option plan the options vest in four equal instalments, being at the date of grant and the end of each six-month period ended thereafter, have a term of four years and will expire on August 25, 2026.