

Level 14 Ventures Ltd.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

Reader's Note:

These unaudited condensed consolidated interim financial statements of Level 14 Ventures Ltd. have been prepared by management and have not been reviewed by the Company's auditor.

LEVEL 14 VENTURES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022 AND DECEMBER 31, 2021

(Expressed in Canadian dollars - Unaudited)

	Note	September 30, 2022 \$	December 31, 2021 \$
ASSETS			
Current assets			
Cash		2,023,303	748,423
Receivables		130,938	11,731
Prepaid expenses		3,042	-
Cash advance		-	424,713
Total current assets		2,157,283	1,184,867
Non-current assets			
Exploration and evaluation asset	4	8,975,832	229,657
Total assets		11,133,115	1,414,524
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	57,889	45,990
Total liabilities		57,889	45,990
SHAREHOLDERS' EQUITY			
Share capital	5	11,761,192	1,323,692
Share-based compensation reserve	5 (c)	58,417	54,861
Warrant reserve	6	581,802	581,802
Deficit		(1,247,558)	(591,821)
Accumulated other comprehensive loss		(78,627)	-
Total shareholders' equity		11,075,226	1,368,534
Total liabilities and shareholders' equity		11,133,115	1,414,524

Nature of operations and going concern (note 1)

Approved by the Board of Directors on November 21, 2022

"Hayley Thomasen"*Director*"Christopher Cooper"*Director*

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

LEVEL 14 VENTURES LTD.CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(Expressed in Canadian dollars - Unaudited)

	Note	Three months ended September 30, 2022 \$	Three months ended September 30, 2021 \$	Nine months ended September 30, 2022 \$	Nine months ended September 30, 2021 \$
Expenses					
Exploration expenses	4	183,029	12,355	416,145	46,188
Business development expenses		2,655	-	11,832	-
Foreign exchange gain		(114,769)	-	(92,159)	-
General and administrative	7	11,067	6,978	24,719	27,133
Insurance expense		3,025	2,750	9,075	8,250
Listing and filing fees		7,063	3,347	16,834	14,653
Management fees	7	9,000	9,000	27,000	27,000
Marketing fees		6,520	-	31,820	-
Professional fees		72,330	28,622	177,065	42,584
Salaries and wages	7	12,000	2,640	29,850	14,735
Share-based compensation	5(c)	3,556	-	3,556	-
Loss for the period		195,476	65,692	655,737	180,543
Other comprehensive loss for the period					
Cumulative translation adjustment		79,557	-	78,627	-
Loss and Comprehensive loss for the period		275,033	65,692	734,364	180,543
Loss per share					
Basic and diluted		(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding (basic and diluted)		91,515,501	39,080,501	69,235,428	30,996,347

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

LEVEL 14 VENTURES LTD.CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(Expressed in Canadian dollars - Unaudited)

	Note	Common shares Number	Share capital \$	Warrants reserve \$	Share-based compensation reserve \$	Deficit \$	AOCI \$	Total \$
Balance, December 31, 2020		20,534,501	727,962	168,195	54,861	(319,298)	-	631,720
Shares issued for private placement	5(b)	18,546,000	602,041	417,989	-	-	-	1,020,030
Shares issuance costs	5(b)	-	(6,311)	(4,382)	-	-	-	(10,693)
Loss and comprehensive loss for the period		-	-	-	-	(180,543)	-	(180,543)
Balance, September 30, 2021		39,080,501	1,323,692	581,802	54,861	(499,841)	-	1,460,514
Balance December 31, 2021		39,080,501	1,323,692	581,802	54,861	(591,821)	-	1,368,534
Shares issued for private placement	5(b)	16,435,000	3,287,000	-	-	-	-	3,287,000
Share issuance costs	5(b)	-	(49,500)	-	-	-	-	(49,500)
Shares issued on asset acquisition	4	36,000,000	7,200,000	-	-	-	-	7,200,000
Share-based compensation	5(c)	-	-	-	3,556	-	-	3,556
Loss and comprehensive loss for the period		-	-	-	-	(655,737)	(78,627)	(734,364)
Balance, September 30, 2022		91,515,501	11,761,192	581,802	58,417	(1,247,558)	(78,627)	11,075,226

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

LEVEL 14 VENTURES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
 FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
 (Expressed in Canadian dollars - Unaudited)

	Note	Three months ended September 30, 2022 \$	Three months ended September 30, 2021 \$	Nine months ended September 30, 2022 \$	Nine months ended September 30, 2021 \$
Cash flows provided by (used in)					
Operating Activities					
Loss for the period		(195,476)	(65,692)	(655,737)	(180,543)
Items not affecting cash:					
Unrealized foreign exchange loss		(79,557)	-	(96,456)	-
Share-based compensation		3,556	-	3,556	-
Changes in non-cash working capital:					
Accounts payable and accrued liabilities	7	(37,683)	4,496	11,899	(27,262)
Prepaid expenses		3,025	2,750	(3,042)	(2,750)
Receivables		(54,956)	(1,577)	(119,207)	1,264
		(361,091)	(60,023)	(858,987)	(209,291)
Financing Activities					
Issuance of Share capital	5(b)	-	-	3,237,500	1,020,030
Share issuance costs	5(b)	-	-	-	(10,693)
Repayment of loan	4	-	-	(814,820)	-
		-	-	2,422,680	1,009,337
Investing Activities					
Advance to Bridle Capital Ltd.		-	-	(383,268)	-
Acquisition of exploration and evaluation asset	4	-	-	161,187	-
Investment in exploration and evaluation asset	4	(66,732)	-	(66,732)	-
		(66,732)	-	(288,813)	-
Increase in cash for the period		(427,823)	(60,023)	1,274,880	800,046
Cash - beginning of period		2,451,126	1,308,437	748,423	448,368
Cash - end of period		2,023,303	1,248,414	2,023,303	1,248,414
Non-cash financing and investing activities					
Shares issued for acquisition of Bridle Capital Ltd.	4	7,200,000	-	7,200,000	-

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

LEVEL 14 VENTURES LTD.

CONDENSED CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

(Unaudited)

Expressed in Canadian dollars unless otherwise stated

1. Nature of operations and going concern

Nature of operations and Going Concern

Level 14 Ventures Ltd. (the “Company” or “Level 14”) was incorporated under the British Columbia *Business Corporations Act* on November 7, 2018. Level 14 has two wholly-owned subsidiaries, 1246931 (“1246931”) B.C. Ltd and Bridle Capital Ltd (“Bridle”) (note 4) which are consolidated with the Company in these statements. The Company is publicly traded and listed on the Canadian Securities Exchange (the “Exchange”) under the symbol “LVL”. The Company is an exploration stage mining company with two exploration properties; the Colpayoc Property, located in Cajamarca, Peru and the Green Mountain Property, located in British Columbia, Canada.

These condensed consolidated interim financial statements (the “Financial Statements”) have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business. Level 14 is an exploration stage mining company which incurred a loss of \$655,737 for the nine months ended September 30, 2022, and as at September 30, 2022 had an accumulated deficit of \$1,247,558. Level 14 is expected to incur operating losses for the foreseeable future. Level 14’s ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. Level 14 estimates it has sufficient funds to operate for the next 12 months. These Financial Statements do not include adjustments that may be necessary if the going concern principal is not appropriate.

The head office & principal address of the Company is located at Suite 1400, 400 Burrard Street, Vancouver, BC, V6C 3A6.

2. Basis of presentation and significant accounting policies

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed consolidated interim financial statements do not include all the necessary annual disclosures in accordance with IFRS, and should be read in conjunction with the Company’s audited annual financial statements for the year ended December 31, 2021.

The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company’s most recent audited annual financial statements for the year ended December 31, 2021 except for the addition of the below:

Foreign currency translation and transactions

The functional currency of the Company and its subsidiaries is determined based on the currency of the primary economic environment in which it operates. The functional currency of Bridle’s Peruvian subsidiaries are the Peruvian nuevo sol (“S/”), the functional currency of Bridle is the US dollar (“US\$”) and the functional currency of 1246931 and Level 14 is the Canadian dollar, which is the same as the presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

LEVEL 14 VENTURES LTD.

CONDENSED CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

(Unaudited)

Expressed in Canadian dollars unless otherwise stated

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income (loss) to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income (loss). Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

The financial position of the subsidiaries, whose functional currency is different from the presentation currency, are translated as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial period end.
- income and expenses are translated at average exchange rates for the period, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions;
- equity transactions are translated using the exchange rate at the closing rate; and
- all resulting exchange differences are recognized in other comprehensive income and reported as a separate component of equity

Basis of Presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for any financial assets and liabilities held at fair value. The condensed consolidated interim financial statements are presented in Canadian Dollars, which is also the Company's functional currency.

Changes in accounting standards

There are no upcoming changes in accounting standards which will impact the Company.

3. Significant Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in these condensed consolidated interim financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The Company's significant accounting judgments and estimates have been applied in these Financial Statements:

Judgments

- Management makes judgments related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

Estimates

LEVEL 14 VENTURES LTD.

CONDENSED CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

(Unaudited)

Expressed in Canadian dollars unless otherwise stated

- In calculating the fair value of the share-based compensation and warrants, management makes estimates related to the Company's share price volatility and expected life of the instruments. To the extent that these estimates are not correct, the value of these instruments within equity may differ.
- In calculating the fair value of the flow-through shares and warrants, management makes estimates related to the Company's share price volatility and expected life of the instruments. To the extent that these estimates are not correct, the value of these instruments within equity may differ.
- The fair value of the assets and liabilities purchased with Bridle Capital Ltd. on April 27, 2022 (note 4) have been estimated by management.
- The assessment of indicators of impairment for the mineral properties and the related determination of the recoverable amount and write-down of the properties where applicable. To the extent that these estimates are not correct, the value of the mineral properties may differ.

4. Exploration and Evaluation Asset

Green Mountain Property

On October 7, 2020 the Company acquired 1246931 B.C. Ltd. 1246931 B.C. Ltd. owns the mineral rights of the Green Mountain Property, a 5,593.5 hectare exploration stage gold property located in British Columbia, Canada.

Colpayoc Property

On April 27, 2022 the Company acquired Bridle for 36,000,000 common shares of the Company and a 1% net smelter returns royalty on Colpayoc; in addition Level 14 agreed to repay a US\$624,431 (C\$814,820) shareholder loan held by Bridle.

The acquisition was treated as an acquisition of assets and the consideration allocated to its assets and liabilities based on estimated fair values at the time of acquisition.

Allocation of the purchase price to the estimated fair value of assets and liabilities:

Purchase price:

<u>Common shares issued</u>	\$7,200,000
Total purchase price	\$7,200,000

Net assets acquired:

Cash	\$161,187
Accounts receivable	\$1,657,055
Accounts payable and accrued liabilities	(\$2,498,601)
Loan payable	(\$799,084)
<u>Exploration and evaluation asset</u>	\$8,679,443
Total net assets acquired	\$7,200,000

At the time of the acquisition there was an outstanding loan payable held by Bridle of US\$624,431(C\$814,820) due to the vendor of Bridle. The loan payable was paid in full upon acquisition of Bridle.

LEVEL 14 VENTURES LTD.

CONDENSED CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

(Unaudited)

Expressed in Canadian dollars unless otherwise stated

In July and August of 2022 the Company paid US\$50,000 (C\$66,732) towards the El Ferrol mineral concession per its definitive agreement to acquire the Colpayoc property; this has been capitalized to the Exploration and Evaluation asset during the three months ended September 30, 2022.

Exploration expenditures

During the three and nine months ended September 30, 2022 and 2021 the Company incurred the following exploration expenditures, which were expensed as incurred:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Administrative	13,748	-	19,740	-
Community programs	-	-	26,333	-
Geological	169,281	12,355	370,072	46,188
	183,029	12,355	416,145	46,188

5. Share Capital and Reserves

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and Outstanding:

Share transactions during the nine months ended September 30, 2022

On April 27, 2022 the Company completed its acquisition of Bridle Capital Ltd (note 4). The transaction was completed through a share exchange agreement in which the compensation included 36,000,000 common shares of the Company to the vendors. The value of \$7,200,000 was allocated to share capital.

In connection with the transaction, the Company completed a non-brokered private placement financing of an aggregate of 16,435,000 common shares at a price of \$0.20 per share for total gross proceeds of \$3,287,000. The Company paid finder's fees of \$49,500 in connection with a portion of the financing.

Share transactions during the year ended December 31, 2021

On April 30, 2021 the Company closed a financing issuing 18,546,000 units at \$0.055 per unit (each unit consisting of one common share of the Company and one whole warrant), for proceeds of \$1,020,030 (the "2021 Private Placement"). Each whole warrant issued as part of the unit entitles the holder to purchase one common share of the Company at a price of \$0.10 per share for a period of five years from the date of the financing. Legal costs of \$10,693 were incurred in connection with the 2021 Private Placement and the net consideration of \$1,009,337 was allocated between share capital and warrants based on the relative fair values of each instrument; a total of \$595,730 (net of \$6,311 legal costs) was allocated to share capital and \$413,607 (net of \$4,382 legal costs) was allocated to the warrants (note 6).

c) Stock Options

LEVEL 14 VENTURES LTD.

CONDENSED CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

(Unaudited)

Expressed in Canadian dollars unless otherwise stated

Pursuant to the Company's stock option plan (the "Stock Option Plan"), the Company's board of directors may, from time to time, grant directors, officers, employees and consultants non-transferable options to purchase common shares, provided that the number of common shares served for issuance will not exceed 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to 5 years from the date of the grant. The exercise price of any option granted pursuant to the Stock Option Plan shall be determined by the board of directors when granted, but shall not be less than the market price.

On September 1, 2022, the Company issued 6,175,000 stock options with an exercise price of \$0.20. All stock options issued are under a semi-annual vesting schedule with 25% of the shares vesting every 6 months starting on March 1, 2023. The options expire five years from the grant date.

During the nine months ended September 30 2022, the total share-based payment recognized by the Company was \$3,556 (2021 - \$nil).

A continuity schedule for stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as of December 31, 2021	1,700,000	\$0.10
Granted	6,175,000	\$0.20
Outstanding as of September 30, 2022	7,875,000	\$0.18

As at September 30, 2022, the Company had the following options outstanding:

Number outstanding	Exercisable	Exercise Price per Share	Expiry Date	Life remaining
700,000	700,000	\$0.10	December 14, 2023	1.21 years
1,000,000	1,000,000	\$0.10	September 18, 2025	2.97 years
6,175,000	0	\$0.20	September 1, 2027	4.93 years

d) Earnings per share

The weighted average number of stock options and warrants excluded from the computation of diluted earnings per share because their effect is anti-dilutive in 2022 or 2021 is as follows:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Stock options	3,713,587	1,700,000	2,378,571	1,700,000
Warrants	27,166,000	27,166,000	27,166,000	19,081,846

e) Shares in Escrow

As at September 30, 2022, 7,473,150 (December 31, 2021 – 14,946,301) of the Company's shares were held in escrow. Such shares are to be released based on a predetermined schedule from as early as the Listing Date to a maximum of 36 months after the Listing Date.

6. Warrants

A continuity schedule for the Company's warrants is as follows:

LEVEL 14 VENTURES LTD.

CONDENSED CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

(Unaudited)

Expressed in Canadian dollars unless otherwise stated

	Number of warrants
Outstanding as of December 31, 2020	8,620,000
Issued on April 30, 2021	18,546,000
Outstanding as of December 31, 2021 and September 30, 2022	27,166,000

Pursuant to the completion of the 2021 Private Placement, on April 30, 2021, the Company issued 18,546,000 transferable share purchase warrants at an exercise price of \$0.10 per share for a period of five years from the date of closing the financing (note 5 (b)). All warrants will vest after a four-month period and are exercisable on September 1, 2021. The warrants were assigned a value of \$417,989 upon issuance which was recorded within the Warrants reserve; in addition, legal costs of \$4,382 associated with the financing were incurred which were netted against the warrants reserve.

The following weighted average assumptions were used to estimate the grant date fair value of these warrants using the Black Scholes model:

	April 30, 2021
Expected dividend yield	0.00%
Expected stock price volatility	100%
Risk-free interest rate	1.05%
Expected life of the warrants	5.00 years
Grant date fair value per warrant	\$0.049

As at September 30, 2022, the Company had the following warrants outstanding:

Number outstanding	Exercisable	Exercise Price per Share	Expiry Date	Life remaining
8,620,000	8,620,000	\$0.10	September 30, 2025	3.00 years
18,546,000	18,546,000	\$0.10	April 30, 2026	3.58 years

7. Related party transactions

Related parties are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. Related parties of the Company include the members of the Board of Directors, officers of the Company, close family members of these individuals, and any companies controlled by these individuals. Pathway Capital Ltd (“Pathway”) is considered a related party of the Company as it is controlled by the Chief Executive Officer and a director of the Company.

On November 26, 2018, Level 14 entered into an administrative services agreement with Pathway to pay for rent and other administrative services. On September 1, 2020, this agreement was modified to include management fees in addition to the services already provided by Pathway. During the three and nine months ended September 30, 2022, Level 14 paid or accrued \$15,000 and \$45,000 respectively to Pathway under the agreement (2021 - \$15,000 and \$45,000), these expenses are included under general and administrative expenses and management fees in the consolidated statement of loss and comprehensive loss. As at September 30, 2022, Level 14 had an accounts payable balance of \$29,016 owing to Pathway (December 31, 2021 - \$nil).

LEVEL 14 VENTURES LTD.

CONDENSED CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

(Unaudited)

Expressed in Canadian dollars unless otherwise stated

On April 27, 2022 the Company acquired Bridle from a related party for 36,000,000 common shares of the Company and a 1% net smelter returns royalty on Colpayoc; in addition Level 14 agreed to repay the US\$624,431 shareholder loan of Bridle (note 4).

Members of the Board of Directors and certain officers of the Company and their close family members purchased a total of 5,000,000 shares of the Company in the concurrent financing on April 27, 2022 (note 5(b)) and 14,436,800 shares of the Company in the private placement on April 30, 2021 (note 5(b)).

Compensation of key management personnel:

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Level 14 considers its Board of Directors, as well as the CEO and CFO to be key management personnel.

During the three and nine months ended September 30, 2022, the Company's compensation cost for key management personnel was as follows:

	Three Months ended September 30, 2022	Three Months ended September 30, 2021	Nine Months ended September 30, 2022	Nine Months ended September 30, 2021
	\$	\$	\$	\$
Salaries and Wages ¹	21,000	11,640	56,850	41,735
Share-based compensation	2,735	-	2,735	-
Total	23,735	11,640	59,585	41,735

¹Included in Salaries and Wages are management fees relating to the Pathway agreement of \$9,000 and \$27,000 for the three and nine months respectively ended September 30, 2022 (2021 - \$9,000 and \$27,000, respectively)

8. Segmented Information

The Company's business consists of only one reportable segment being exploration and evaluation of mineral properties located in Canada. Non-current assets by country are as follows:

	September 30, 2022			December 31, 2021		
	Canada	Peru	Total	Canada	Peru	Total
Exploration and evaluation asset	229,657	8,746,175	8,975,832	229,657	-	229,657

9. Financial Instruments

As at September 30, 2022, the Company's financial instruments consist of cash, receivables, and accounts payable. The Company classifies cash and receivables as financial assets held at amortized cost. The Company classifies accounts payable as financial liabilities, and these are held at amortized cost. The fair value of all of the Company's financial instruments approximates their carrying value.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

LEVEL 14 VENTURES LTD.

CONDENSED CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

(Unaudited)

Expressed in Canadian dollars unless otherwise stated

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during the nine months ended September 30, 2022 or 2021.

The risk exposure arising from these financial instruments is summarized as follows:

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial assets are cash and receivables. The Company holds its cash in bank accounts with highly rated financial institutions, therefore minimizing the Company's credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company has sufficient funds as of September 30, 2022 to cover its liabilities. The Company's ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on future support of shareholders through public or private equity offerings.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments.

As at September 30, 2022, the Company is exposed to currency risk through its assets and liabilities denominated in US dollars and Peruvian nuevo soles. A significant change in these exchange rates could have an adverse effect on the Company's results of operations, financial position, or cash flows. The Company has not hedged its exposure to currency fluctuations.

Based on the balances held in foreign currencies as at September 30, 2022, and assuming all other variables remain constant, a 10% change in the value of the Canadian dollar against the US dollar and Peruvian nuevo soles would result in an increase/decrease of approximately \$24,211 in assets.

The Company carries no interest-bearing debt and so is not at risk of interest rate movements at present.

10. Capital Management

In the management of capital, the Company includes the components of shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral projects for the benefit of its stakeholders. As the Company is in the exploration stage, it has no income from operations, and its principal source of funds is from the issuance of its common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, or dispose of assets.

The Company's investment practice is to invest its excess cash in highly liquid short-term interest-bearing investments selected with regards to expected timing of its expenditures. The Company is not subject to any externally imposed capital requirements.