



**1111 Exploration Corp.**  
**(formerly 1111 Acquisition Corp.)**

**Condensed Interim Financial Statements**  
**For the nine months ended**  
**October 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 nine months ended October 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.

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

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**As at October 31, 2021 and January 31, 2021**

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	Note	October 31, 2021 \$	January 31, 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		183,926	280,347
Receivables	3	19,712	181,668
		<b>203,638</b>	<b>462,015</b>
<b>Non-current assets</b>			
Mineral property interest	4	146,993	18,500
Prepaid exploration expenditures		25,000	-
		<b>171,993</b>	<b>18,500</b>
<b>Total assets</b>		<b>375,631</b>	<b>480,515</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		31,239	29,342
Accounts payable to related parties	7	40,338	21,475
Flow-through premium liability	10	1,519	17,101
<b>Total liabilities</b>		<b>73,096</b>	<b>67,918</b>
<b>Shareholders' equity</b>			
Share capital	5	489,407	98,507
Special warrants	5	-	360,900
Reserves	5	50,900	-
Deficit		(237,772)	(46,810)
<b>Total shareholders' equity</b>		<b>302,535</b>	<b>412,597</b>
<b>Total liabilities and shareholders' equity</b>		<b>375,631</b>	<b>480,515</b>

Nature of operations and going concern 1

Commitment 10

Approved on behalf of the Board of Directors on December 3, 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 nine months ended October 31, 2021 and the period from incorporation on February 21, 2020 to October 31, 2020**

	Number of common shares #	Number of special warrants #	Share capital \$	Special warrants \$	Reverse \$	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	-	-	-	-	-	(12,994)	(12,994)
<b>October 31, 2020</b>	<b>5,200,000</b>	<b>1,376,000</b>	<b>13,000</b>	<b>24,400</b>	<b>-</b>	<b>(12,994)</b>	<b>24,406</b>
January 31, 2021	6,910,133	8,306,000	98,507	360,900	-	(46,810)	412,597
Cancellation of seed shares	(2,600,000)	-	-	-	-	-	-
Conversion to common shares/units on public listing	8,306,000	(8,306,000)	360,900	(360,900)	-	-	-
Shares issued for mineral property	200,000	-	10,000	-	-	-	10,000
Units issued for services	200,000	-	10,000	-	-	-	10,000
Units issued for cash	200,000	-	10,000	-	-	-	10,000
Share-based payments	-	-	-	-	50,900	-	50,900
Loss and comprehensive loss for the period	-	-	-	-	-	(190,962)	(190,962)
<b>October 31, 2021</b>	<b>13,216,133</b>	<b>-</b>	<b>489,407</b>	<b>-</b>	<b>50,900</b>	<b>(237,772)</b>	<b>302,535</b>

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 nine months ended October 31, 2021, the three months ended October 31, 2020 and the period from incorporation on February 21, 2020 to October 31, 2020**

		Three months ended		Nine months ended		Period from incorporation on February 20, 2020 to
	Note	October 31, 2021 \$	October 31, 2020 \$	October 31, 2021 \$	October 31, 2020 \$	
<b>Expenses</b>						
General and administrative expenses		12,151	380	16,369	4,561	
Investor relations and shareholder information		410	-	410	-	
Management fees	7	18,750	-	51,750	-	
Professional fees		18,584	-	59,668	7,000	
Property investigation		-	-	-	1,018	
Share-based payments	5,7	50,900	-	50,900	-	
Transfer agent, filing and exchange fees		21,327	415	27,447	415	
<b>Loss from operating expenses</b>		<b>(122,122)</b>	<b>(795)</b>	<b>(206,544)</b>	<b>(12,994)</b>	
Settlement of flow-through premium liability	10	12,216	-	15,582	-	
<b>Loss and comprehensive loss for the period</b>		<b>(109,906)</b>	<b>(795)</b>	<b>(190,962)</b>	<b>(12,994)</b>	
<b>Loss per share</b>						
<b>Weighted average number of common shares outstanding</b>						
- Basic #	6	<b>12,691,628</b>	5,200,000	<b>8,837,298</b>	5,076,680	
- Diluted #	6	<b>12,691,628</b>	5,200,000	<b>8,837,298</b>	5,076,680	
<b>Basic loss per share \$</b>	6	<b>(0.01)</b>	(0.00)	<b>(0.02)</b>	(0.00)	
<b>Diluted loss per share \$</b>	6	<b>(0.01)</b>	(0.00)	<b>(0.02)</b>	(0.00)	

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

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**For the nine months ended October 31, 2021 and the period from incorporation on February 21, 2020 to October 31, 2020**

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	Note	October 31, 2021 \$	October 31, 2020 \$
<b>Operating activities</b>			
Loss for the period		(190,962)	(12,994)
Adjustments for:			
Settlement of flow-through premium liability		(15,582)	-
Units issued for services - administrative		10,000	-
Share-based payments		50,900	-
Net change in non-cash working capital items	8	21,716	9,127
		<b>(123,928)</b>	<b>(3,867)</b>
<b>Financing activities</b>			
Issue of shares/special warrants and units for cash		-	37,400
Collection of special warrants subscriptions		181,000	-
Share issue costs		(10,000)	-
		<b>171,000</b>	<b>37,400</b>
<b>Investing activities</b>			
Mineral property acquisition costs		(25,000)	(15,000)
Deferred exploration and evaluation expenditures		(93,493)	(3,500)
Prepaid exploration expenditures		(25,000)	-
		<b>(143,493)</b>	<b>(18,500)</b>
<b>Change in cash</b>		<b>(96,421)</b>	<b>15,033</b>
<b>Cash, beginning of period</b>		<b>280,347</b>	<b>-</b>
<b>Cash, end of period</b>		<b>183,926</b>	<b>15,033</b>

Supplemental cash flow information

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# 1111 Exploration Corp. (formerly 1111 Acquisition Corp.)

## Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

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

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### 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 October 31, 2021, the Company had working capital of \$130,542. 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.

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

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**For the nine months ended October 31, 2021 and the period from incorporation on February 21, 2020 to October 31, 2020**

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**2. Significant accounting policies (continued)****Basis of presentation (continued)**

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:

	<b>October 31, 2021</b>	<b>January 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Sales tax recoverable	9,712	668
(1) Subscriptions receivable	10,000	181,000
	<b>19,712</b>	<b>181,668</b>

(1) Subscriptions receivable as at January 31, 2021 included subscriptions to the Company's Special Warrant financing completed on January 31, 2021. The full amount was collected during the nine months ended October 31, 2021. Additionally, subscriptions receivable as at October 31, 2021, were subsequently collected in full.

**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 October 31, 2021 and January 31, 2021 are summarized as follows:

	<b>January 31, 2021</b>	<b>Acquisition</b>	<b>Exploration and evaluation</b>	<b>October 31, 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Pinnacle, BC	18,500	35,000	93,493	146,993
	<b>18,500</b>	<b>35,000</b>	<b>93,493</b>	<b>146,993</b>

  

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

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

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**For the nine months ended October 31, 2021 and the period from incorporation on February 21, 2020 to October 31, 2020**

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**4. Mineral property interest (continued)**

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

<b>Nine months ended October 31, 2021 and period from incorporation on February 21, 2020 to January 31, 2021</b>	<b>October 31, 2021 \$</b>	<b>January 31, 2021 \$</b>
Field	36,342	-
Labour	57,151	3,500
	<b>93,493</b>	<b>3,500</b>

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**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 (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 (subsequently incurred);
- \$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 (issued at a fair value of \$10,000 (\$0.05 each));
- 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.

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## 1111 Exploration Corp. (formerly 1111 Acquisition Corp.)

### Notes to the Condensed Interim Financial Statements

#### Unaudited – Prepared by Management

#### (Expressed in Canadian Dollars)

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**For the nine months ended October 31, 2021 and the period from incorporation on February 21, 2020 to October 31, 2020**

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#### 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.

##### Transactions for the issue of share capital during the nine months ended October 31, 2021:

- On August 6, 2021, in conjunction with obtaining a public listing on the Exchange, the Company completed the following:
  - Cancelled and returned 2,600,000 Seed Shares to treasury. These Seed Shares were originally issued in February 2020 at a price of \$0.0025 per share with the result of the cancellation increasing the price of the remaining Seed Shares to \$0.005 per share; and
  - Converted 8,306,000 Special Warrants into common shares and/or units of the Company. Accordingly, the Company issued 1,376,000 common shares and 6,930,000 units on conversion of the Special Warrants originally issued at \$0.05 each. Each unit consisted of one common share and one share purchase warrant (a "Unit") with each warrant exercisable at \$0.10 for two years until August 6, 2023. No value was allocated to the warrant component of the Unit.
- On August 23, 2021, the Company issued 200,000 common shares at a fair value of \$10,000 (\$0.05 each) to PEMC pursuant to the Option Agreement on the Pinnacle property (Note 4).
- On September 7, 2021, the Company issued 200,000 Units for services with a fair value of \$10,000 (\$0.05 each), which is recorded within general and administrative expense. Each Unit consisted of one common share and one share purchase warrant each exercisable at \$0.10 for two years until August 6, 2023. No value was allocated to the warrant component of the Unit.
- On September 7, 2021, the Company issued 200,000 Units at \$0.05 each for proceeds of \$10,000, which was included within receivables as at October 31, 2021, and subsequently collected. Each Unit consisted of one common share and one share purchase warrant each exercisable at \$0.10 for two years until August 6, 2023. No value was allocated to the warrant component of the Unit.

##### Transactions for the issue of share capital from incorporation on February 21, 2020 to October 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 during the nine months ended October 31, 2021.

##### Transactions for the issue of special warrants period from incorporation on February 21, 2020 to October 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 converted into one common share of the Company upon the listing of the Company's common shares on the Exchange in August 2021.

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. These Special Warrants were converted into common shares upon the listing of the Company's common shares on the Exchange in August 2021.

#### 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% (367,333) having been released on August 19, 2021 upon listing on the Exchange. The remaining Escrowed and Pooled Shares will be released in equal tranches of 15% every 6 months thereafter, with the next release of 551,000 common shares to occur on February 19, 2022. As at October 31, 2021 there were 3,306,000 (January 31, 2021 – none) Escrowed and Pooled Shares issued and outstanding.

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

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**For the nine months ended October 31, 2021 and the period from incorporation on February 21, 2020 to October 31, 2020**

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**5. Share capital (continued)****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.

A summary of the status of the Company’s stock options as at October 31, 2021 and January 31, 2021 and changes during the periods then ended is as follows:

	Period ended October 31, 2021		Period ended January 31, 2021	
	Options #	Exercise price \$	Options #	Exercise price \$
Options outstanding, beginning of period	-	-	-	-
Granted	1,125,000	0.10	-	-
<b>Options outstanding, end of period</b>	<b>1,125,000</b>	<b>0.10</b>	-	-

As at October 31, 2021 the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date	Average remaining life (years)
1,125,000	1,125,000	0.10	October 7, 2026	4.90

During the nine months ended October 31, 2021, 1,125,000 stock options were granted to Officers, Directors, and consultants at an exercise price of \$0.10 each with a five-year term until October 7, 2026, and immediate vesting. The Company recorded the fair value of the stock options granted using the Black-Scholes option pricing model. The fair value is particularly impacted by the Company’s stock price volatility. The fair values were determined using the following weighted average assumptions:

	October 31, 2021
Risk-free interest rate	1.3%
Expected life of stock options (years)	5.0
Expected volatility	75.0%
Dividend rate	0%
Weighted average fair value per stock option granted	\$ 0.05

The total share-based payments expense for the nine months ended October 31, 2021, was \$50,900 (2020 - \$nil), which is presented as an operating expense.

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**For the nine months ended October 31, 2021 and the period from incorporation on February 21, 2020 to October 31, 2020**

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**5. Share capital (continued)****Warrants**

As an incentive to complete private placements, the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements. Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model.

A summary of the status of the Company's warrants as at October 31, 2021 and January 31, 2021, and changes during the periods then ended is as follows:

	Period ended October 31, 2021		Period ended January 31, 2021	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period	-	-	-	-
Issued - attached to units	7,330,000	0.10	-	-
<b>Warrants outstanding, end of period</b>	<b>7,330,000</b>	<b>0.10</b>	-	-

As at October 31, 2021 the Company has warrants outstanding and exercisable as follows:

Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date	Average remaining life (years)
<b>7,330,000</b>	<b>7,330,000</b>	<b>0.10</b>	<b>August 6, 2023</b>	<b>1.80</b>

**Reserves**

Reserves includes the accumulated fair value of stock options recognized as share-based payments. Reserves is increased by the fair value of these items on vesting and/or issuance and is reduced by corresponding amounts when the options expire or are exercised or cancelled.

	Total \$
February 21, 2020, January 31, 2021	-
February 1, 2021	-
Options vesting	50,900
<b>October 31, 2021</b>	<b>50,900</b>

**6. Loss per share**

The calculation of basic and diluted loss per share for the nine months ended October 31, 2021 was based on the loss attributable to common shareholders of \$190,962 (2020 - \$12,994) and a weighted average number of common shares outstanding of 8,837,298 (2020 - 5,076,680).

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

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**For the nine months ended October 31, 2021 and the period from incorporation on February 21, 2020 to October 31, 2020**

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**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:

	<b>Transactions nine months ended October 31, 2021</b>	<b>Transactions period from incorporation to October 31, 2020</b>	<b>Balances outstanding October 31, 2021</b>	<b>Balances outstanding January 31, 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
DBM CPA	29,250	-	3,938	1,575
Freeform Communications	12,600	-	13,600	7,000
(1) Infiniti Drilling	90,176	-	-	-
Kristian Whitehead	-	-	2,000	2,000
MDS Management	-	-	5,400	5,400
Robert Cameron	9,900	-	15,400	5,500
	<b>141,926</b>	<b>-</b>	<b>40,338</b>	<b>21,475</b>

(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 October 31, 2021 and October 31, 2020; and
- Includes the services of Robert Cameron, CEO and Director.

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

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

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**For the nine months ended October 31, 2021 and the period from incorporation on February 21, 2020 to October 31, 2020**

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**8. Supplemental cash flow information**

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

	<b>October 31, 2021</b>	October 31, 2020
	<b>\$</b>	\$
Receivables	(9,044)	(222)
Accounts payable and accrued liabilities	11,897	9,349
Accounts payable to related parties	18,863	-
<b>Net change</b>	<b>21,716</b>	9,127

The Company incurred the following non-cash investing and financing activities during the nine months ended October 31, 2021 and the period from incorporation to October 31, 2020:

	<b>October 31, 2021</b>	October 31, 2020
	<b>\$</b>	\$
Non-cash investing activity:		
Mineral property acquisition costs paid by issuance of common shares	<b>10,000</b>	-
Non-cash financing activity:		
Share capital proceeds included in receivables	<b>10,000</b>	-

During the nine months ended October 31, 2021 and the period from incorporation to October 31, 2020, 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 October 31, 2021 is comprised of shareholders' equity of \$302,535 (January 31, 2021 - \$412,597). There were no changes to the Company's approach to capital management during the nine months ended October 31, 2021.

The Company currently has no source of revenues. In order to fund future exploration programs and pay for operating expenses, 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, subscriptions receivable, 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 subscriptions receivable, 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.

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

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**For the nine months ended October 31, 2021 and the period from incorporation on February 21, 2020 to October 31, 2020**

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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).

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

<b>Financial assets:</b>	<b>Classification:</b>	<b>Subsequent measurement:</b>
Cash	FVTPL	Fair value
Subscriptions receivable	Amortized cost	Amortized cost

  

<b>Financial liabilities:</b>	<b>Classification:</b>	<b>Subsequent measurement:</b>
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. Additionally, subscriptions receivable were collected in full subsequent to October 31, 2021.

**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 exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss, or ability to raise capital from equity markets 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 October 31, 2021, the Company's exposure to commodity price risk was limited.

**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.

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

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**For the nine months ended October 31, 2021 and the period from incorporation on February 21, 2020 to October 31, 2020**

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**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 (see extension to December 31, 2022, below). The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2020. As at October 31, 2021, approximately \$94,000 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 October 31, 2021 and January 31, 2021, and changes during the periods then ended is as follows:

	<b>October 31, 2021</b>	January 31, 2021
	<b>\$</b>	<b>\$</b>
Balance, beginning of period	17,101	-
Addition	-	17,101
Reduction - pro rata based on eligible expenditures	(15,582)	-
<b>Balance, end of period</b>	<b>1,519</b>	17,101