



COAST COPPER CORP.

(An Exploration Stage Corporation)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors of Coast Copper Corp.

Coast Copper Corp.'s independent auditors have 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 auditors.

COAST COPPER CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - expressed in Canadian dollars)

| | Note | June 30, 2023 | December 31, 2022 |
|--|-------|------------------|----------------------|
| ASSETS | | \$ | \$ |
| Current | | | |
| Cash | | 84,517 | 80,898 |
| Receivables | | 7,194 | 69,319 |
| Receivable from Skeena | 3 | 903,354 | 874,756 |
| Prepaid expenses and deposits | | 5,761 | 7,852 |
| Marketable securities | 4 | 220,314 | 335,746 |
| | | 1,221,140 | 1,368,571 |
| Non-Current | | | |
| Exploration and evaluation assets | 5 | 439,069 | 470,834 |
| Property | | 4,283 | 5,131 |
| Receivable from Skeena | 3 | 964,725 | 1,424,068 |
| Reclamation deposit | | 13,642 | 13,642 |
| | | 1,421,719 | 1,913,675 |
| | | 2,642,859 | 3,282,246 |
| LIABILITIES | | | |
| Current | | | |
| Accounts payable and accrued liabilities | 10(b) | 93,527 | 126,630 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 6 | 9,995,738 | 9,995,738 |
| Other equity reserves | 6(e) | 401,084 | 394,729 |
| Deficit | | (7,847,490) | (7,234,851) |
| | | 2,549,332 | 3,155,616 |
| | | 2,642,859 | 3,282,246 |

Nature of operations and going concern (Note 1)

Approved on behalf of the Board:

"Dale Wallster", Director

"Adam Travis", Director

COAST COPPER CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED JUNE 30
(Unaudited - expressed in Canadian dollars)

| | Note | Three months ended June 30, | | Six months ended June 30, | |
|---|-------------|--------------------------------|------------------|------------------------------|--------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | \$ | \$ | | |
| Expenses | | | | | |
| Amortization | | 427 | - | 848 | - |
| Bonuses | 10(a) | 12,000 | - | 12,000 | - |
| Consulting | 10(a) | 21,666 | 20,358 | 49,833 | 40,985 |
| Director fees | 10(a) | 16,500 | 16,500 | 33,000 | 33,000 |
| Exploration expenditures | 5, 10(a) | 115,426 | 176,405 | 201,564 | 1,003,225 |
| Investor relations | | 19,478 | 64,147 | 67,997 | 149,685 |
| Office and administration | | 15,874 | 10,168 | 30,230 | 21,766 |
| Professional fees | | 10,221 | 27,630 | 30,635 | 37,773 |
| Salaries and personnel costs | 10(a) | 58,211 | 52,679 | 117,860 | 109,975 |
| Share-based payments expense | 6(e), 10(a) | 11,249 | 31,632 | 29,945 | 87,411 |
| Transfer agent, regulatory and filing fees | | 1,123 | 7,831 | 11,407 | 17,345 |
| | | <u>282,175</u> | <u>407,350</u> | <u>585,319</u> | <u>1,501,165</u> |
| Other items | | | | | |
| Accretion of receivable from Skeena | 3 | (31,858) | - | (69,255) | - |
| Interest income | | (393) | (767) | (439) | (1,551) |
| Realized gain on sale of marketable securities | 4 | - | - | (29,706) | - |
| Settlement of flow-through share premium liability on incurring eligible expenditures | | - | - | - | (116,837) |
| Unrealized loss on marketable securities | 4 | 55,661 | 51,949 | 115,432 | 69,265 |
| Write-off of exploration and evaluation assets | 5(a)(vi) | - | - | 34,878 | 1,066 |
| | | <u>23,410</u> | <u>51,182</u> | <u>50,910</u> | <u>(48,057)</u> |
| Loss and comprehensive loss for the period | | <u>(305,585)</u> | <u>(458,532)</u> | <u>(636,229)</u> | <u>(1,453,108)</u> |
| Basic and diluted loss per share | | \$ (0.00) | \$ (0.01) | \$ (0.01) | \$ (0.03) |
| Basic and diluted weighted average number of shares outstanding | | 64,001,690 | 55,401,690 | 64,001,690 | 55,361,635 |

COAST COPPER CORP.
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - expressed in Canadian dollars)

| | Note | Number of shares | Share capital \$ | Other equity reserves \$ | Deficit \$ | Total \$ |
|---|------|---------------------|------------------------|--------------------------------|--------------------|------------------|
| Balance, December 31, 2021 | | 55,296,690 | 9,555,622 | 326,658 | (7,585,497) | 2,296,783 |
| Loss for the period | | - | - | - | (1,453,108) | (1,453,108) |
| Shares issued pursuant to warrant exercise | 6(b) | 105,000 | 10,500 | - | - | 10,500 |
| Reclass of exercised warrants | 6(e) | - | 2,119 | (2,119) | - | - |
| Share-based payments expense | 6(e) | - | - | 87,411 | - | 87,411 |
| Balance, June 30, 2022 | | 55,401,690 | 9,568,241 | 411,950 | (9,038,605) | 941,586 |
| Income for the period | | - | - | - | 1,756,909 | 1,756,909 |
| Private placement, net of share issue costs | | 8,000,000 | 391,497 | - | - | 391,497 |
| Shares issued pursuant to acquisition of mineral properties | | 600,000 | 36,000 | - | - | 36,000 |
| Share-based payments expense | | - | - | 29,624 | - | 29,624 |
| Reclass of expired warrants | | - | - | (46,845) | 46,845 | - |
| Balance, December 31, 2022 | | 64,001,690 | 9,995,738 | 394,729 | (7,234,851) | 3,155,616 |
| Loss for the period | | - | - | - | (636,229) | (636,229) |
| Share-based payments expense | 6(e) | - | - | 29,945 | - | 29,945 |
| Reclass of expired warrants | | - | - | (23,590) | 23,590 | - |
| Balance, June 30, 2023 | | 64,001,690 | 9,995,738 | 401,084 | (7,847,490) | 2,549,332 |

COAST COPPER CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30
(Unaudited - expressed in Canadian dollars)

| | Note | Three months ended June 30, | | Six months ended June 30, | |
|--|----------|--------------------------------|------------------|------------------------------|--------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | \$ | \$ | \$ | \$ |
| Operating Activities | | | | | |
| Loss for the period | | (305,585) | (458,532) | (636,229) | (1,453,108) |
| Items not involving cash: | | | | | |
| Amortization | | 427 | - | 848 | - |
| Accretion of Skeena receivable | 3 | (31,858) | - | (69,255) | - |
| Realized gain on sale of marketable securities | 4 | - | - | (29,706) | - |
| Settlement of flow-through share premium liability | | - | - | - | (116,837) |
| Share-based payments expense | 6(e) | 11,249 | 31,632 | 29,945 | 87,411 |
| Unrealized loss on marketable securities | 4 | 55,661 | 51,949 | 115,432 | 69,265 |
| Write-off of exploration and evaluation asset | 5(a)(vi) | - | - | 34,878 | 1,066 |
| Net change in non-cash working capital | 7 | (11,547) | (45,140) | 31,113 | 226,270 |
| Cash used in operating activities | | (281,653) | (420,091) | (522,974) | (1,185,933) |
| Investing Activities | | | | | |
| Acquisition of exploration and evaluation assets | 5 | - | (34,879) | (3,113) | (39,962) |
| Proceeds on sale of Skeena shares | 4 | - | - | 279,706 | - |
| Receipt of cash pursuant to Red Chris sale | 3 | 250,000 | - | 250,000 | - |
| Sale of exploration and evaluation assets | | - | 2,305 | - | 2,305 |
| Cash provided by (used in) investing activities | | 250,000 | (32,574) | 526,593 | (37,657) |
| Financing Activity | | | | | |
| Proceeds pursuant to exercise of warrants | 6(b) | - | - | - | 10,500 |
| Cash provided by financing activity | | - | - | - | 10,500 |
| Net increase (decrease) in cash | | (31,653) | (452,665) | 3,619 | (1,213,090) |
| Cash, beginning of period | | 116,170 | 688,839 | 80,898 | 1,449,264 |
| Cash, end of period | | 84,517 | 236,174 | 84,517 | 236,174 |
| Supplemental cash flow information | 7 | | | | |

COAST COPPER CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Coast Copper Corp. ("**Coast Copper**" or the "**Corporation**") was incorporated as Roughrider Exploration Limited on December 7, 2011 under the British Columbia Business Corporations Act. Effective September 28, 2021, the Corporation changed its name from Roughrider Exploration Limited to Coast Copper Corp. The Corporation is listed on the TSX Venture Exchange ("**TSX-V**") as a Tier 2 Mining Issuer under the trading symbol "COCO". The principal business of the Corporation is the exploration and evaluation of mineral properties. The principal focus of the Corporation is exploring its portfolio of mineral properties, including the Empire Mine property located on northern Vancouver Island, British Columbia ("**BC**"). The Company's sole operating and geographical segment is the exploration and evaluation of mineral interests in Canada.

The address of the Corporation's head office and registered office is Suite 904 - 409 Granville Street, Vancouver, BC, Canada, V6C 1T2.

These condensed interim financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Corporation had a loss of \$636,229 for the six months ended June 30, 2023 (2022: \$1,453,108). At June 30, 2023, the Corporation had an accumulated deficit of \$7,847,490. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Corporation has incurred operating losses in its exploration operations and its ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Corporation to obtain necessary financing to complete their development and fund their operations until commercially successful and future production or proceeds from the disposition thereof. While the Corporation has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future, therefore, a material uncertainty exists that may cast significant doubt about the Corporation's ability to continue as a going concern.

These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

Recent global issues, including the ongoing COVID-19 pandemic and the 2022 Russian invasion of Ukraine have adversely affected workplaces, economies, supply chains and financial markets globally. It is not possible for the Corporation to predict the duration or magnitude of the adverse results of these issues and their effects on the Corporation's business or results of operations at this time.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board ("**IASB**") using accounting principles consistent with International Financial Reporting Standards ("**IFRS**") as issued by the IASB.

These condensed interim financial statements should be read in conjunction with the Corporation's audited financial statements for the year ended December 31, 2022 which include the accounting policies used in the preparation of these condensed interim financial statements.

These condensed interim financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

COAST COPPER CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - expressed in Canadian dollars)

2. BASIS OF PREPARATION (continue)

The Board of Directors (the “**Board**”) approved these condensed interim financial statements on August 23, 2023.

3. RECEIVABLE FROM SKEENA

On October 18, 2022, the Corporation completed the sale of its 100% interest in the Gin, Eldorado and Bonanza properties (collectively the “**Red Chris Properties**”), which are located in the Golden Triangle area of northern B.C., to Skeena Resources Limited (“**Skeena**”) for aggregate proceeds of \$3,000,000 in cash and shares (“**Purchase Price**”), with payments as follows:

| | Cash | Share issuance | Total |
|---------------------------------|--------------------|-----------------------|------------------|
| | \$ | \$ | \$ |
| Upon Closing (October 18, 2022) | 250,000 (received) | 250,000 (received) | 500,000 |
| April 18, 2023 | 250,000 (received) | 250,000 (received) | 500,000 |
| October 18, 2023 | 250,000 | 250,000 | 500,000 |
| April 18, 2024 | 250,000 | 250,000 | 500,000 |
| October 18, 2024 | 250,000 | 250,000 | 500,000 |
| April 18, 2025 | <u>250,000</u> | <u>250,000</u> | <u>500,000</u> |
| | 1,500,000 | 1,500,000 | 3,000,000 |

As a result of a portion of the cash and shares being recoverable over a 30-month period, the original \$2,500,000 receivable portion of the proceeds was discounted to a fair value of \$2,268,688 on the closing date (“**Closing Date**”).

As part of the Purchase Price, the Corporation received the first tranche cash payment of \$250,000 and 39,936 common shares of Skeena with a value of \$250,000. Under the terms of an asset purchase agreement, at each six-month anniversary of the Closing Date, ending 30 months from the Closing Date, Skeena shall pay Coast Copper \$250,000 in cash and shall issue Skeena common shares to Coast Copper with a value of \$250,000. Each tranche of Skeena shares issued under this transaction will be subject to a hold period expiring four months and one day from the date of issuance.

In April 2023, the Corporation received the second tranche cash payment of \$250,000 and 30,413 common shares of Skeena with a value of \$250,000.

In connection with the Red Chris Properties sale, the Corporation’s Chief Executive Officer (“**CEO**”) and Chair of the Board were each awarded cash bonuses of up to \$36,000, for an aggregate total of up to \$72,000. The first tranche of \$12,000 was paid in November 2022. The second tranche of \$12,000 was paid in May 2023. The remaining \$48,000 will be paid in four equal instalments, ending 30 months from the Closing Date. The remaining bonus payments are conditional on collection of the Skeena receivables and will be recorded upon collection.

The Eldorado property is subject to a 2% net smelter returns (“**NSR**”) royalty, half of which is owned by Cazador Resources Ltd. (“**Cazador**”), a private company controlled by the Corporation’s CEO.

As a result of the sale of the Red Chris Properties, the Corporation recorded a receivable from Skeena which was calculated using a discount rate of 8% over the remaining term. The receivable will be accreted to operations over the life of the receivable.

COAST COPPER CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - expressed in Canadian dollars)

3. RECEIVABLE FROM SKEENA (continued)

The continuity of the receivable from Skeena is as follows:

| | |
|--|------------------|
| | \$ |
| Balance December 31, 2022 | 2,298,824 |
| Receipt of cash | (250,000) |
| Receipt of 30,413 Skeena common shares | (250,000) |
| Accretion of receivable | 69,255 |
| | <u>1,868,079</u> |
| Balance, June 30, 2023 | <u>1,868,079</u> |
| Current portion | 903,354 |
| Non-current portion | 964,725 |
| | <u>1,868,079</u> |

As of June 30, 2023, the future receipts of cash and shares from Skeena were as follows:

| | |
|--|------------------|
| Year ending December 31: | \$ |
| 2023 | 500,000 |
| 2024 | 1,000,000 |
| 2025 | 500,000 |
| | <u>2,000,000</u> |
| Less: amount representing accretion | (131,921) |
| Present value of net receivable payments | <u>1,868,079</u> |

4. MARKETABLE SECURITIES

Marketable securities are financial assets measured at fair value through profit or loss (“FVTPL”). At June 30, 2023, they consisted of an investment of 865,817 free-trading common shares of EuroPacific Metals Inc. (“EuroPacific”) (formerly Goldplay Mining Inc.) (Note 5(a)(ii)) and 30,413 common shares of Skeena. The fair value of marketable securities has been determined by reference to published price quotations in an active market, a Level 1 valuation.

During the six months ended June 30, 2023, the Corporation sold the first tranche of 39,936 common shares of Skeena for gross proceeds of \$279,706, recording a gain on sale of marketable securities of \$29,706.

A summary of the changes in FVTPL investments is presented below:

| | |
|---|----------------|
| | \$ |
| Balance December 31, 2022 | 335,746 |
| Sale of FVTPL investments (39,936 Skeena shares) | (250,000) |
| Receipt of FVTPL investments (30,413 Skeena shares) | 250,000 |
| Unrealized loss | (115,432) |
| | <u>220,314</u> |
| Balance, June 30, 2023 | <u>220,314</u> |

COAST COPPER CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

a) BRITISH COLUMBIA

i) EMPIRE MINE PROPERTY

On September 22, 2020, the Corporation entered into an option agreement to acquire a 100% interest in the Empire Mine property (the “**Empire Option Agreement**”) from Mirva Properties Ltd. (“**Mirva**”). The Empire Mine property consists of mineral claims (the “**Greater Empire Claims**”) and crown grants (the “**Quatsino Crown Grants**”) all located in the Rupert District on northern Vancouver Island, BC, near Port McNeill.

In order to earn a 100% interest in the Greater Empire Claims, the Corporation must make aggregate cash payments of \$750,000, issue 3,000,000 common shares of the Corporation to Mirva and complete work commitments totaling \$2,000,000 over a four-year period, as follows:

| | Cash payment | Share issuance | Work commitment |
|--------------------------|---------------------|-----------------------|----------------------------|
| | \$ | | \$ |
| Upon regulatory approval | 50,000 (paid) | 200,000 (issued) | N/A |
| By September 22, 2021 | 100,000 (paid) | 400,000 (issued) | 200,000 (completed) |
| By September 22, 2022 | 150,000 (paid) | 600,000 (issued) | 400,000 (completed) |
| By September 22, 2023 | 200,000 | 800,000 | 600,000 (completed) |
| By September 22, 2024 | <u>250,000</u> | <u>1,000,000</u> | <u>800,000</u> (completed) |
| | 750,000 | 3,000,000 | 2,000,000 |

The share issuance of 200,000 common shares was valued at \$38,000. The share issuances of 400,000 and 600,000 common shares were each valued at \$36,000.

In order to earn a 100% interest in the Quatsino Crown Grants, the Corporation must pay Mirva the equivalent of \$500,000 with either a cash payment or equivalent value in common shares of the Corporation, at the Corporation’s election, on or before September 22, 2025.

The Corporation has the option to extend the Quatsino Crown Grants payment date to September 22, 2026 for an additional payment of \$35,000, to September 22, 2027 for a further additional payment of \$55,000 and to September 22, 2028 for a further additional payment of \$75,000.

Mirva has retained a 2% NSR royalty on the Empire Mine property, of which 1% may be purchased for \$1,000,000 at any time up to 120 days after commencement of commercial production. The Empire Option Agreement has been structured such that this NSR royalty plus all other NSR royalties which may currently exist and be payable on the Empire Mine property will not exceed in aggregate 2.5% before buydowns.

ii) SCOTTIE WEST PROPERTY

In May 2020, the Corporation staked the Scottie West property located in the Golden Triangle area of northern BC, near the District of Stewart.

COAST COPPER CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

a) BRITISH COLUMBIA (continued)

ii) SCOTTIE WEST PROPERTY (continued)

On November 20, 2020, the Corporation entered into a farm-out agreement with EuroPacific whereby EuroPacific can earn a 70% interest in the Corporation's Scottie West property by making aggregate cash payments of \$500,000, issuing common shares of EuroPacific to the Corporation with a total value of \$500,000 and incurring a minimum of \$1,000,000 of exploration expenditures on the property over a four-year period.

By November 19, 2022, the Corporation had received cash payments totaling \$50,000 from EuroPacific and 865,817 common shares of EuroPacific with a total value of \$75,000. In addition, EuroPacific had incurred more than \$300,000 of exploration expenditures on the Scottie West property.

On November 20, 2022, the Corporation received notice from EuroPacific that it will not be continuing with the farm-out agreement, and consequently the farm-out agreement was terminated.

During the six months ended June 30, 2023, the Corporation staked one additional Scottie West claim for \$3,113.

iii) HOME BREW PROPERTY

The Corporation owns a 100% interest in two mineral claims located in south central BC, called the Home Brew property, with a carrying value of \$2,500 at June 30, 2023.

iv) KNOB HILL PROPERTY

The Corporation owns a 100% interest in certain claims located on northern Vancouver Island called the Knob Hill property, with a carrying value of \$8,121 at June 30, 2023.

v) JACOBIE AND POLLEY EAST PROPERTIES

In January 2022, the Corporation staked the Jacobie and Polley East properties both located in central BC. Total cost of the staking was \$1,583 and \$722, respectively. In June 2022, the Corporation sold the Jacobie and Polley East claims for \$1,583 and \$722, respectively. The Corporation has retained a 1% NSR royalty on the properties, half of which can be repurchased for \$750,000.

vi) SHOVELNOSE PROPERTY

In April 2022, the Corporation staked the Shovelnose South property located in south-central BC. Total staking costs were \$34,878. During the six months ended June 30, 2023, the Corporation allowed the Shovelnose claims to lapse and consequently wrote off to operations the capitalized costs of \$34,878.

b) SASKATCHEWAN

GENESIS PROPERTY

The Corporation owns a 50% interest in the Genesis property, with a carrying value of \$Nil, located in the Athabasca Basin region of Canada.

COAST COPPER CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation assets

A summary of the changes in exploration and evaluation assets is presented below:

| | Note | Empire Mine \$ | Scottie West \$ | Home Brew \$ | Knob Hill \$ | Shovelnose \$ | Total \$ |
|----------------------------|----------|----------------------|-----------------------|--------------------|--------------------|------------------|-----------------|
| Balance, December 31, 2022 | | 425,335 | - | 2,500 | 8,121 | 34,878 | 470,834 |
| Staking | | - | 3,113 | - | - | - | 3,113 |
| Write off | 5(a)(vi) | - | - | - | - | (34,878) | (34,878) |
| Change during the period | | - | 3,113 | - | - | (34,878) | (31,765) |
| Balance, June 30, 2023 | | 425,335 | 3,113 | 2,500 | 8,121 | - | 439,069 |

Exploration expenditures

The Corporation's exploration expenditures for the six months ended June 30, 2023 were as follows:

| | Empire \$ | Knob Hill \$ | Scottie West \$ | Total \$ |
|--------------------------|----------------|-----------------|--------------------|----------------|
| Analysis | 110 | 776 | - | 886 |
| Camp | 318 | - | - | 318 |
| Community engagement | 497 | - | - | 497 |
| Field equipment | 3,584 | 48 | - | 3,632 |
| Fuel | 1,500 | - | - | 1,500 |
| Geological consulting | 104,736 | 698 | 4,218 | 109,652 |
| Labour and benefits | 3,003 | - | - | 3,003 |
| Overhead | 77,690 | - | - | 77,690 |
| Travel and accommodation | 4,386 | - | - | 4,386 |
| | 195,824 | 1,522 | 4,218 | 201,564 |

6. SHARE CAPITAL AND RESERVES

a) Authorized

An unlimited number of common shares without par value
An unlimited number of preference shares without par value

b) Share issuance details

Six months ended June 30, 2023

There were no share issuances during the six months ended June 30, 2023.

COAST COPPER CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - expressed in Canadian dollars)

6. SHARE CAPITAL AND RESERVES (continued)

b) Share issuance details (continued)

Six months ended June 30, 2022

During the six months ended June 30, 2022, 105,000 common shares of the Corporation were issued pursuant to the exercise of 105,000 warrants with an exercise price of \$0.10 per share for proceeds of \$10,500.

c) Stock options

The Corporation has a 20% fixed long-term incentive plan whereby the Corporation may grant certain awards to directors, officers, employees and consultants, including stock options, to an aggregate maximum of 12,800,338 common shares. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

| | Number of options | Weighted average exercise price \$ |
|----------------------------|----------------------|--|
| Balance, December 31, 2022 | 5,645,000 | 0.13 |
| Granted | 100,000 | 0.07 |
| Balance, June 30, 2023 | <u>5,745,000</u> | <u>0.11</u> |

The following stock options were outstanding as at June 30, 2023:

| Outstanding | Exercisable | Weighted average Exercise Price (outstanding) \$ | Expiry Date | Weighted average remaining life (in years) |
|------------------|------------------|---|-------------------|--|
| 1,375,000 | 1,375,000 | 0.18 | June 1, 2025 | 1.92 |
| 200,000 | 200,000 | 0.18 | January 11, 2026 | 2.54 |
| 2,515,000 | 2,515,000 | 0.10 | October 28, 2026 | 3.33 |
| 100,000 | 100,000 | 0.12 | April 8, 2027 | 3.78 |
| 1,455,000 | 727,500 | 0.05 | November 24, 2027 | 4.41 |
| 100,000 | 25,000 | 0.07 | March 3, 2028 | 4.68 |
| <u>5,745,000</u> | <u>4,942,500</u> | <u>0.11</u> | | <u>3.27</u> |

d) Share purchase warrants

A summary of the changes in warrants is presented below:

| | Number of warrants | Weighted average exercise price \$ |
|----------------------------|-----------------------|--|
| Balance, December 31, 2022 | 15,498,151 | 0.12 |
| Expired | (7,498,151) | 0.15 |
| Balance, June 30, 2023 | <u>8,000,000</u> | <u>0.10</u> |

COAST COPPER CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - expressed in Canadian dollars)

6. SHARE CAPITAL AND RESERVES (continued)

d) Share purchase warrants (continued)

The following warrants were outstanding as at June 30, 2023:

| Outstanding | Exercisable | Exercise Price | Expiry Date |
|-------------|-------------|----------------|--------------------|
| 8,000,000 | 8,000,000 | \$ 0.10 | September 28, 2024 |

1 If the volume-weighted average price of the Corporation's common shares on the TSX Venture Exchange is greater than \$0.20 per share for a period of 10 consecutive trading days, the Corporation may elect to accelerate the expiry date of part or all of the 8,000,000 warrants by giving notice thereof to the holders of the warrants, and in such case that portion of the warrants would be subject to an expiry date that is 30 business days after the date on which such notice is given by the Corporation.

e) Share-based payments expense

The share-based payments expense for the stock options, based on vesting schedules, during the six months ended June 30, 2023 was \$29,945 (2022: \$87,411).

The fair value of the stock options that were granted during the six months ended June 30, 2023 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

| | 2023 | 2022 |
|---------------------------------|-------|-------|
| Risk-free interest rate | 3.15% | 2.62% |
| Expected stock price volatility | 79% | 83% |
| Expected dividend yield | 0.0% | 0.0% |
| Expected option life in years | 5.0 | 5.0 |

The weighted average fair value at grant date of options granted during the six months ended June 30, 2023 was \$0.05 (2022: \$0.08).

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

During the six months ended June 30, 2023, the Corporation reclassified \$23,590 (2022: \$Nil) from other equity reserves to deficit pursuant to warrants that were exercised and \$Nil (2022: \$2,119) from other equity reserves to share capital pursuant to warrants that were exercised.

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7. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the six months ended June 30 consisted of the following:

| | 2023 | 2022 |
|--|---------------|----------------|
| | \$ | \$ |
| Receivables | 62,125 | 68,194 |
| Prepaid expenses | 2,091 | 19,208 |
| Accounts payable and accrued liabilities | (33,103) | 138,868 |
| | <u>31,113</u> | <u>226,270</u> |

The non-cash investing transaction for the six months ended June 30, 2023 consisted of the Corporation receiving 30,413 common shares of Skeena, valued at \$250,000, pursuant to the Red Chris Properties sale. There were no non-cash investment or financing transactions for the six months ended June 30, 2022.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation examines the various financial instruments to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk (including interest rate, currency and other price risk). The risk related to financial instruments is managed by senior management of the Corporation under directions approved by the Board.

Financial instruments

Cash, receivables, receivable from Skeena, reclamation deposit and accounts payable and accrued liabilities are carried at amortized cost as they approximate their fair values due to the short-term nature of the financial instruments. Marketable securities are measured using level 1 of the fair value hierarchy.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Corporation's risk exposures and the impact on the Corporation's financial statements is summarized below:

a) Credit risk

Financial instruments that potentially subject the Corporation to a significant concentration of credit risk consist primarily of cash and receivables. The Corporation limits its exposure to credit loss by placing its cash with a major Canadian bank. The Corporation also holds a receivable from Skeena in the amount of \$1,868,079, using a discount rate of 8%, pursuant to the Red Chris Properties sale. The Corporation assesses expected credit risk from Skeena by assessing the maturity and ability to make payments and has not assessed a significant risk of collection.

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial risk factors (continued)

b) *Liquidity risk*

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The Corporation is exposed to liquidity risk and manages it through the management of its capital structure, as outlined below. The majority of the Corporation's current financial liabilities are anticipated to mature within the next fiscal period. The Corporation intends to settle these with funds from its positive working capital position. The Corporation remains exposed to liquidity risk.

c) *Market risk*

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

(i) *Interest rate risk*

Interest rate risk on cash is minimal because these investments generally have a fixed yield rate. As at June 30, 2023, the Corporation did not have any interest-bearing debt.

(ii) *Foreign currency risk*

The Corporation could be exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at June 30, 2023, the Corporation did not have any significant exposure to foreign currencies and so considers foreign currency risk insignificant to the Corporation at present.

(iii) *Price risk*

The Corporation may at times have limited indirect exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

9. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Corporation's strategy remains unchanged from the year ended December 31, 2022.

The Corporation considers the items included in shareholders' equity as capital. The Corporation manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Corporation prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board.

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9. CAPITAL MANAGEMENT (continued)

In order to maximize ongoing exploration efforts, the Corporation does not pay dividends. The Corporation's treasury management policy is to invest its cash in highly rated liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Corporation is not subject to externally imposed capital requirements.

10. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Corporation are the Directors and Officers of the Corporation. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

In addition to key management personnel, the Corporation transacted with the following related parties during the six months ended June 30, 2023 and/or 2022:

- Cazador, a private company controlled by the Corporation's CEO, Adam Travis; and
- Thomas Morgan & Co Ltd. ("**TMCL**"), a private company controlled by the Corporation's Chair of the Board, Fletcher Morgan.

a) Related Party Transactions

The Corporation's related party transactions for the six months ended June 30 were as follows:

| | | 2023 | 2022 |
|---------------------------------|---|----------------|----------------|
| | | \$ | \$ |
| Bonuses | 1 | 12,000 | - |
| Consulting fees | 2 | 49,835 | 39,000 |
| Director fees | 3 | 33,000 | 33,000 |
| Equipment rentals (exploration) | 4 | 3,224 | 3,692 |
| Geological fees | 5 | 28,165 | 39,000 |
| Salaries | 6 | 45,000 | 45,000 |
| Share-based payments expense | 7 | 20,109 | 58,181 |
| | | <u>191,333</u> | <u>217,873</u> |

- 1 Bonuses consisted of cash payments of \$6,000 to each of Cazador and TMCL pursuant to the Red Chris Properties sale.
- 2 Consulting fees consisted exclusively of CEO fees earned by Mr. Travis through Cazador.
- 3 Director fees for the six months ended June 30, 2023 and 2022 consisted of amounts of \$15,000 earned by Mr. Morgan through TMCL and \$9,000 earned by each of the Corporation's independent Board members, Messrs. Dale Wallster and Dan Berkshire.
- 4 Equipment rentals consisted exclusively of rentals from Cazador.
- 5 Geological fees consisted exclusively of fees earned by the CEO through Cazador, which were included in exploration expenditures.
- 6 Salaries consisted exclusively of amounts earned by the CFO, Tim Thiessen.
- 7 Share-based payments expense is a non-cash item that consisted of the fair value of stock options that have been granted to key management personnel.

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10. RELATED PARTY TRANSACTIONS (continued)

b) Related Party Balances

Related party balances, which are included in accounts payable and accrued liabilities on the statement of financial position, consisted of the following:

| | June 30, 2023 | December 31, 2022 |
|----------------|------------------|----------------------|
| | \$ | \$ |
| Due to Cazador | 13,650 | 55,705 |