



1111 Exploration Corp.
Condensed Interim Financial Statements
For the six months ended
July 31, 2022

(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. (the "Company") as at and for the three and six months ended July 31, 2022, have been prepared by 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 condensed interim financial statements by an entity's auditor.

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

As at July 31, 2022 and January 31, 2022

	Note	July 31, 2022 \$	January 31, 2022 \$
Assets			
Current assets			
Cash		184,015	262,819
Receivables	3	4,151	3,134
		188,166	265,953
Non-current assets			
Mineral property interests	4	232,792	213,364
		232,792	213,364
Total assets		420,958	479,317
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		13,036	22,191
Accounts payable to related parties	7	52,804	46,425
Flow-through premium liability	10	32,722	36,250
Total liabilities		98,562	104,866
Shareholders' equity			
Share capital	5	607,332	597,332
Reserves	5	50,900	56,300
Deficit		(335,836)	(279,181)
Total shareholders' equity		322,396	374,451
Total liabilities and shareholders' equity		420,958	479,317
Nature of operations and going concern	1		
Commitment	10		
Subsequent events	11		

Approved on behalf of the Board of Directors on September 23, 2022:

“Michael Sweatman” Director

“Scott Young” Director

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

For the six months ended July 31, 2022 and July 31, 2021

	Number of common shares #	Number of special warrants #	Share capital \$	Special warrants \$	Reserves \$	Deficit \$	Total shareholders' equity \$
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
January 31, 2022	15,028,633	-	597,332	-	56,300	(279,181)	374,451
Exercise of warrants for services	200,000	-	10,000	-	-	-	10,000
Re-allocated on exercise of warrants	-	-	-	-	(5,400)	5,400	-
Loss and comprehensive loss for the period	-	-	-	-	-	(62,055)	(62,055)
July 31, 2022	15,228,633	-	607,332	-	50,900	(335,836)	322,396

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

1111 Exploration 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, 2022 and July 31, 2021

		Three months ended		Six months ended	
		July 31,	July 31,	July 31,	July 31,
		2022	2021	2022	2021
	Note	\$	\$	\$	\$
Expenses					
General and administrative expenses	7	2,646	1,914	5,467	4,218
Investor relations and shareholder information		-	-	925	-
Professional and consulting fees	7	19,108	59,834	52,012	74,084
Transfer agent, filing and exchange fees		1,790	5,650	7,179	6,120
Loss from operating expenses		(23,544)	(67,398)	(65,583)	(84,422)
Settlement of flow-through premium liability	10	2,292	3,366	3,528	3,366
Loss and comprehensive loss for the period		(21,252)	(64,032)	(62,055)	(81,056)
Loss per share					
Weighted average number of common shares outstanding					
- Basic #	6	15,228,633	6,910,133	15,132,500	6,910,133
- Diluted #	6	15,228,633	6,910,133	15,132,500	6,910,133
Basic loss per share \$	6	(0.00)	(0.01)	(0.00)	(0.01)
Diluted loss per share \$	6	(0.00)	(0.01)	(0.00)	(0.01)

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

For the six months ended July 31, 2022 and July 31, 2021

	Note	July 31, 2022 \$	July 31, 2021 \$
Operating activities			
Loss for the period		(62,055)	(81,056)
Adjustments for:			
Settlement of flow-through premium liability		(3,528)	(3,366)
Common shares issued for services - professional and consulting fees		10,000	-
Net change in non-cash working capital items	8	7,372	55,329
		(48,211)	(29,093)
Financing activities			
Collection of subscriptions receivable		-	181,000
Share issue costs		-	(10,000)
		-	171,000
Investing activities			
Mineral property acquisition costs		(5,316)	-
Deferred exploration and evaluation expenditures		(25,277)	(16,877)
		(30,593)	(16,877)
Change in cash		(78,804)	125,030
Cash, beginning of period		262,819	280,347
Cash, end of period		184,015	405,377

Supplemental cash flow information 8

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

For the six months ended July 31, 2022 and July 31, 2021

1. Nature of operations and going concern

1111 Exploration 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., then on August 3, 2021 the Company changed its name to 1111 Exploration Corp. The Company's common shares commenced trading on the Canadian Securities Exchange ("CSE" or the "Exchange") under the symbol "ELVN" on August 19, 2021. 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 interests in British Columbia and has not yet determined whether they contain 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, 2022, the Company had working capital of \$89,604 (January 31, 2022 - \$161,087). 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.

The continued impact of the COVID-19 pandemic could include significant COVID-19 specific costs, volatility in the prices for gold and other metals, logistical challenges and delays, additional travel restrictions, and workforce interruptions. Depending on the duration and extent of the impact of COVID-19, this could materially impact the Company's results of operations, cash flows and financial condition.

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, 2022, 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.**Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****(Expressed in Canadian Dollars)**

For the six months ended July 31, 2022 and July 31, 2021

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

The comparative figure for professional fees and consulting within operating expenses on the statement of loss and comprehensive loss has been reclassified to conform to the current period's presentation. This includes the reclassification of management fees, formerly a standalone item, into professional and consulting fees.

Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2022. The Company has reviewed these updates and determined that none are applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

Additionally, there were no new accounting standards adopted by the Company during the six months ended July 31, 2022.

3. Receivables

Receivables consist of the following:

	July 31, 2022	January 31, 2022
	\$	\$
Sales tax recoverable	4,151	3,134

4. Mineral property interests

The Company's mineral property interests consist of the Pinnacle property under option, and the wholly-owned Wilcox property acquired by staking, located in British Columbia ("BC"), Canada.

Changes in the project carrying amounts for the six months ended July 31, 2022 and July 31, 2021 are summarized as follows:

	January 31, 2022	Acquisition	Exploration and evaluation	July 31, 2022
	\$	\$	\$	\$
Pinnacle, BC	213,364	773	14,112	228,249
Wilcox, BC	-	4,543	-	4,543
	213,364	5,316	14,112	232,792

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

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

For the six months ended July 31, 2022 and July 31, 2021

4. Mineral property interests (continued)

Exploration and evaluation expenditures consisted of the following:

Six months ended July 31,	July 31, 2022	July 31, 2021
	\$	\$
Field	3,017	9,197
Labour	11,095	11,000
	14,112	20,197

(a) Pinnacle property, BC

On August 25, 2020 and as subsequently amended on August 26, 2022, the Company entered into an Option Agreement to earn a 70% interest in the copper-gold Pinnacle property 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 \$460,000):

- \$15,000 upon signing the agreement (paid);
- \$25,000 on or before August 25, 2021 (paid);
- \$35,000 on or before August 25, 2022 (subsequently paid (Note 11(a)));
- \$35,000 on or before August 25, 2023;
- \$50,000 on or before August 25, 2024;
- \$100,000 on or before August 25, 2025; and
- \$200,000 on or before August 25, 2026 (with the option to pay up to 50% of this amount in an equivalent value of common shares).

Cumulative exploration expenditures (\$3,000,000):

- \$100,000 on or before August 25, 2021 (incurred);
- \$200,000 on or before December 31, 2022;
- \$600,000 on or before August 25, 2023;
- \$1,250,000 on or before August 25, 2024;
- \$2,000,000 on or before August 25, 2025; and
- \$3,000,000 on or before August 25, 2026; and

Share issuances (cumulative 3,800,000 common shares):

- 200,000 common shares on or before August 25, 2021 (issued, fair value of \$10,000 (\$0.05 each));
- 300,000 shares on or before August 25, 2022 (subsequently issued, fair value of \$16,500 (\$0.055 each) (Note 11(a)));
- 300,000 shares on or before August 25, 2023;
- 500,000 shares on or before August 25, 2024;
- 500,000 shares on or before August 25, 2025;
- 2,000,000 shares on or before August 25, 2026.

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 property up until the date that the Company publishes a National Instrument (“NI”) 43-101 compliant Pre-Feasibility Study (“PFS”) on the property. Following completion of the PFS, a Joint Venture will be formed whereby the Company will own a 70% initial interest and PEMC will own a 30% initial interest. 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.**Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****(Expressed in Canadian Dollars)**

For the six months ended July 31, 2022 and July 31, 2021

4. Mineral property interests (continued)**(b) Wilcox project, BC**

During the six months ended July 31, 2022, the Company staked additional copper-molybdenum-gold claims in Northern, British Columbia at a cost of \$4,543.

5. Share capital and reserves

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 six months ended July 31, 2022:

- On April 28, 2022, 200,000 common shares were issued for services upon the exercise of warrants at \$0.05 each for consideration of \$10,000. Accordingly, \$nil proceeds were received. In addition, \$5,400 representing the fair value initially recognized on issuance of the warrants, was re-allocated from reserves to deficit.

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

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

Escrowed Shares

Upon obtaining a public listing on the Exchange 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 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 August 19, 2022 (subsequently released (Note 11(b))).

As at July 31, 2022, there were 2,755,000 (January 31, 2022 – 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.

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

For the six months ended July 31, 2022 and July 31, 2021

5. Share capital and reserves (continued)**Stock options (continued)**

A summary of the status of the Company's stock options as at July 31, 2022 and January 31, 2022 and changes during the period/year then ended is as follows:

	Period ended July 31, 2022		Year ended January 31, 2022	
	Options #	Exercise price \$	Options #	Exercise price \$
Options outstanding, beginning of period/year	1,125,000	0.10	-	-
Granted	-	-	1,125,000	0.10
Options outstanding, end of period/year	1,125,000	0.10	1,125,000	0.10

As at July 31, 2022 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	4.19

During the year ended January 31, 2022, 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 was particularly impacted by the Company's stock price volatility.

The total share-based payments expense for the six months ended July 31, 2022 and July 31, 2021 was \$nil.

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

For the six months ended July 31, 2022 and July 31, 2021

5. Share capital and reserves (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. Compensatory warrants may be issued as a private placement share issue cost (finders' warrants), or for services, and are valued using the Black-Scholes option pricing model.

A summary of the status of the Company's warrants as at July 31, 2022 and January 31, 2022, and changes during the period/year then ended is as follows:

	Period ended July 31, 2022		Year ended January 31, 2022	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period/year	7,530,000	0.10	-	-
Issued - attached to units	-	-	7,330,000	0.10
Issued - compensatory for services	-	-	200,000	0.05
Exercised	(200,000)	0.05	-	-
Warrants outstanding, end of period/year	7,330,000	0.10	7,530,000	0.10

As at July 31, 2022 the Company has warrants outstanding and exercisable as follows:

Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date	Average remaining life (years)
7,330,000	7,330,000	0.10	August 6, 2023	1.02

During the year ended January 31, 2022, the Company issued 200,000 compensatory warrants for consulting services which fair value was determined using the Black-Scholes option pricing model. The fair value is particularly impacted by the Company's stock price volatility.

Reserves

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

	Total \$
January 31, 2021 and July 31, 2021	-
January 31, 2022	56,300
Warrants exercised	(5,400)
July 31, 2022	50,900

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

For the six months ended July 31, 2022 and July 31, 2021

6. Loss per share

The calculation of basic and diluted loss per share for the six months ended July 31, 2022 was based on the loss attributable to common shareholders of \$62,055 (2021 - \$81,056) and a weighted average number of common shares outstanding of 15,132,500 (2021 – 6,910,133).

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, 2022 \$	Transactions six months ended July 31, 2021 \$	Balances outstanding July 31, 2022 \$	Balances outstanding January 31, 2022 \$
DBM CPA	22,500	18,000	3,938	3,938
Freeform Communications	11,886	8,400	19,166	12,904
(1) Infiniti Drilling	9,756	10,600	-	6,213
Kristian Whitehead	-	-	2,000	2,000
MDS Management	-	-	5,400	5,670
Robert Cameron	6,600	6,600	22,300	15,700
	50,742	43,600	52,804	46,425

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

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

(a) General and administrative expenses:

- Includes office rent charged to the Company by Freeform Communications Inc. ("Freeform Communications") (see below for details of related party relationship).

(b) Professional and consulting fees:

- Includes accounting and tax services charged to the Company by Donaldson Brohman Martin, CPA Inc. ("DBM CPA"), a firm in which Dan Martino, CFO of the Company, has significant influence;
- Includes executive management services charged to the Company by Freeform Communications, a company controlled by Scott Young, a Director of the Company; and
- Includes executive management services of Robert Cameron, CEO and a Director of the Company.

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.

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

For the six months ended July 31, 2022 and July 31, 2021

8. Supplemental cash flow information

Changes in non-cash operating working capital during the six months ended July 31, 2022 and July 31, 2021 comprised of the following:

	July 31, 2022	July 31, 2021
	\$	\$
Receivables	(1,017)	(3,827)
Accounts payable and accrued liabilities	(3,720)	29,981
Accounts payable to related parties	12,109	29,175
Net change	7,372	55,329

The Company incurred the following non-cash investing activity during the six months ended July 31, 2022 and July 31, 2021:

	July 31, 2022	July 31, 2021
	\$	\$
Non-cash investing activity:		
Deferred exploration costs included in accounts payable and accounts payable to related parties	1,406	3,320

No amounts were paid for interest or income taxes during the six months ended July 31, 2022 and July 31, 2021.

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, 2022 is comprised of shareholders' equity of \$322,396 (January 31, 2022 - \$374,451). There were no changes to the Company's approach to capital management during the six months ended July 31, 2022.

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.

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

For the six months ended July 31, 2022 and July 31, 2021

9. Financial risk management (continued)**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 condensed interim 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).

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

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 they are comprised of sales tax recoverable 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 exposure to market 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 July 31, 2022, the Company's exposure to commodity price risk was minimal.

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

For the six months ended July 31, 2022 and July 31, 2021

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

On December 23, 2021, the Company completed a private placement of flow-through shares for gross proceeds of \$145,000. The Company is required to spend the funds on qualified exploration programs no later than December 31, 2022. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2021. As at July 31, 2022, approximately \$14,000 had been spent, leaving approximately \$131,000 remaining to be spent.

The Company's flow-through premium liability as at July 31, 2022 and January 31, 2022, and changes during the period/year then ended is as follows:

	July 31, 2022	January 31, 2022
	\$	\$
Balance, beginning of period/year	36,250	17,101
Additions	-	36,250
Reduction - pro rata based on eligible expenditures	(3,528)	(17,101)
Balance, end of period/year	32,722	36,250

11. Subsequent events

- (a) In August 2022, the Company paid \$35,000 and issued 300,000 common shares to PEMC in accordance with the terms of the option agreement on the Pinnacle project (Note 4(a)).
- (b) In August 2022, 551,000 common shares were released from escrow.