

The logo for 1111 Exploration Corp. features the number '1111' in a bold, gold-colored font on the left. To its right, the words 'EXPLORATION' and 'CORP.' are stacked vertically in a bold, dark grey font.

# **1111** EXPLORATION CORP.

**1111 Exploration Corp.**  
**Condensed Interim Financial Statements**  
**For the nine months ended**  
**October 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 nine months ended October 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 October 31, 2022 and January 31, 2022**

	Note	October 31, 2022 \$	January 31, 2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		271,432	262,819
Receivables	3	5,777	3,134
		<b>277,209</b>	<b>265,953</b>
<b>Non-current assets</b>			
Mineral property interests	4	377,570	213,364
		<b>377,570</b>	<b>213,364</b>
<b>Total assets</b>		<b>654,779</b>	<b>479,317</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		7,840	22,191
Accounts payable to related parties	7	112,378	46,425
Flow-through premium liability	10	9,402	36,250
<b>Total liabilities</b>		<b>129,620</b>	<b>104,866</b>
<b>Shareholders' equity</b>			
Share capital	5	629,232	597,332
Share subscriptions received	5	206,040	-
Reserves	5	50,900	56,300
Deficit		(361,013)	(279,181)
<b>Total shareholders' equity</b>		<b>525,159</b>	<b>374,451</b>
<b>Total liabilities and shareholders' equity</b>		<b>654,779</b>	<b>479,317</b>
<b>Nature of operations and going concern</b>	1		
<b>Commitment</b>	10		
<b>Subsequent event</b>	11		

Approved on behalf of the Board of Directors on November 30, 2022:

“Michael Sweatman” Director

“Scott Young” Director

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

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**For the nine months ended October 31, 2022 and October 31, 2021**

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	Number of common shares #	Number of special warrants #	Share capital \$	Share subscriptions received \$	Special warrants \$	Reserves \$	Deficit \$	Total shareholders' equity \$
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)	-	-	-
Issue of units for cash	200,000	-	10,000	-	-	-	-	10,000
Shares issued for mineral property	200,000	-	10,000	-	-	-	-	10,000
Units issued for services	200,000	-	10,000	-	-	-	-	10,000
Share-based payments	-	-	-	-	-	50,900	-	50,900
Loss and comprehensive loss for the period	-	-	-	-	-	-	(190,962)	(190,962)
October 31, 2021	13,216,133	-	489,407	-	-	50,900	(237,772)	302,535
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)	-	-
Shares issued for mineral property	300,000	-	16,500	-	-	-	-	16,500
Share subscriptions received in advance	-	-	-	206,040	-	-	-	206,040
Loss and comprehensive loss for the period	-	-	-	-	-	-	(81,832)	(81,832)
October 31, 2022	15,528,633	-	629,232	206,040	-	50,900	(361,013)	525,159

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

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

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**For the three and nine months ended October 31, 2022 and October 31, 2021**

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		Three months ended		Nine months ended	
		October 31, 2022	October 31, 2021	October 31, 2022	October 31, 2021
	Note	\$	\$	\$	\$
<b>Expenses</b>					
General and administrative expenses	7	2,226	12,151	7,693	16,369
Investor relations and shareholder information		847	410	1,772	410
Professional and consulting fees	7	37,323	37,334	89,335	111,418
Share-based payments	5,7	-	50,900	-	50,900
Transfer agent, filing and exchange fees		2,701	21,327	9,880	27,447
<b>Loss from operating expenses</b>		<b>(43,097)</b>	<b>(122,122)</b>	<b>(108,680)</b>	<b>(206,544)</b>
Settlement of flow-through premium liability	10	23,320	12,216	26,848	15,582
<b>Loss and comprehensive loss for the period</b>		<b>(19,777)</b>	<b>(109,906)</b>	<b>(81,832)</b>	<b>(190,962)</b>
<b>Loss per share</b>					
<b>Weighted average number of common shares outstanding</b>					
- Basic #	6	<b>15,449,512</b>	12,691,628	<b>15,238,523</b>	8,837,298
- Diluted #	6	<b>15,449,512</b>	12,691,628	<b>15,238,523</b>	8,837,298
<b>Basic loss per share \$</b>	6	<b>(0.00)</b>	(0.01)	<b>(0.01)</b>	(0.02)
<b>Diluted loss per share \$</b>	6	<b>(0.00)</b>	(0.01)	<b>(0.01)</b>	(0.02)

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

**For the nine months ended October 31, 2022 and October 31, 2021**

	Note	October 31, 2022 \$	October 31, 2021 \$
<b>Operating activities</b>			
Loss for the period		(81,832)	(190,962)
Adjustments for:			
Settlement of flow-through premium liability		(26,848)	(15,582)
Units issued for services - administrative		-	10,000
Common shares issued for services - professional and consulting fees		10,000	-
Share-based payments		-	50,900
Net change in non-cash working capital items	8	28,952	21,716
		<b>(69,728)</b>	<b>(123,928)</b>
<b>Financing activities</b>			
Collection of subscriptions receivable		-	181,000
Share subscriptions received		206,040	-
Share issue costs		-	(10,000)
		<b>206,040</b>	<b>171,000</b>
<b>Investing activities</b>			
Mineral property acquisition costs		(40,316)	(25,000)
Deferred exploration and evaluation expenditures		(87,383)	(93,493)
Prepaid exploration expenditures		-	(25,000)
		<b>(127,699)</b>	<b>(143,493)</b>
<b>Change in cash</b>		<b>8,613</b>	<b>(96,421)</b>
<b>Cash, beginning of period</b>		<b>262,819</b>	<b>280,347</b>
<b>Cash, end of period</b>		<b>271,432</b>	<b>183,926</b>

**Supplemental cash flow information**

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**1111 Exploration 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, 2022 and October 31, 2021**

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**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 October 31, 2022, the Company had working capital of \$147,589 (January 31, 2022 - \$161,087). The Company's operations are funded from equity financings which are dependent upon many external factors, and there is no assurance that such financing will continue to be available with acceptable terms. The Company will continue to require additional funding to maintain its ongoing exploration programs, property maintenance payments and operations and administration for the next fiscal year. The Company also recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. These uncertainties may cast significant doubt about 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.

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**1111 Exploration 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, 2022 and October 31, 2021**

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**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 nine months ended October 31, 2022.

**3. Receivables**

Receivables consist of the following:

	<b>October 31, 2022</b>	January 31, 2022
	<b>\$</b>	\$
Sales tax recoverable	<b>5,777</b>	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. Both properties are located in British Columbia ("BC"), Canada.

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

	<b>January 31, 2022</b>	<b>Acquisition</b>	<b>Exploration and evaluation</b>	<b>October 31, 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Pinnacle, BC	213,364	52,273	107,390	373,027
Wilcox, BC	-	4,543	-	4,543
	<b>213,364</b>	<b>56,816</b>	<b>107,390</b>	<b>377,570</b>

  

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



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**1111 Exploration 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, 2022 and October 31, 2021**

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

Exploration and evaluation expenditures consisted of the following:

	2022	2021
Nine months ended October 31,	\$	\$
Field	30,563	36,342
Labour	76,827	57,151
	<b>107,390</b>	<b>93,493</b>

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**(a) Pinnacle property, BC**

On August 25, 2020 and as 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 (paid);
- \$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 (incurred);
- \$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.

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 (issued, fair value of \$16,500 (\$0.055 each));
- 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; and
- 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.

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## 1111 Exploration 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, 2022 and October 31, 2021

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#### 4. Mineral property interests (continued)

##### (b) Wilcox project, BC

During the nine months ended October 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 nine months ended October 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 share capital.
- On August 25, 2022, the Company issued 300,000 common shares at a fair value of \$16,500 (\$0.055 each) to PEMC pursuant to the Option Agreement on the Pinnacle property (Note 4(a)).
- As at October 31, 2022, the Company had received proceeds of \$206,040 for subscriptions (share subscriptions received) in relation to the private placement financing which closed subsequently on November 7, 2022 (Note 11).

##### 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 (of which 400,000 Special Warrants converted into common shares were originally issued on a compensatory basis for no cash consideration to 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(a)).
- On September 7, 2021, the Company issued 400,000 units at \$0.05 each for proceeds of \$20,000. Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable at \$0.10 until August 6, 2023. No value was allocated to the warrant component of the unit.
- On December 23, 2021, the Company completed a private placement consisting of the issue of 1,812,500 flow-through shares at a price of \$0.08 each for gross proceeds of \$145,000.

The flow-through shares were issued at a premium to closing market price of the Company's common shares which reflected the value of the income tax write-offs that the Company renounced to the flow-through shareholders effective December 31, 2021. The premium was determined to be \$36,250 and was recorded as a reduction of share capital with an offset to flow-through premium liability. The premium will be reversed pro rata upon the required exploration expenditures being completed and recorded as income on settlement of the flow-through premium liability (Note 10).

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**1111 Exploration 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, 2022 and October 31, 2021**

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

As at October 31, 2022, a total of 1,469,333 common shares have been released from escrow and there were 2,204,000 (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.

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

	Period ended October 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
<b>Options outstanding, end of period/year</b>	<b>1,125,000</b>	<b>0.10</b>	<b>1,125,000</b>	<b>0.10</b>

As at October 31, 2022 the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date	Average remaining life (years)
<b>1,125,000</b>	<b>1,125,000</b>	<b>0.10</b>	<b>October 7, 2026</b>	<b>3.94</b>

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 nine months ended October 31, 2022 was \$nil (2021 - \$50,900)

**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.

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**1111 Exploration 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, 2022 and October 31, 2021**

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

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

	Period ended October 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	-	-
<b>Warrants outstanding, end of period/year</b>	<b>7,330,000</b>	<b>0.10</b>	<b>7,530,000</b>	<b>0.10</b>

As at October 31, 2022 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>0.76</b>

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	-
Options vesting	50,900
October 31, 2021	50,900
January 31, 2022	56,300
Warrants exercised	(5,400)
<b>October 31, 2022</b>	<b>50,900</b>

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**1111 Exploration 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, 2022 and October 31, 2021**

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**6. Loss per share**

The calculation of basic and diluted loss per share for the nine months ended October 31, 2022 was based on the loss attributable to common shareholders of \$81,832 (2021 - \$190,962) and a weighted average number of common shares outstanding of 15,238,523 (2021 – 8,837,298).

**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, 2022 \$</b>	<b>Transactions nine months ended October 31, 2021 \$</b>	<b>Balances outstanding October 31, 2022 \$</b>	<b>Balances outstanding January 31, 2022 \$</b>
DBM CPA	33,750	29,250	7,875	3,938
Freeform Communications	24,926	12,600	30,525	12,904
(1) Infiniti Drilling	76,827	90,176	32,578	6,213
Kristian Whitehead	-	-	2,000	2,000
MDS Management	-	-	5,400	5,670
Robert Cameron	18,300	9,900	34,000	15,700
	<b>153,803</b>	<b>141,926</b>	<b>112,378</b>	<b>46,425</b>

(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 provided by Scott Young, a Director of the Company charged to the Company by Freeform Communications; 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.

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**1111 Exploration 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, 2022 and October 31, 2021**

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**8. Supplemental cash flow information**

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

	<b>October 31, 2022</b>	October 31, 2021
	<b>\$</b>	\$
Receivables	(2,643)	(9,044)
Accounts payable and accrued liabilities	(7,510)	11,897
Accounts payable to related parties	39,105	18,863
Net change	<b>28,952</b>	21,716

The Company incurred the following non-cash investing and financing activities during the nine months ended October 31, 2022 and October 31, 2021:

	<b>October 31, 2022</b>	October 31, 2021
	<b>\$</b>	\$
Non-cash investing activities:		
Mineral property acquisition costs paid by issuance of common shares	16,500	10,000
Deferred exploration costs included in accounts payable and accounts payable to related parties	32,578	-
Non-cash financing activities:		
Share capital proceeds included in receivables	-	10,000

No amounts were paid for interest or income taxes during the nine months ended October 31, 2022 and October 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 October 31, 2022 is comprised of shareholders' equity of \$525,159 (January 31, 2022 - \$374,451). There were no changes to the Company's approach to capital management during the nine months ended October 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.

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**1111 Exploration 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, 2022 and October 31, 2021**

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**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**

<b>Financial assets:</b>	<b>Classification:</b>	<b>Subsequent measurement:</b>
Cash	FVTPL	Fair value

<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

**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 October 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.

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**1111 Exploration 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, 2022 and October 31, 2021**

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**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 October 31, 2022, approximately \$107,000 had been spent, leaving approximately \$38,000 remaining to be spent.

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

	<b>October 31, 2022</b>	January 31, 2022
	<b>\$</b>	<b>\$</b>
Balance, beginning of period/year	36,250	17,101
Additions	-	36,250
Reduction - pro rata based on eligible expenditures	(26,848)	(17,101)
<b>Balance, end of period/year</b>	<b>9,402</b>	<b>36,250</b>

**11. Subsequent event**

On November 7, 2022, the Company completed a flow-through and non-flow-through private placement consisting of the issue of 1,813,000 flow-through common shares at a price of \$0.08 each for gross proceeds of \$145,040, and 4,070,000 non-flow-through common shares at a price of \$0.05 each for gross proceeds of \$203,500, resulting in aggregate gross proceeds of \$348,540. As at October 31, 2022, \$206,040 of the proceeds had been received (Note 5).

Additionally, the Company received \$28,040 in respect of the second tranche of the non-flow-through portion of the private placement.