



CANADIAN COPPER

Commodities that *electrify our world.*

CANADIAN COPPER INC. (formerly, MELIUS METALS CORP.)

Condensed Interim Financial Statements

For the six-month period ended April 30, 2022

and for the initial 206-day period ended October 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

NOTICE TO READER

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

The accompanying condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

CANADIAN COPPER INC. (Formerly, MELIUS METALS CORP.)
Condensed Interim Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

As at,	April 30, 2022	October 31, 2021
	\$	\$
ASSETS		
Current		
Cash	1,966,405	1,445,005
Subscription receivable	-	5,000
Sales tax receivable	69,946	-
Prepaid expenses	18,852	7,703
	2,055,203	1,457,708
Exploration and evaluation assets (Note 4)	400,000	300,000
Total assets	2,455,203	1,757,708
LIABILITIES		
Current		
Accounts payable and accrued liabilities	563,191	129,522
Total liabilities	563,191	129,522
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	3,579,123	2,300,000
Contributed surplus	230,559	27,073
Deficit	(1,917,670)	(698,887)
Total shareholders' equity	1,892,012	1,628,186
Total liabilities and shareholders' equity	2,455,203	1,757,708

Nature and Going concern (Note 1)

Approved and authorized for issuance on behalf of the Board on June 23, 2022:

/s/ "Simon Quick" Director

/s/ "Andrew Elinesky" Director

CANADIAN COPPER INC. (formerly, MELIUS METALS CORP.)
Condensed Interim Statement of Loss and Comprehensive Loss
For the three and six-month period end April 30, 2022 and for the period from incorporation on April 6, 2021 to April 30, 2021.
(Unaudited – Expressed in Canadian Dollars)

	Three-month period ended, April 30, 2022 \$	Period from incorporation on April 6, 2021 to April 30, 2021 \$	Six-month period ended, April 30, 2022 \$	Period from incorporation on April 6, 2021 to April 30, 2021 \$
Expenses				
Consulting fees (Note 5)	50,357	-	179,280	-
Communications	10,866	-	10,866	-
Exploration and evaluation expenditure	102,041	-	726,584	-
Office expenses	12,317	-	18,788	-
Professional fees	79,256	-	112,515	-
Salaries and benefits	42,667	-	80,056	-
Share-based payments (Note 6)	48,516	-	66,309	-
Regulatory fees	16,470	-	20,139	-
Travel expenditure	1,229	-	4,246	-
Net loss and comprehensive loss for the period	(363,719)	-	(1,218,783)	-
Loss per share (basic and diluted)	(0.01)	-	(0.02)	-
Weighted average number of common shares outstanding	60,475,000	-	57,074,448	-

CANADIAN COPPER INC. (formerly, MELIUS METALS CORP.)
Condensed Interim Statement of Changes in Shareholders' Equity
(Unaudited – Expressed in Canadian Dollars)

	Common Shares		Contributed Surplus	Deficit	Total
	Number of Shares	Amount			
		\$	\$	\$	\$
Balance, April 8, 2021 - Inception	-	-	-	-	-
Issuance of shares for cash (Note 6)	26,500,000	1,520,000	-	-	1,520,000
Shares issued for services	20,000,000	480,000	-	-	480,000
Shares issued for exploration and evaluation assets	6,000,000	300,000	-	-	300,000
Share-based payments	-	-	27,073	-	27,073
For the period from incorporation on April 8, 2021 to October 31, 2021	-	-	-	(698,887)	(698,887)
Balance, October 31, 2021	52,500,000	2,300,000	27,073	(698,887)	1,628,186
				-	
Issuance of shares for cash (Note 6)	5,475,000	1,204,500	164,250	-	1,368,750
Share issuance costs	-	(2,450)	-	-	(2,450)
Shares issued for performance warrants exercised	2,500,000	77,073	(27,073)	-	50,000
Share-based payments	-	-	66,309	-	66,309
Net loss for the period	-	-	-	(1,218,783)	(1,218,783)
Balance, April 30, 2022	60,475,000	3,579,123	230,559	(1,917,670)	1,892,012

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

CANADIAN COPPER INC. (formerly, MELIUS METALS CORP.)
Condensed Interim Statement of Cash Flow
For the six months period ended April 30, 2022 and period from incorporation on April 8, 2021 to April 30, 2021
(Unaudited – Expressed in Canadian Dollars)

	Six-month period ended, April 30, 2022 \$	For the period from incorporation on April 8, 2021 to April 30, 2021 \$
OPERATING ACTIVITIES		
Net loss for the period	(1,218,783)	-
Items not involving cash		
Share-based compensation	66,309	-
Changes in working capital items		
Sales tax receivable	(69,946)	-
Prepaid expenses	(11,149)	-
Accounts payable and accrued liabilities	433,669	-
Net cash used in operating activities	(799,900)	-
INVESTING ACTIVITIES		
Option payments made on exploration and evaluation assets	(100,000)	-
Net cash used in investing activities	(100,000)	-
FINANCING ACTIVITIES		
Proceeds of private placement	1,366,300	-
Proceeds of warrants exercised	50,000	-
Subscriptions received	5,000	-
Net cash provided by financing activities	1,421,300	-
Net change in cash	521,400	-
Cash, Beginning of the period	1,445,005	-
Cash, end of the period	1,966,405	-

CANADIAN COPPER INC. (formerly, MELIUS METALS CORP.)
Notes to the Condensed Interim Financial Statements
For the six months ended April 30, 2022
(Unaudited – Expressed in Canadian Dollars)

1. NATURE AND GOING CONCERN

Canadian Copper Inc. (“Canadian Copper” or “the Company”) was incorporated under the *Business Corporations Act* (Ontario) (the **OBCA**) on April 8, 2021, as Melius Capital 3 Corp. On July 27, 2021, Melius Capital 3 Corp. changed its name to Melius Metals Corp. On April 12, 2022 the Company’s name was changed to Canadian Copper Inc. The Company became a conditional approved reporting issuer on May 24, 2022 on the Canadian Securities Exchange “CSE” and once approved by the CSE the Company’s shares will be listed on the CSE under the ticker “CCI” subject to final approval from the CSE.

The address of the Company’s corporate office address is 22 Leader Lane, Suite 409, Toronto, Ontario, M5E 0B2.

The principal business of the Company is the identification, evaluation and acquisition of mineral properties in Canada. During the first six-months ending April 30 2022 and the initial 206-day period ended October 31, 2021, the Company has been active in investigating the viability of the Company’s mineral properties (the “Properties”). The Company has not yet determined whether any of the properties it owns may contain a mineral resource that may eventually be economically recoverable. The economic viability of the Properties will depend on the establishment of ore reserves, the confirmation of the Company’s interest in the mineral claims and the ability of the Company to obtain the necessary financing to complete its development and place it into commercial production.

These condensed interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. The Company has incurred losses of \$1,218,783 (2021 - \$Nil) and has an accumulated deficit of \$1,917,670 (October 31, 2021 - \$698,887) and working capital of \$1,492,012 (October 31, 2021 - \$1,328,186). The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and generating profitable operations in the future. Management estimates that the cash as at April 30, 2022 will be sufficient to meet the Company’s needs for cash during the current year of 2022.

These factors give rise to a material uncertainty which casts significant doubt about the Company’s ability to continue as a going concern. These condensed interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The pandemic could result in delays in the course of business, including potential delays to its exploration efforts/activities/programs, and continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital.

2. BASIS OF PREPARATION

The unaudited condensed interim financial statements were approved and authorized for issue on June 23, 2022 by the Board of Directors of the Company.

a) Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The accompanying notes are an integral part of these condensed interim financial statements. - 7 -

CANADIAN COPPER INC. (formerly, MELIUS METALS CORP.)
Notes to the Condensed Interim Financial Statements
For the six months ended April 30, 2022
(Unaudited – Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (CONTINUED)

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the 206-day period ended October 31, 2021.

b) Functional and presentation currency

The functional and presentation currency of the Company is the Canadian dollar.

c) Measurement basis

The condensed interim financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting estimates and judgments

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if the revision affects both the current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

i. Share-based payments

To estimate expenses for share-based payments, it is necessary to select an appropriate valuation model and obtain the inputs necessary for the valuation model chosen. The Company estimated the volatility of shares of similar companies and the expected life and the exercise period of warrants granted. The model used by the Company is the Black-Scholes valuation model.

ii. Provisions and contingent liabilities

The judgment is used to determine whether a past event has created a liability that should be recorded in the condensed interim financial statements or whether it should be presented as a contingent liability. Quantify these liabilities involves judgments and estimates.

These judgments and estimates are based on several factors, such as the nature of the claim or dispute, legal procedures and the potential amount to be paid, legal advice obtained and the likelihood of the realization of a loss.

CANADIAN COPPER INC. (formerly, MELIUS METALS CORP.)
Notes to the Condensed Interim Financial Statements
For the six months ended April 30, 2022
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgments

i. Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year and to fund planned and contractual exploration and evaluation programs, involves judgments including expectation of future events that are believed to be reasonable under the circumstances.

ii. Impairment of Exploration and evaluation Assets

Exploration and evaluation assets shall be assessed for an impairment test when facts and circumstances suggest that their carrying amount may exceed recoverable amount. To determine Indications of impairment of exploration and evaluation assets require significant judgment. Management considers various factors including, but are not limited to, financial and human resources available, exploration budgets planned, importance and results of exploration work done previously, industry and economic trends and price of minerals.

iii. the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets

4. EXPLORATION AND EVALUATION ASSETS

On June 30, 2021, the Company entered into an Option Agreement ("Option Agreement") with Puma Exploration Inc. ("Puma"), a Company listed on the TSX-V under the ticker PUMA. The Company is granted an option to acquire 100% of the following exploration projects (Collectively, the "Puma Projects"):

Mineral interests – acquisition costs:

	April 30, 2022 \$	October 31, 2021 \$
Turgeon project		
Turgeon property 1813	102,868	102,868
Turgeon Sud property 5594	29,748	29,748
Murray Brook Project		
Murray Brook West project 7846	23,447	23,447
Chester Project		
Chester property 1571	87,289	53,955
Chester EAB property 6003	52,104	18,771
Big Sevogle River property 9026	270	270
Chester West property 9036	1,045	1,045
South Big Sevogle River property 9886	-	-
Big Sevogle River property 7045	33,980	647
Legacy Project		
Legacy Group property 5443	39,920	39,920
McKenzie Gulch property 6202	14,768	14,768
Brunswick Cards Project		
Little North Sevogle property or Brunswick Cards West 9300	2,965	2,965
North Sevogle property or Brunswick Cards East 9302	11,596	11,596
Total	400,000	300,000

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4. EXPLORATION AND EVALUATION ASSETS

Mineral Interests

Under the terms of the Option Agreement dated on June 30, 2021, as amended on November 19, 2021, as second amended April 30 2022, the Company can acquire 100% interest in the Puma Projects located in New Brunswick and are subject to and conditional upon all of the following conditions being satisfied:

- Issue 6,000,000 common shares on the execution date (issued on June 30, 2021 for a fair value of \$300,000);
- the Company will cover all the legal fees and disbursements required for Puma to complete a virtual extraordinary meeting of its shareholders to approve a capital reduction of up to \$2,100,000. (completed).
- The successful completion by the Company of one of more equity offerings by way of private placements for aggregate gross proceeds of at least \$2,250,000, following which at least 58,000,000 Company Shares will be issued and outstanding (completed);
- \$100,000 in cash (paid November 22, 2021) and incur \$500,000 (incurred) in exploration and evaluation work on Chester Optioned Project no later than January 17, 2022; Consent of Explor to Puma's assignment of rights to the Company; (completed)
- The filing by the Company of a preliminary prospectus in any jurisdiction in Canada. (completed);
- The Company should obtain a receipt for a final prospectus by May 31, 2022 (completed);
- Receipt by Puma of final approval from the TSX Venture Exchange of the Puma Option Agreement (completed)
- Satisfaction of Puma that the Company will meet the conditions of closing the Puma Option Agreement including Listing on the CSE and issuance of shares (completed);

Outstanding conditions at April 30 2022, for the closing of the Puma Option Agreement:

- The closing of the Puma Option agreement is conditional upon the Company successfully listing on the CSE and the issuance of the remaining 6,000,000 shares.
- Successfully distributing the 6,000,000 shares issued on June 30 2021, to the shareholders of Puma. Record date set as June 17 2022 and to be distributed on or before June 30, 2022.
- The Company shall use its best efforts to list the Company on the CSE on or before July 31, 2022 or such later date as may be agreed upon in writing by both parties.

Upon closing the Puma Option Agreement, the Company maintains the following remaining conditions:

- \$2,300,000 payable at the Company's option in cash or shares, over the three annual anniversaries of the closing of the Puma Option Agreement. To be satisfied over the next three anniversaries from closing. These installments are payable in common stock or cash, at the option of the Company.

Upon fulfilment of all the conditions of the Puma Agreement, the Company will acquire and assume 100% interest in the 13 tenure blocks contained in the Puma Option Agreement subject to certain agreements, rights and encumbrances.

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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Royalties:

The Puma Projects are subject to the following NSR Royalties:

Title	Royalty
Brunswick Card West	The Brunswick Card West Project is subject to a 2% NSR royalty, half of which can be bought back by the Company for \$1,000,000, with the Company retaining a right of first refusal on the remaining royalty
Brunswick Card East	The Brunswick Card East Project is subject to a 2% NSR royalty, half of which can be bought back by the Company for \$1,000,000, with the Company retaining a right of first refusal on the remaining royalty.
Murray Brook	The Murray Brook Project is subject to a 2% NSR royalty, half of which can be bought back by the Company for \$1,000,000, with the Company retaining a right of first refusal on the remaining royalty.
Legacy Project	The Legacy Project is subject to a 2% NSR, half of which can be bought back by the Company for \$500,000. ("Legacy Royalties")
Turgeon Project	The Turgeon Project is subject to a 2% NSR royalty on gold and silver and 1% NSR on any other saleable production, half of which can be bought back by the Company for \$1,000,000.

The Chester Project is subject to the following royalty:

Title	Royalty
Chester Royalty	The Chester Royalty is subject to a 2% NSR royalty, half of which can be bought back by the Company for \$1,000,000.
Chester EAB Royalty	The Chester EAB Royalty is subject to a 2% NSR royalty, half of which can be bought back by the Company for \$1,000,000.
Big Sevogle Royalty	The Big Sevogle Royalty (7045) is subject to a 2% NSR royalty, half of which can be bought back by the Company for \$1,000,000.
Ross Royalty	The Big Sevogle Royalty (9026) is subject to a 2% NSR royalty, half of which can be bought back by the Company for \$1,000,000. The Ross Royalty is subject to a 2% NSR royalty, half of which can be bought back by the Company for \$900,000, with a right of first refusal on the remaining royalty.
Brook Royalty	The Brook Royalty is subject to a 1% NSR royalty, which can be bought back for \$1,000,000.
Northeast Royalty	The Northeast Royalty is subject to a 1% NSR royalty, which half can be bought back for \$500,000.
Granges Royalty	The Granges Royalty is subject to a 1% NSR royalty, which half can be bought back for \$500,000.

CANADIAN COPPER INC. (formerly, MELIUS METALS CORP.)
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5. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management includes current directors, CEO and President of the Company, the remuneration of key management personnel during the six-months period ended April 30, 2022 is summarized below:

	April 30, 2022 \$	Business started April 08, 2021 \$
Salary paid to the CEO	70,417	\$ -
Consulting fees paid to consultants	126,313	-
Consulting fees accrued to three directors	4,425	-
Consulting fee paid to the CFO of the Company	9,225	-
Share-based compensation	66,309	-
Total	\$ 276,689	\$ -

As at April 30, 2022, the Company owed to previous directors or their companies \$7,063 (October 31, 2021 - \$16,000) recorded in accounts payable and accrued liabilities, to related parties. These transactions took place in the normal course of business.

As at April 30, 2022, the Company owed to directors or their companies \$11,162 recorded in accounts payable and accrued liabilities, to related parties. These transactions took place in the normal course of business.

During the six-month period ended April 30, 2022 the Company issued 1,600,000 stock options to directors, vesting in 18 months. The fair value of \$137,505 was determined using the Black-Scholes model – see Note 6. During the period ended April 30, 2022, \$66,309 of stock-based compensation was recorded.

On November 1, 2021, the Company entered into a consulting arrangement with CXL Capital Inc. (“CXL”), a Company controlled by Mr. Lavoie, a former director. CXL is entitled to a consulting fee of \$75,000 per year for a one year term only from November 1, 2021 to November 1, 2022.

On November 1, 2021, the Company entered into a consulting arrangement with Terrella Capital Ltd. (“Terrella”), a Company controlled by Mr. Krasic, a former director. Terrella is entitled to a management fee of \$75,000 per year for a one year term only from November 1, 2021 to November 1, 2022.

On November 1, 2021, the Company entered into a consulting arrangement with Hypercap Ltd. (“Hypercap”), a Company controlled by Mr. Perras, a former director. Hyper is entitled to consulting fees of \$75,000 per year for a one year term only from November 1, 2021 to November 1, 2022.

6. SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and outstanding:

As at April 30, 2022, the issued share capital is comprised of 60,475,000 (October 31, 2021 - 52,500,000) common shares.

i) Shares issued during the six-month period ended April 30, 2022

CANADIAN COPPER INC. (formerly, MELIUS METALS CORP.)
Notes to the Condensed Interim Financial Statements
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(Unaudited – Expressed in Canadian Dollars)

On January 19, 2022 the Company completed a private placement and issued 5,475,000 units at a price of \$0.25 per unit for gross proceeds of \$1,368,750. Each unit was comprised of one common share and one half of a common share purchase warrants. Each whole warrant can purchase one common share at a price of \$0.40 per warrant until January 19, 2025. In connection with the private placement, the Company paid \$2,450 cash finders' fee.

On January 10, 2022 the Company issued 2,500,000 shares as performance warrants were exercised at \$0.02 per performance warrant for gross proceeds of \$50,000.

ii) Shares issued during the initial 206-day period ended October 31, 2021

On May 3, 2021, the Company issued 4,000,000 common shares at a price of \$0.005 per share for gross proceeds of \$20,000.

On May 13, 2021, the Company issued 20,000,000 common shares at \$0.024 per share in settlement of accounts payable to the directors, President and a consultant of the Company. The settlement of those accounts payable have been recorded at the fair value of the common shares issued on the day of settlements, i.e. \$0.024 per share for a total consideration of \$480,000 and the difference between the fair value of the shares issued and the amount of accounts payable of \$400,000 was recorded at the date of settlement in the statements of loss as loss on accounts payable settlement to Directors, President and a consultant.

On June 30, 2021, the Company issued 6,000,000 common shares at a price of \$0.05 per share pursuant to the terms of an option agreement (Note 4) with a fair value of 300,000.

On September 8, 2021, the Company issued 15,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$750,000.

On October 28, 2021, the Company issued 7,500,000 common shares at a price of \$0.10 per share for gross proceeds of \$750,000.

CANADIAN COPPER INC. (formerly, MELIUS METALS CORP.)
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6. SHARE CAPITAL (CONTINUED)

Performance Warrants

A summary of the Company's warrants are as follows:

	Number of performance warrants issued and exercisable	Weighted Average Exercise Price (\$)
Balance, April 8, 2021	-	-
Issued	2,500,000	0.02
Outstanding and exercisable, October 31, 2021	2,500,000	0.02
Exercised	(2,500,000)	0.02
Outstanding and exercisable, April 30, 2022	-	-

On May 13, 2021, the Company issued 2,500,000 performance warrants that vested upon the successful completion of a private placement raising gross proceeds of \$750,000. The performance warrants expire five years from the date of issuance and is exercisable at \$0.02 per performance warrant.

On January 10, 2022, the Company issued 2,500,000 shares of the Company, pursuant to 2,500,000 performance warrant exercised for gross proceeds of \$50,000.

Upon initial recognition, the fair value of the performance warrants was \$27,073. The fair value of the performance warrants granted was estimated using the Black Scholes Option Pricing Model and based on the following assumptions: Share price - \$0.02; Exercise price - \$0.02; expected life – 5 years, volatility – 65% and risk-free rate of \$0.76%.

The Company estimated the volatility of shares of similar companies and the expected life and the exercise period of warrants granted.

Warrants

	Six months ended April 30, 2022		For the initial 206-day period ended October 31, 2021	
	Number of warrants	Weighted Average Exercise Price	Number of warrants	Weighted Average Exercise Price
Opening	-	\$ -	-	\$ -
Issued	2,737,500	0.40	-	-
Ending	2,737,500	\$ 0.40	-	\$ -

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

	Number of warrants	Exercise price	Expiry date
	2,737,500	\$ 0.40	January 19, 2025
Total	2,737,500	\$ 0.40	

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6. SHARE CAPITAL (CONTINUED)

The weighted average grant date fair value of warrants granted during the six months period ended April 30, 2022 was \$0.03 (October 31, 2021 – \$Nil). The weighted average remaining life of outstanding options as at April 30, 2022 is 2.73 years (October 31, 2021 – Nil).

The fair value of warrants granted during the six-month period ended April 30, 2022 of \$164,250 was estimated using the Black-Scholes option pricing model using the following assumptions at grant date:

	2022
Share price	\$ 0.22
Risk free interest rate	1.36%
Expected life (in years)	3.00
Expected volatility	64%
Dividend yield	-
Forfeiture rate	0%
Exercise price	\$ 0.40

The expected volatility assumption is based on the volatility of companies comparable in size and operations to the Company. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the warrants' expected life. The Company uses historical data to estimate warrant exercise and forfeiture. The Company has not paid and does not anticipate paying dividends on its share capital.

Stock Options

On December 1, 2021, the Shareholders of the Company approved the Stock Option Plan, the "SOP". The purpose of the SOP is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants, to reward those individuals from time to time for their contributions toward the long-term goals of the Company and to enable and encourage those individuals to acquire Common Shares as long-term investments. Upon becoming a reporting issuer, the Company will be required to obtain Shareholder approval of the SOP on a yearly basis in accordance with the policies of the CSE.

The Company grants stock options to directors, officers, employees and consultants and affiliate or any person deemed suitable by the board of directors, pursuant to its Incentive Share Option Plan, the "Plan". The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. Options issued under the Plan vest in six equal quarterly releases over a period of 18 months from award date and must have a term equal to or less than 10 years after the shares have been listed on the CSE.

	Six months ended April 30, 2022		For the initial 206-day period ended October 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening	-	\$ -	-	\$ -
Issued	1,600,000	0.156	-	-
Ending	1,600,000	\$ 0.156	-	\$ -

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6. SHARE CAPITAL (CONTINUED)

Stock Options (continued)

As at April 30, 2022, the Company had the following stock options outstanding:

Number of stock options – outstanding	Number of stock options exercisable	Exercise price	Expiry date
1,000,000	166,667	\$ 0.100	December 01, 2026
600,000	100,000	\$ 0.250	January 24, 2027
Total	1,600,000	\$ 0.156	

The weighted average grant date fair value of options granted during the six months period ended April 30, 2022 was \$0.156 (October 31, 2021 – \$Nil). The weighted average remaining life of outstanding warrants as at April 30, 2022 is 4.70 years (October 31, 2021 – Nil).

The fair value of stock options granted during the six-month period ended April 30, 2022 of \$66,309 was estimated using the Black-Scholes option pricing model using the following assumptions at grant date:

	2022
Weighted average share price	\$ 0.14
Risk free interest rate	1.32% to 1.62%
Expected life (in years)	5.00
Expected volatility	65%
Dividend yield	-
Forfeiture rate	0%

The expected volatility assumption is based on the volatility of companies comparable in size and operations to the Company. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise and forfeiture. The Company has not paid and does not anticipate paying dividends on its share capital.

On December 1, 2021 the Company issued 1,000,000 stock options at \$0.10 expiring in five years and vesting over 18 months to the CEO of the Company.

On January 24, 2022 the Company issued 600,000 stock options at \$0.25 expiring in five years and vesting over 18 months to various directors of the Company.

As at January 31, 2022 an amount of \$17,793 was recorded, as none of the options vested yet. As at April 30 2022 a further \$48,516 was recorded in reserves as vesting commenced.

7. MANAGEMENT OF CAPITAL

The Company defines capital as all accounts in equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern.

As at April 30, 2022, the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company will continue to rely on capital markets to support continued growth. The Company is not subject to any externally imposed capital requirement.

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For the six months ended April 30, 2022
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8. FINANCIAL INSTRUMENT AND FINANCIAL RISK

The Company's financial instruments include cash, subscription receivable, accounts payable and accrued liabilities. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Fair value of financial instruments

IFRS 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at April 30, 2022, there are no Company's financial assets measured at fair value.

Financial risk management objectives and policies:

The Company's financial instruments include cash, amounts receivable and accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash, the Company places the instrument with a high credit quality financial institution.

(ii) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private placements for a sufficient amount.

Contractual maturities of accounts payable and accrued liabilities are less than one year.

In the current period, the Company has financed its acquisitions of exploration and evaluation assets and working capital needs through private financings consisting of issuance of common shares. Management estimates that the cash as at April 30, 2022 will be sufficient to meet the Company's needs for cash during the coming year (see Note 1).

9. CAPITAL MANAGEMENT

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts. All long-term assets of the Company are located in Canada.