

1111 Exploration Corp.
(formerly 1111 Acquisition Corp.)

Condensed Interim Financial Statements
For the six months ended
July 31, 2021
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying condensed interim financial statements of 1111 Exploration Corp. (formerly 1111 Acquisition Corp.) (the "Company") as at and for the three and six months ended July 31, 2021, have been prepared by the management of the Company and approved by the Company's Audit Committee.

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

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 financial statements in accordance with standards established by CPA Canada for a review of the condensed interim financial statements by an entity's auditor.

1111 Exploration Corp. (formerly 1111 Acquisition Corp.)**Condensed Interim Statements of Financial Position****Unaudited – Prepared by Management****(Expressed in Canadian Dollars)**

As at July 31, 2021 and January 31, 2021

	Note	July 31, 2021 \$	January 31, 2021 \$
Assets			
Current assets			
Cash		405,377	280,347
Receivables	3	4,495	181,668
		409,872	462,015
Non-current assets			
Mineral property interest	4	38,697	18,500
		38,697	18,500
Total assets		448,569	480,515
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		49,323	29,342
Accounts payable to related parties	7	53,970	21,475
Flow-through premium liability	10	13,735	17,101
Total liabilities		117,028	67,918
Shareholders' equity			
Share capital	5	98,507	98,507
Special warrants	5	360,900	360,900
Deficit		(127,866)	(46,810)
Total shareholders' equity		331,541	412,597
Total liabilities and shareholders' equity		448,569	480,515
Nature of operations and going concern	1		
Commitment	10		
Subsequent events	11		

Approved on behalf of the Board of Directors on September 20, 2021:

“Michael Sweatman”

Director

“Scott Young”

Director

1111 Exploration Corp. (formerly 1111 Acquisition Corp.)
Condensed Interim Statements of Changes in Shareholders' Equity
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

For the six months ended July 31, 2021 and the period from incorporation on February 21, 2020 to July 31, 2020

	Number of common shares #	Number of special warrants #	Share capital \$	Special warrants \$	Deficit \$	Total shareholders' equity \$
February 21, 2020	-	-	-	-	-	-
Incorporator's share	1	-	-	-	-	-
Cancellation of incorporator's share	(1)	-	-	-	-	-
Issue of shares for cash - seed shares	5,200,000	-	13,000	-	-	13,000
Issue of special warrants for cash	-	976,000	-	24,400	-	24,400
Share issue costs - non-cash	-	400,000	-	-	-	-
Loss and comprehensive loss for the period	-	-	-	-	(12,199)	(12,199)
July 31, 2020	5,200,000	1,376,000	13,000	24,400	(12,199)	25,201
January 31, 2021	6,910,133	8,306,000	98,507	360,900	(46,810)	412,597
Loss and comprehensive loss for the period	-	-	-	-	(81,056)	(81,056)
July 31, 2021	6,910,133	8,306,000	98,507	360,900	(127,866)	331,541

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

1111 Exploration Corp. (formerly 1111 Acquisition Corp.)
Condensed Interim Statements of Loss and Comprehensive Loss
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

For the three and six months ended July 31, 2021, the three months ended July 31, 2020 and the period from incorporation on February 21, 2020 to July 31, 2020

		Three months ended		Six months ended		Period from incorporation on February 20, 2020 to
	Note	July 31, 2021	July 31, 2020	July 31, 2021	July 31, 2020	
		\$	\$	\$	\$	
Expenses						
General and administrative expenses		1,914	869	4,218	4,181	
Management fees	7	18,750	-	33,000	-	
Professional fees		41,084	7,000	41,084	7,000	
Property investigation		-	1,018	-	1,018	
Transfer agent, filing and exchange fees		5,650	-	6,120	-	
Loss from operating expenses		(67,398)	(8,887)	(84,422)	(12,199)	
Settlement of flow-through premium liability	10	3,366	-	3,366	-	
Loss and comprehensive loss for the period		(64,032)	(8,887)	(81,056)	(12,199)	
Loss per share						
Weighted average number of common shares outstanding						
- Basic #	6	6,910,133	5,200,000	6,910,133	5,006,211	
- Diluted #	6	6,910,133	5,200,000	6,910,133	5,006,211	
Basic loss per share \$	6	(0.01)	(0.00)	(0.01)	(0.00)	
Diluted loss per share \$	6	(0.01)	(0.00)	(0.01)	(0.00)	

1111 Exploration Corp. (formerly 1111 Acquisition Corp.)**Condensed Interim Statements of Cash Flows****Unaudited – Prepared by Management****(Expressed in Canadian Dollars)**

For the six months ended July 31, 2021 and the period from incorporation on February 21, 2020 to July 31, 2020

	Note	July 31, 2021 \$	July 31, 2020 \$
Operating activities			
Loss for the period		(81,056)	(12,199)
Adjustments for:			
Settlement of flow-through premium liability		(3,366)	-
Net change in non-cash working capital items	8	55,329	6,446
		(29,093)	(5,753)
Financing activities			
Issue of shares/special warrants for cash		-	37,400
Collection of special warrants subscriptions		181,000	-
Share issue costs		(10,000)	-
		171,000	37,400
Investing activities			
Deferred exploration and evaluation expenditures		(16,877)	-
		(16,877)	-
Increase in cash		125,030	31,647
Cash, beginning of period		280,347	-
Cash, end of period		405,377	31,647

Supplemental cash flow information

8

1111 Exploration Corp. (formerly 1111 Acquisition Corp.)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

For the six months ended July 31, 2021 and the period from incorporation on February 21, 2020 to July 31, 2020

1. Nature of operations and going concern

1111 Exploration Corp. (formerly 1111 Acquisition Corp.) (the "Company") was incorporated in British Columbia under the provisions of the British Columbia Business Corporations Act on February 21, 2020 as 1111 Acquisition Corp and on August 3, 2021, the Company changed its name to 1111 Exploration Corp. On August 19, 2021, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE" or the "Exchange") under the symbol "ELVN". The Company's registered and records office address is 1100 – 1111 Melville Street, Vancouver BC V6E 3V6.

The Company's principal business activity is the acquisition, exploration and evaluation of mineral property interests located in Canada. The Company is in the process of exploring its mineral property interest in British Columbia and has not yet determined whether it contains mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition or option of the mineral property interests. The carrying amounts of mineral property interests are based on costs incurred to date and do not necessarily represent present or future values.

These condensed interim financial statements (the "financial statements") are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have traditional sources of revenue, has incurred losses since incorporation, and is reliant on equity financing at this time. As at July 31, 2021, the Company had working capital of \$292,844. Although the Company has been successful with its initial equity financings, there is no assurance that such financing will continue to be available with acceptable terms. These uncertainties may cast significant doubt on the Company's ability 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. 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 ability to raise capital or conduct exploration activities. There are various community travel restrictions and health and safety concerns that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary field supplies, obtaining contractor services, and safeguarding all personnel during the outbreak, which may be prohibitive or too costly. Government wage and loan subsidies are available to qualified companies to assist them with operating costs during the pandemic. To date, the Company has not qualified for assistance. The Company's requirement to incur flow-through expenditures by December 31, 2021 has been relaxed by the Government allowing the Company an extension of one year (Note 10). However, it may not be possible to complete these expenditures if the pandemic continues and access to its projects prove insurmountable.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited financial statements for the period ended January 31, 2021, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited financial statements.

These financial statements have been prepared on an historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company.

1111 Exploration Corp. (formerly 1111 Acquisition Corp.)**Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****(Expressed in Canadian Dollars)**

For the six months ended July 31, 2021 and the period from incorporation on February 21, 2020 to July 31, 2020

2. Significant accounting policies (continued)**Significant accounting policies**

The accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited financial statements. Accordingly, these financial statements should be read in conjunction with the Company's most recent annual audited financial statements.

New accounting policies

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2021. The Company has reviewed these updates and determined that these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

3. Receivables

Receivables consist of the following:

	July 31, 2021	January 31, 2021
	\$	\$
Sales tax recoverable	4,495	668
(1) Subscriptions receivable	-	181,000
	4,495	181,668

(1) Subscriptions receivable included subscriptions to the Company's Special Warrant financing completed on January 31, 2021. The full amount was collected during the six months ended July 31, 2021.

4. Mineral property interest

The Company's mineral property interest consists of the Pinnacle project under option located in British Columbia ("BC"), Canada.

Changes in the project carrying amounts for the periods ended July 31, 2021 and January 31, 2021 are summarized as follows:

	January 31, 2021	Acquisition	Exploration and evaluation	July 31, 2021
	\$	\$	\$	\$
Pinnacle, BC	18,500	-	20,197	38,697
	18,500	-	20,197	38,697

	February 21, 2020 (incorporation)	Acquisition	Exploration and evaluation	January 31, 2021
	\$	\$	\$	\$
Pinnacle, BC	-	15,000	3,500	18,500
	-	15,000	3,500	18,500

1111 Exploration Corp. (formerly 1111 Acquisition Corp.)**Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****(Expressed in Canadian Dollars)**

For the six months ended July 31, 2021 and the period from incorporation on February 21, 2020 to July 31, 2020

4. Mineral property interest (continued)

Exploration and evaluation expenditures on the Pinnacle project consisted of the following:

Six months ended July 31, 2021 and period from incorporation on February 21, 2020 to January 31, 2021	July 31, 2021 \$	January 31, 2021 \$
Field	9,197	-
Labour	11,000	3,500
	20,197	3,500

Pinnacle project, British Columbia, Canada

On August 25, 2020, the Company entered into an Option Agreement to earn a 70% interest in the copper-gold Pinnacle Property (the "Project") from Pacific Empire Minerals Corp. ("PEMC"). Under the terms of the agreement, the Company can earn a 70% interest in the property by making cash payments and issuing common shares to PEMC, and incurring cumulative exploration expenditures by August 25, 2024, as follows (the "Earn-In"):

Cash payments (cumulative \$375,000):

- \$15,000 upon signing the agreement (paid);
- \$25,000 on or before August 25, 2021 (subsequently paid);
- \$35,000 on or before August 25, 2022;
- \$50,000 on or before August 25, 2023; and
- \$250,000 on or before August 25, 2024 (with the option to pay up to 50% of this amount in an equivalent value of common shares);

Exploration expenditures (cumulative \$5,700,000):

- \$100,000 on or before August 25, 2021 (not yet incurred, negotiating a deferral);
- \$500,000 on or before August 25, 2022;
- \$2,100,000 on or before August 25, 2023; and
- \$3,000,000 on or before August 25, 2024.

Share issuances (cumulative 3,500,000 common shares):

- 200,000 common shares on or before August 25, 2021 (subsequently issued);
- 300,000 shares on or before August 25, 2022;
- 500,000 shares on or before August 25, 2023; and
- 2,500,000 shares on or before August 25, 2024.

Following the Earn-In, the Company must make a cash payment of \$50,000 to PEMC (or the equivalent number of common shares) within three years of the Earn-In completion date, and each subsequent anniversary of such date. Additionally, PEMC will retain a 30% free-carried interest in the Project up until the date that the Company publishes a NI 43-101 compliant Pre-Feasibility Study ("PFS") on the Project. Following completion of the PFS, a Joint Venture will be formed whereby the Company will own 70% and PEMC will own 30% of the project.

Additionally, upon completion of the Earn-In, PEMC will retain a 2.0% Net Smelter Return Royalty ("NSR") which can be reduced to 1.0% by way of making a \$1,000,000 cash payment to PEMC.

1111 Exploration Corp. (formerly 1111 Acquisition Corp.)**Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****(Expressed in Canadian Dollars)**

For the six months ended July 31, 2021 and the period from incorporation on February 21, 2020 to July 31, 2020

5. Share capital

The authorized share capital of the Company consists of unlimited common shares without par value and without special rights or restrictions attached. All issued shares are fully paid.

Subsequently in August, 2021, the Company cancelled and returned 2,600,000 Seed Shares to treasury, and converted all special warrants into common shares and/or Units (Note 11).

Transactions for the issue of share capital and special warrants during the six months ended July 31, 2021:

- There were no transactions for the issue of share capital or special warrants during the six months ended July 31, 2021.

Transactions for the issue of share capital during the period from incorporation on February 21, 2020 to July 31, 2020:

- On February 21, 2020, the Company issued and subsequently cancelled one incorporator's share issued at a price of \$0.01.
- On February 27, 2020, the Company issued 5,200,000 common shares ("Seed Shares") at a price of \$0.0025 per share for gross proceeds of \$13,000. As described above, 2,600,000 of these Seed Shares were cancelled subsequent to July 31, 2021.

Transactions for the issue of special warrants during the period from incorporation on February 21, 2020 to July 31, 2020:

- On June 9, 2020, the Company entered into an agreement with Vested Technology Corporation ("Vested") for the raise of capital utilizing Vested's crowd funding platform. Pursuant to which, the Company issued 976,000 special warrants ("Special Warrants") at a price of \$0.025 each for gross proceeds of \$24,400. Each Special Warrant automatically converts into one common share of the Company upon the listing of the Company's common shares on the Exchange.

Additionally, the Company issued 400,000 Special Warrants to Vested as a finder's fee with a fair value of \$10,000 (\$0.025 each). The finder's fee was recorded as a share issue cost and a reduction to special warrants thereby having a net \$nil effect on shareholders' equity.

Escrowed Shares

Upon obtaining an Exchange listing in August 2021, 3,673,333 common shares were subject to either an Escrow Agreement or Voluntary Pooling Agreement, (collectively, the "Escrowed and Pooled Shares"). The Escrowed and Pooled Shares are subject to a timed release in equal tranches over a period of 36 months with 10% having been subsequently released on August 19, 2021 upon obtaining a listing on the Exchange. The remaining Escrowed and Pooled Shares will be released in equal tranches of 15% every 6 months thereafter.

After adjusting for the subsequent cancellation of certain Seed Shares, as at July 31, 2021 there were 3,673,333 (January 31, 2021 – none) Escrowed and Pooled Shares issued and outstanding.

As of the date of these financial statements there are 3,306,000 Escrowed and Pooled Shares issued and outstanding.

Stock options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding common shares. Options granted under the Plan will have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the greater of the closing market price of the common shares on: (i) the last closing market price of the Company's common shares immediately preceding the grant of the options; and (ii) the date of grant in respect of options granted to consultants, or such other price as may be agreed to by the Company and accepted by the Exchange. Vesting terms are determined by the Board of Directors at the time of grant.

No stock options have been granted from incorporation to July 31, 2021.

1111 Exploration Corp. (formerly 1111 Acquisition Corp.)**Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****(Expressed in Canadian Dollars)**

For the six months ended July 31, 2021 and the period from incorporation on February 21, 2020 to July 31, 2020

6. Loss per share

The calculation of basic and diluted loss per share for the six months ended July 31, 2021 was based on the loss attributable to common shareholders of \$81,056 (2020 - \$12,199) and a weighted average number of common shares outstanding of 6,910,133 (2020 – 5,006,211).

7. Related party payables and transactions

Key management personnel are those persons that have the authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management includes executive and non-executive members of the Company's Board of Directors, its Officers, and companies in which they have control or significant influence.

The aggregate value of transactions for key management remuneration and outstanding balances with related parties are as follows:

	Transactions six months ended July 31, 2021 \$	Transactions period from incorporation to July 31, 2020 \$	Balances outstanding April 30, 2021 \$	Balances outstanding January 31, 2021 \$
DBM CPA	18,000	-	15,750	1,575
Freeform Communications	8,400	-	15,400	7,000
(1) Infiniti Drilling	10,600	-	2,787	-
Kristian Whitehead	-	-	2,000	2,000
MDS Management	-	-	5,933	5,400
Robert Cameron	6,600	-	12,100	5,500
	43,600	-	53,970	21,475

(1) Represents geological services within exploration (Note 4).

The transactions with the key management personnel and Directors are included in operating expenses unless otherwise specified as follows:

(a) Management fees:

- Includes the accounting services of the Company's CFO, Dan Martino (effective January 1, 2021), charged to the Company by Donaldson Brohman Martin, CPA Inc. ("DBM CPA");
- Includes the services of Scott Young, Director, charged to the Company by Freeform Communications Inc. ("Freeform Communications");
- Includes the services of Kristian Whitehead, VP Exploration.
- Includes the services of Michael Sweatman, Director (and former CFO until December 31, 2020), charged to the Company by MDS Management Ltd. ("MDS Management") No amounts were incurred with Michael Sweatman during the periods ended July 31, 2021 and July 31, 2020; and
- Includes the services of Robert Cameron, CEO and Director, charged to the Company.

The transactions incurred with Infiniti Drilling Corporation ("Infiniti"), a company that provides geological services are included within exploration (Note 4). Infiniti is controlled by Kristian Whitehead, VP Exploration of the Company.

1111 Exploration Corp. (formerly 1111 Acquisition Corp.)**Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****(Expressed in Canadian Dollars)**

For the six months ended July 31, 2021 and the period from incorporation on February 21, 2020 to July 31, 2020

8. Supplemental cash flow information

Changes in non-cash operating working capital during the six months ended July 31, 2021 and the period from incorporation to July 31, 2020 comprised of the following:

	July 31, 2021	July 31, 2020
	\$	\$
Receivables	(3,827)	(2,487)
Accounts payable and accrued liabilities	29,981	8,933
Accounts payable to related parties	29,175	-
Net change	55,329	6,446

The Company incurred the following non-cash investing activity during the six months ended July 31, 2021 and the period from incorporation to July 31, 2020:

	July 31, 2021	July 31, 2020
	\$	\$
Non-cash investing activity:		
Deferred exploration expenditures included in accounts payable and related party payables	3,320	-

The Company did not incur any non-cash financing or investing activities during the six months ended July 31, 2021 and the period from incorporation to July 31, 2020. Additionally, no amounts were paid for interest or income taxes during the periods then ended.

9. Financial risk management**Capital management**

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares under additional equity financing arrangements. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at July 31, 2021 is comprised of shareholders' equity of \$331,541. There were no changes to the Company's approach to capital management during the six months ended July 31, 2021.

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets.

Financial instruments - fair value

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and accounts payable to related parties. Cash under the fair value hierarchy is based on Level 1 quoted prices in active markets for identical assets or liabilities. The carrying value of accounts payable and accrued liabilities, and accounts payable to related parties approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within 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).

1111 Exploration Corp. (formerly 1111 Acquisition Corp.)**Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****(Expressed in Canadian Dollars)**

For the six months ended July 31, 2021 and the period from incorporation on February 21, 2020 to July 31, 2020

9. Financial risk management (continued)**Financial instruments - classification**

Financial assets:	Classification:	Subsequent measurement:
Cash	FVTPL	Fair value

Financial liabilities:	Classification:	Subsequent measurement:
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Accounts payable to related parties	Amortized cost	Amortized cost

The Company's financial instruments that are not classified as FVTPL approximate their fair values.

Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, and liquidity risk.

a) Credit risk

The Company is exposed to credit risk by holding cash and receivables. The risk on cash is minimized by holding the funds in a Canadian bank. The Company has minimal receivables exposure as its refundable credits are due from the Canadian government.

b) Interest rate risk

The Company is not exposed to interest rate risk due to fluctuating interest rates as the Company does not have any financial assets or liabilities bearing variable rates of interest.

c) Market risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss 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. As at July 31, 2021, the Company's exposure to equity price risk was limited as it was a private company.

d) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

1111 Exploration Corp. (formerly 1111 Acquisition Corp.)**Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****(Expressed in Canadian Dollars)**

For the six months ended July 31, 2021 and the period from incorporation on February 21, 2020 to July 31, 2020

10. Commitment**Flow-through premium liability:**

On December 30, 2020, the Company completed a private placement of flow-through shares for gross proceeds of \$102,608. The Company is required to spend the funds on qualified exploration programs no later than December 31, 2021. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2020. As at July 31, 2021, \$20,197 of the funds had been spent.

In July 2020, the Canadian Government provided relief with respect to COVID-19 by providing companies with an additional 12 months in which they can spend eligible flow-through expenditures and provided interest relief on unspent funds. Under the Income Tax Act flow-through look-back rules, the Company now has until December 31, 2022, to spend the remaining amount of flow-through funds.

The Company's flow-through premium liability as at July 31, 2021 and January 31, 2021, and changes during the periods then ended is as follows:

	July 31, 2021	January 31, 2021
	\$	\$
Balance, beginning of period	17,101	-
Addition	-	17,101
Reduction - pro rata based on eligible expenditures	(3,366)	-
Balance, end of period	13,735	17,101

11. Subsequent events

- (a) On August 6, 2021, the Company cancelled and returned 2,600,000 Seed Shares to treasury (Note 5). These Seed Shares were originally issued in February 2020 at a price of \$0.0025 per share. Accordingly, as of the date of these financial statements 2,600,000 Seed Shares remain issued and outstanding at a price of \$0.005 per share.
- (b) On August 6, 2021, 8,306,000 Special Warrants were converted into common share and/or units of the Company upon obtaining a public listing on the Exchange (Note 5). Accordingly, the Company issued 1,376,000 common shares on conversion of Special Warrants, and 6,930,000 Units on conversion of Special Warrants. Each Unit consisted of one common share and one share purchase warrant each exercisable at \$0.10 for two years until August 6, 2023.
- (c) On August 23, 2021, the Company issued 200,000 common shares and made a cash payment of \$25,000 to PEMC pursuant to the Option Agreement on the Pinnacle property (Note 4).