



TURMALINA METALS CORP.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)**

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

This notice is being provided in accordance with National Instrument 51-102 – Continuous Disclosure Obligations.

TURMALINA METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)
AS AT

	September 30, 2022	December 31, 2021
ASSETS		
Current		
Cash and cash equivalents	\$ 1,399,660	\$ 4,010,253
Receivables and prepaid expenses (Notes 3)	<u>84,638</u>	<u>133,962</u>
	1,484,298	4,144,215
Mineral property (Note 4)	<u>1,717,247</u>	<u>1,543,411</u>
	<u>\$ 3,201,545</u>	<u>\$ 5,687,626</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ <u>75,687</u>	\$ <u>114,685</u>
Shareholders' equity		
Share capital (Note 6)	23,991,075	23,991,075
Contributed surplus (Note 6)	4,216,039	3,856,607
Deficit	<u>(25,081,256)</u>	<u>(22,274,741)</u>
	<u>3,125,858</u>	<u>5,572,941</u>
	<u>\$ 3,201,545</u>	<u>\$ 5,687,626</u>

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on November 10, 2022.

<u>"James Rogers"</u>	Director	<u>"Bryan Slusarchuk"</u>	Director
James Rogers		Bryan Slusarchuk	

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

TURMALINA METALS CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
EXPENSES				
Consulting fees (Note 5)	\$ 11,878	\$ 63,837	\$ 35,271	\$ 124,771
Directors and advisory fees (Note 5)	34,402	17,623	102,834	57,431
Exploration costs (Note 4 and 5)	614,824	1,386,526	1,619,860	3,740,568
Foreign exchange	30,971	(32,331)	23,085	28,908
Investor relations	25,375	40,125	76,125	108,375
Management fees (Note 5)	154,720	66,011	301,393	198,761
Marketing and shareholder communications	8,598	27,484	30,762	186,998
Office and administrative expenses	21,556	30,487	40,951	93,684
Professional fees (Note 5)	39,685	45,527	113,830	150,282
Share-based payments (Note 6)	359,432	655,748	359,432	669,860
Transfer agent, filing and listing fees	10,586	1,388	58,910	32,584
Travel	24,470	19,217	74,853	22,094
Loss from operations	(1,336,497)	(2,321,642)	(2,837,306)	(5,414,316)
Interest income	30,791	1,994	30,791	68,780
Loss and comprehensive loss for the period	\$ (1,305,706)	\$ (2,319,648)	\$ (2,806,515)	\$ (5,345,536)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.03)	\$ (0.04)	\$ (0.08)
Weighted average number of common shares outstanding – basic and diluted	66,899,518	66,663,098	66,899,518	66,591,826

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

TURMALINA METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (2,806,515)	\$ (5,345,536)
Items not involving cash:		
Share-based payments	359,432	669,860
Non-cash working capital item changes:		
Receivables and prepaid expenses	49,324	162,193
Accounts payable and accrued liabilities	<u>(38,998)</u>	<u>(60,986)</u>
Net cash used in operating activities	<u>(2,436,757)</u>	<u>(4,574,469)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral property	<u>(173,836)</u>	<u>(111,289)</u>
Net cash used in investing activities	<u>(173,836)</u>	<u>(111,289)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	<u>-</u>	<u>300,000</u>
Net cash provided by financing activities	<u>-</u>	<u>300,000</u>
Change in cash and cash equivalents for the period	(2,610,593)	(4,385,758)
Cash and cash equivalents, beginning of period	<u>4,010,253</u>	<u>10,005,656</u>
Cash and cash equivalents, end of period	<u>\$ 1,399,660</u>	<u>\$ 5,619,898</u>

There were no other significant non-cash financing and investing activities during the periods ended September 30, 2022 and 2021. No cash was paid for interest or taxes for the periods ended September 30, 2022 and 2021.

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

TURMALINA METALS CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited - Expressed in Canadian Dollars)

	<u>Share Capital</u>		Contributed Surplus	Deficit	Total
	Number	Amount			
Balance, December 31, 2020	66,299,518	\$ 23,467,579	\$ 3,463,393	\$ (16,109,197)	\$ 10,821,775
Stock options exercised	600,000	523,496	(223,496)	-	300,000
Share-based payments	-	-	669,860	-	669,860
Loss for the period	-	-	-	(5,345,536)	(5,345,536)
Balance, September 30, 2021	66,899,518	\$ 23,991,075	\$ 3,909,757	\$ (21,454,733)	\$ 6,446,099
Balance, December 31, 2021	66,899,518	\$ 23,991,075	\$ 3,856,607	\$ (22,274,741)	\$ 5,572,941
Share-based payments	-	-	359,432	-	359,432
Loss for the period	-	-	-	(2,806,515)	(2,806,515)
Balance, September 30, 2022	66,899,518	\$ 23,991,075	\$ 4,216,039	\$ (25,081,256)	\$ 3,125,858

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

TURMALINA METALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

1. NATURE AND CONTINUANCE OF OPERATIONS

Turmalina Metals Corp. (the “Company”) was incorporated in Canada under the British Columbia Corporations Act on March 21, 2017. The Company is principally engaged in the acquisition and exploration of resource properties. The Company’s shares are publicly traded on the TSX Venture Exchange (the “TSXV”) under the symbol TBX. The head office, records office, and principal address of the Company is 400-850 West Hastings Street, Vancouver, British Columbia, V6C 1E1. The Company is in the process of investing in potential new acquisitions and exploring and evaluating its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

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. While this has not had a material impact on the Company to date, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

These condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of compliance

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

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2021.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries, Aurora Mining S.A. (Argentina – 100% effective interest) and Aurora Copper Peru S.A.C. (Peru – 100% effective interest). The subsidiaries’ principal activity is mineral exploration.

TURMALINA METALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

2. BASIS OF PREPARATION (cont'd...)

Basis of consolidation (cont'd...)

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated upon consolidation.

Basis of measurement

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency and have been prepared on a historical cost basis, except for certain financial instruments, which are carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Significant Accounting Judgments and Estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to the valuation of deferred income tax amounts and calculation of share-based payments, which are discussed below:

Deferred income tax

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The most significant judgments relate to the functional currency of the Company and its subsidiaries and impairment of exploration and evaluation assets, which are discussed below:

TURMALINA METALS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

2. BASIS OF PREPARATION (cont'd...)**Significant accounting judgments and estimates (cont'd...)***Impairment of exploration and evaluation assets*

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

Determination of functional currency

The functional currencies of the Company and its subsidiaries are outlined in the Basis of Measurement section above. The determination of functional currency involves certain judgments to determine the primary economic environment. The Company reconsiders the functional currency if there are changes in events and conditions impacting the factors used in the determination of the primary economic environment

3. RECEIVABLES AND PREPAID EXPENSES

	September 30, 2022	December 31, 2021
Goods and service tax ("GST") receivable	\$ 21,078	\$ 28,745
Other receivables and advances	63,560	78,442
Prepayments	-	26,775
Total	\$ 84,638	\$ 133,962

4. MINERAL PROPERTY*Title to mineral property interests*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and titles may be affected by undetected defects.

El Tapau Project, Argentina

On September 24, 2018, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the El Tapau Project, Argentina. The Company can acquire a 100% interest in the property by making payments and incurring exploration expenditures and drilling as follows:

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)	Minimum Drilling (Meters)
September 24, 2018 (paid)	40,000	-	-
September 24, 2019 (paid and completed)	70,000	300,000	-
November 24, 2020 (paid and completed)	100,000	-	3,000
November 24, 2021* (paid and completed)	250,000	-	4,000
November 24, 2022*	1,000,000	750,000	-
	1,460,000	1,050,000	7,000

*Due to COVID-19 global pandemic and the Company being unable to advance the projects, the parties agreed to a 2-month extension under the force majeure clause.

TURMALINA METALS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

4. MINERAL PROPERTY (cont'd...)

The third parties retain a 2.5% Net Smelter Returns (“NSR”) royalty, which the Company may purchase for a payment of USD\$2,500,000.

Cerro Negro Project, Argentina

On September 25, 2018, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the Cerro Negro Project, Argentina. The Company can acquire a 100% interest in the property by making payments and incurring exploration expenditures as follows:

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)
Upon signing LOI (paid)	5,000	-
September 25, 2018 (paid)	15,000	-
Upon receiving drilling permits (paid)	30,000	-
September 25, 2019 (paid and completed)	50,000	300,000
November 25, 2020 (paid and completed)	100,000	500,000
November 25, 2021 (paid and completed)	250,000	500,000
November 25, 2022*	1,000,000	750,000
	1,450,000	2,050,000

*Due to COVID-19 global pandemic and the Company being unable to advance the projects, the parties agreed to a 2-month extension under the force majeure clause.

The third parties retain a 2% NSR royalty, of which the Company may purchase 55%, or 1.1%, of the NSR for a payment of USD\$1,250,000.

Don David Project, Argentina

On August 24 2022, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the El Tapau Project, Argentina. The Company can acquire a 100% interest in the property by making payments and incurring exploration expenditures and drilling as follows:

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)	Minimum Drilling (Meters)
August 24, 2022 (paid)	15,000	-	-
August 24, 2023	50,000	-	2,000
August 24, 2024	100,000	300,000	-
August 24, 2025	150,000	300,000	-
August 24, 2026	250,000	150,000	-
August 24, 2027	1,000,000	-	-
	1,565,000	750,000	-

The third parties retain a 2% NSR royalty, of which the Company may purchase 50%, (1%), of the NSR for a payment of USD\$1,000,000.

TURMALINA METALS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

4. MINERAL PROPERTY (cont'd...)**Miranda Project, Argentina**

On July 1, 2020, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the Miranda Project, Argentina. The Company can acquire a 100% interest in the property by making payments as follows:

	Cash Payment (USD \$)
Upon signing definitive agreement (paid)	5,000
January 7, 2021 (paid)	5,000
July 7, 2021 (paid)	15,000
July 7, 2022 (paid subsequent to period end)	20,000
July 7, 2023	30,000
July 7, 2024	150,000
	<u>225,000</u>

The third parties retain a 1% NSR royalty, which the Company may purchase for a payment of USD\$300,000.

Santa Barbara Project, Argentina

On July 1, 2021, the Company entered into an option agreement with government organization Instituto Provincial de Exploraciones y Explotaciones Mineras de la Provincia de San Juan, Argentina (IPEEM) to acquire the right to explore and exploit certain claims known as the Santa Barbara Project, Argentina. The Company can maintain the right to explore during an initial 5-year exploration stage by making payments and incurring exploration expenditures as follows:

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)
Upon signing (paid)	20,000	-
July 1, 2022	-	505,000
July 1, 2023	-	1,124,000
July 1, 2024	-	1,124,000
July 1, 2025	-	1,124,000
July 1, 2026	-	1,223,000
	<u>20,000</u>	<u>5,100,000</u>

During the five-year exploration stage, the Company is also required to make monthly payments of US\$5,509 (US\$0.50 cents per hectare) and loan IPEEM a four-wheel-drive vehicle, which will become the property of IPEEM if the agreement terminates. During the second stage (exploitation stage) the Company is required to make monthly payments of US\$16,557 (US\$1.50 per hectare) until production starts and then a 1% to 2% royalty, with a value to be set at the time the exploitation stage commences.

TURMALINA METALS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

4. MINERAL PROPERTY (cont'd...)**Chanape Project, Peru**

On March 13, 2020, the Company entered into an option agreement, with third parties, to acquire a 100% interest in certain claims located in Peru, comprising the Chanape Project. The Company can acquire a 100% interest in the property by making total cash payments of US\$3,410,000 and by incurring exploration expenditures of US\$2,000,000 as follows:

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)
Upon signing LOI (paid)	10,000	-
February 22, 2020 (paid)	18,727	-
Execution of definitive agreement (paid)	22,000	-
April 30, 2020 (paid)	9,273	-
December 30, 2020 (paid)	40,000	-
June 30, 2021 (paid and completed)	50,000	250,000
December 30, 2021 (paid)	60,000	-
June 30, 2022 (paid and completed)	100,000	500,000
December 30, 2022*	120,000	-
June 30, 2023*	180,000	500,000
December 30, 2023*	250,000	-
June 30, 2024*	350,000	750,000
June 30, 2025*	2,200,000	-
	<u>3,410,000</u>	<u>2,000,000</u>

*These payments were conditional to the register of public deeds, which was delayed due to the COVID-19 global pandemic. Due to the delay registering the agreement, the due dates of these payments were extended 108 days.

The third parties retain a 2% NSR royalty, of which the Company may purchase 1%, (50%) of the NSR for a payment of USD\$1,200,000.

During the nine-month period ended September 30, 2022 and during the year ended December 31, 2021, the Company incurred acquisition costs as follows:

<i>Acquisition Costs</i>	El Tapau Project	Cerro Negro Project	Don David Project	Miranda Project	Santa Barbara Project	Chanape Project	Total
December 31, 2020	\$ 278,218	\$ 265,144	\$ -	\$ 6,979	\$ -	\$ 124,923	\$ 675,264
Additions	317,980	317,980	-	25,067	66,475	140,645	868,147
December 31, 2021	596,198	583,124	-	32,046	66,475	265,568	1,543,411
Additions	-	-	18,777	26,199	-	128,860	173,836
September 30, 2022	\$ 596,198	\$ 583,124	\$ 18,777	\$ 58,245	\$ 66,475	\$ 394,428	\$ 1,717,247

TURMALINA METALS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

4. MINERAL PROPERTY (cont'd...)

During the period ended September 30, 2022, the Company incurred exploration costs as follows:

<i>Exploration Expenditures</i>	El Tapau Project	Cerro Negro Project	Chanape	Total
Assay	\$ -	\$ 64,092	\$ 14,506	\$ 78,598
Drilling	-	2,282	207,115	209,397
Environmental studies	-	2,819	-	2,819
Equipment rental	-	2,212	-	2,212
Field expenditures	-	142,328	144,197	286,525
Geological consulting	51,582	190,318	215,667	457,567
Project administration & community relations	-	67,228	123,832	191,060
Project management	46,422	46,422	92,844	185,688
Report preparation	-	-	21,642	21,642
Taxes	-	56,960	102,319	159,279
Travel	-	6,733	18,340	25,073
	<u>\$ 98,004</u>	<u>\$ 581,394</u>	<u>\$ 940,462</u>	<u>\$ 1,619,860</u>

During the nine-month period ended September 30, 2021, the Company incurred exploration costs as follows:

<i>Exploration Expenditures</i>	El Tapau Project	Cerro Negro Project	Chanape	Total
Assay	\$ 83,017	\$ 236,207	\$ 42,717	\$ 361,941
Drilling	423,057	1,141,183	-	1,564,240
Environmental studies	4,108	9,585	-	13,693
Equipment rental	972	2,294	-	3,266
Field expenditures	98,392	272,854	115,368	486,614
Geological consulting	102,685	224,126	60,315	387,126
Project administration & community relations	13,607	55,262	81,043	149,912
Project management	101,990	101,990	-	203,980
Taxes	144,613	405,689	-	550,302
Travel	99	1,641	17,754	19,494
	<u>\$ 972,540</u>	<u>\$ 2,450,831</u>	<u>\$ 317,197</u>	<u>\$ 3,740,568</u>

5. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

During the nine-month period ended September 30, 2022 and 2021, the Company entered the following transactions with related parties

	September 30, 2022	September 30, 2021
Professional fees	\$ 58,252	\$ 56,540
Director fees	80,334	57,431
Exploration costs	205,052	227,112
Management fees	195,942	198,762
Share-based payments	231,892	145,722
	<u>\$ 771,472</u>	<u>\$ 685,567</u>

TURMALINA METALS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

5. RELATED PARTY TRANSACTIONS (cont'd...)

As at September 30, 2022, \$nil (December 31, 2021 - \$894) was included in accounts payable and accrued liabilities owing to officers and directors of the Company.

6. SHAREHOLDERS' EQUITY**Authorized**

An unlimited number of common shares without par value.

Escrow

As at September 30, 2022, 1,647,000 common shares were held in escrow.

Issued share capital

There were no financings completed during the period ended September 30, 2022 or during the year ended December 31, 2021.

Stock options and warrants

Stock option and warrant transactions are summarized as follows:

	Stock options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, December 31, 2020	5,345,000	\$ 0.81	5,431,592	\$ 0.87
Granted	900,000	0.91	-	-
Exercised	<u>(600,000)</u>	0.50	<u>-</u>	-
Balance, December 31, 2021	5,645,000	0.86	5,431,592	0.87
Granted	1,550,000	0.35	-	-
Expired/cancelled	<u>(675,000)</u>	1.00	<u>(5,431,592)</u>	0.87
Outstanding and Exercisable, September 30, 2022	6,520,000	\$ 0.72	-	\$ -

The following stock options and warrants were outstanding as at September 30, 2022:

	Number	Exercise price	Expiry date	Remaining Life (years)
Stock Options				
	2,425,000	\$ 0.50	August 9, 2024	1.86
	1,645,000	1.30	June 24, 2025	2.73
	900,000	0.91	July 7, 2026	3.77
	1,550,000	0.35	August 11, 2027	4.87

TURMALINA METALS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

6. SHAREHOLDERS' EQUITY (cont'd...)**Share-based payments**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years with vesting determined by the board of directors.

During the period ended September 30, 2022 the Company granted 1,550,000 (2021 - 900,000) options with a weighted average fair value of \$0.23 (2021 - \$0.73) per option to directors, officers, employees, and consultants of the Company. Total share-based payments recognized in the statement of loss and comprehensive loss for period ended September 30, 2022 was \$359,432 (2020 - \$669,860) for incentive options granted and vested. This amount was also recorded as contributed surplus on the statement of financial position.

The following weighted average assumptions were used for the valuation of stock options:

	2022	2021
Risk-free interest rate	2.94%	0.93%
Expected life of options	5 years	5 years
Annualized volatility	93.25%	113.6%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

7. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash and cash equivalents is valued at a level 1 fair value measurement and is classified as fair value through profit or loss. Receivables are classified at amortized cost. Accounts payable and accrued liabilities are classified as amortized cost.

TURMALINA METALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

7. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

Risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

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.

The Company's cash and cash equivalents is held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper. Cash equivalents consists of cashable guaranteed investment certificates that are readily convertible into a known amount of cash within 90 days or less. As at September 30, 2022 the Company had cash equivalents of \$1,285,000 (December 31, 2021 - \$3,505,484) in term deposits.

The Company's receivables consist of goods and services tax receivable from the government of Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

Market risk

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

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash and cash equivalents. The Company's practice has been to invest cash and cash equivalents at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash and cash equivalents as they are generally held with large financial institutions. During the period ended September 30, 2022, the Company was not exposed to significant interest rate risk.

b) Foreign currency risk

The Company is subject to foreign currency risk on financial instruments denominated in currencies other than the Canadian Dollar. The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, receivables and prepaid expenses, and accounts payable and accrued liabilities that are denominated in the United States dollar, the Argentine Peso or the Peruvian Sol. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations. As these exchange rates fluctuate against the Canadian Dollar, the Company will experience foreign exchange gains and losses.

TURMALINA METALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

7. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

Risk management (cont'd...)

c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

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 may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

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

8. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of resource properties in multiple countries in South America, refer to Note 4.