Level 14 Ventures Ltd.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Level 14 Ventures Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Level 14 Ventures Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Accounting for the acquisition of Bridle Capital Ltd.</u>

As described in Notes 1, 5 and 8 to the consolidated financial statements, during the year ended December 31, 2022 the Company acquired Bridle Capital Ltd. from vendors that included a related party. As more fully described in Note 3, the Company treated the transaction as the acquisition of assets, rather than a business combination.

The principal considerations for our determination that the accounting for the acquisition of Bridle Capital Ltd. is a key audit matter are that accounting acquisitions is complex and requires management to exercise judgement to determine the appropriate accounting treatment, including whether the acquisition should be accounted for as a business combination or acquisition of assets, and estimating the fair value of net assets acquired. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments and estimates made by management in their assessment of accounting for the transaction and fair value of net assets acquired.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the transaction, including review of related agreements to understand the key terms and conditions;
- Reviewing management's assessment of whether the transaction constituted an acquisition of assets;
- Evaluating management's determination of the fair value of net assets acquired, including fair value of consideration provided;
- Reviewing management's assessment of related party ownership and disclosures;
- Assessing the adequacy of the disclosures of the transaction in Notes 1, 3, 5, and 8.

Accounting for the option agreement to acquire Colpayoc SAC

As described in Notes 1, 2, and 5 to the consolidated financial statements, during the year ended December 31, 2022 the Company acquired, through the acquisition of Bridle Capital Ltd., an option agreement to acquire a company, Colpayoc SAC. As more fully described in Note 3, the Company treated the option to acquire Colpayoc SAC, and related costs pursuant to the option agreement, as a deferred acquisition costs asset.

The principal considerations for our determination that the accounting for the acquisition of option agreement to acquire a company, Colpayoc SAC**.** is a key audit matter are that accounting treatment is complex and requires management to exercise judgement to determine the appropriate method of accounting treatment. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments and estimates made by management in their assessment of the appropriate accounting treatment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the option agreement, including review of related agreements to understand the key terms and conditions;
- Evaluating management's assessment of whether the acquisition of the option agreement constituted control of Colpayoc SAC;
- Evaluating management's determination of the accounting treatment, and value attributed to the option agreement, including expenditures required under the option agreement;
- Assessing the adequacy of the disclosures of the transaction in Notes 1, 2, 3 and 5.

Assessment of Impairment Indicators of Exploration and Evaluation Asset ("E&E Asset") and Deferred Acquisition Costs ("DAC")

As described in Notes 4 and 5 to the consolidated financial statements, the carrying amount of the Company's E&E Asset, and DAC was $229,657 and $9,550,391 respectively as of December 31, 2022. As more fully described in Note 2 and 3 to the consolidated financial statements, management assesses the E&E Asset and DAC for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Asset and DAC is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for these assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue use of, or to advance with these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset and DAC.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators including the Colpayoc SAC's properties underlying the DAC asset;
- Evaluating the intent for the E&E Asset and DAC through discussion and communication with management;
- Reviewing agreements to determine if the Company is compliant with terms of the option agreement to acquire Colpayoc SAC;
- Reviewing the Company's recent expenditure activity;
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Asset and properties underlying the DAC asset are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Guy Thomas.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 27, 2023

LEVEL 14 VENTURES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31
(Expressed in Canadian dollars)

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash		**1,664,243**	**748,423**
Receivables		**33,114**	**11,731**
Cash advance	5	**-**	**424,713**
Total current assets		**1,697,357**	**1,184,867**
Non-current assets			
Exploration and evaluation asset	4	**229,657**	**229,657**
Deferred acquisition costs	5	**9,550,391**	**-**
Total assets		**11,477,405**	**1,414,524**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	**103,884**	**45,990**
Total liabilities		**103,884**	**45,990**
SHAREHOLDERS' EQUITY			
Share capital	6	**11,751,273**	**1,323,692**
Share-based compensation reserve	6 (c)	**304,267**	**54,861**
Warrant reserve	7	**581,802**	**581,802**
Deficit		**(1,263,821)**	**(591,821)**
Total shareholders' equity		**11,373,521**	**1,368,534**
Total liabilities and shareholders' equity		**11,477,405**	**1,414,524**

Nature of operations and going concern (note 1)

Approved by the Board of Directors on April 27, 2023

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

Director ***Director***

LEVEL 14 VENTURES LTD.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in Canadian dollars)

	Note	2022 $	2021 $
Expenses			
Exploration expenses	4	45,991	46,857
Foreign exchange loss		37,955	(1,239)
General and administrative	8	40,004	36,260
Insurance expense		12,100	11,000
Listing and filing fees		24,504	22,663
Management fees	8	36,000	36,000
Marketing fees		61,820	-
Professional fees		123,370	104,259
Salaries and wages	8	40,850	16,723
Share-based compensation	6(c), 8	249,406	-
Loss and Comprehensive loss for the year		**(672,000)**	**(272,523)**
Loss per share			
Basic and diluted		**(0.01)**	**(0.01)**
Weighted average number of common shares outstanding (basic and diluted)		**74,851,227**	**33,033,997**

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

(Expressed in Canadian dollars)

	Note	Common shares Number	Share capital $	Warrants reserve $	Share-based compensation reserve $	Deficit $	Total $
Balance, December 31, 2020		**20,534,501**	**727,962**	**168,195**	**54,861**	**(319,298)**	**631,720**
Shares issued for private placement	6(b)	18,546,000	602,041	417,989	-	-	1,020,030
Shares issuance costs	6(b)	-	(6,311)	(4,382)	-	-	(10,693)
Loss and comprehensive loss for the year		-	-	-	-	(272,523)	(272,523)
Balance, December 31, 2021		**39,080,501**	**1,323,692**	**581,802**	**54,861**	**(591,821)**	**1,368,534**
Shares issued for private placement	6(b)	16,435,000	3,287,000	-	-	-	3,287,000
Share issuance costs	6(b)	-	(59,419)	-	-	-	(59,419)
Shares issued on asset acquisition	5	36,000,000	7,200,000	-	-	-	7,200,000
Share-based compensation	6(c)	-	-	-	249,406	-	249,406
Loss and comprehensive loss for the year		-	-	-	-	(672,000)	(672,000)
Balance, December 31, 2022		**91,515,501**	**11,751,273**	**581,802**	**304,267**	**(1,263,821)**	**11,373,521**

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

LEVEL 14 VENTURES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in Canadian dollars)

	Note	2022 $	2021 $
Cash flows provided by (used in)			
Operating Activities			
Loss for the year		**(672,000)**	**(272,523)**
Items not affecting cash:			
Unrealized foreign exchange loss		**82,551**	**(1,239)**
Share-based compensation		**249,406**	**-**
Changes in non-cash working capital:			
Accounts payable and accrued liabilities	8	**(19,633)**	**(10,478)**
Receivables		**(8,292)**	**(1,568)**
		(367,968)	**(285,808)**
Financing Activities			
Issuance of share capital for cash	6(b)	**3,287,000**	**1,020,030**
Loan payable	5	**(814,820)**	**-**
Share issuance costs	6(b)	**(59,419)**	**(10,693)**
		2,412,761	**1,009,337**
Investing Activities			
Advance to Bridle Capital Ltd.	5	**(383,268)**	**(423,474)**
Acquisition of Bridle Capital Ltd - cash	5	**76,477**	**-**
Transaction costs on acquisition	5	**(3,000)**	**-**
Deferred acquisition costs	5	**(819,182)**	**-**
		(1,128,973)	**(423,474)**
Increase in cash for the year		**915,820**	**300,055**
Cash - beginning of year		**748,423**	**448,368**
Cash - end of year		**1,664,243**	**748,423**

Non-cash financing and investing activities

Shares issued for acquisition of Bridle Capital Ltd.	5	7,200,000	-
Warrants issued pursuant to private placement	8	-	417,989

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

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 three wholly-owned subsidiaries, 1246931 B.C. Ltd ("1246931"), Bridle Capital Ltd ("Bridle") and Kobe Resources Ltd. ("Kobe") 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 one exploration property held through 1246931; the Green Mountain Property (note 4), located in British Columbia, Canada.

In addition to the Green Mountain Property, the Company has an option agreement, through its subsidiary Bridle, to acquire Colpayoc SAC ("Colpayoc") which owns the Jose IV, Jose V, and El Ferrol properties in Cajamarca, Peru (note 5).

These consolidated 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 $672,000 for the year ended December 31, 2022, and as at December 31, 2022 had an accumulated deficit of $1,263,821. 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.

During the first calendar quarter of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization; this has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot yet be determined, but they could have a prospective material impact to the Company's exploration activities, its ability to raise financing and therefore the Company's cash flows and liquidity. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company are not known at this time.

2. Basis of presentation and significant accounting policies

Statement of Compliance

These financial statements have been prepared in accordance 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").

Basis of Presentation

These financial statements have been prepared on a historical cost basis, except for any financial assets and liabilities held at fair value, as explained in the accounting policies set out below. The financial statements are presented in Canadian Dollars, which is the functional currency of the Company and its subsidiaries.

Consolidation of subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are recorded at cost and fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. 1246931, Kobe, and Bridle are located in Canada while Bridle holds a subsidiary located in Peru.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Significant accounting policies

Cash

Cash consists of cash held on demand with banks.

Exploration and evaluation assets

Acquisition costs of mineral claims are initially capitalized as exploration and evaluation assets as incurred and include cash consideration and the fair value of shares issued on the acquisition of mineral properties. Exploration and pre-extraction expenditures are expensed as incurred until such time as technical feasibility and commercial viability of the mineral properties is demonstrable, after which subsequent expenditures relating to development activities for that particular project are capitalized as incurred.

When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and will be depreciated using the units of production method on commencement of commercial production.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating units or "CGUs").

If an indicator of impairment exists, the recoverable amount of the asset or CGU is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Deferred acquisition costs

Deferred acquisition costs represent cumulative costs incurred directly attributable to the uncompleted acquisition of a target company and its related net assets. Once complete, the Company will consolidate the entity, or in the event of non-completion, such costs will be written-off. The Company assesses the deferred acquisition costs for impairment indicators each reporting period, including assessment of the target company's underlying net assets.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and

- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

At present, the Company classifies cash, receivables and cash advances as held at amortized cost.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an instrument that is subsequently measured at FVTPL is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are recognized in profit or loss.

Other non-derivative financial liabilities, are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Flow through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. Upon issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the difference between the current market price of the Company's common shares and the issue price of the flow through share (initially recognized as a liability) and ii) share capital. Upon eligible exploration expenses being incurred, the premium is then amortized pro-rata to profit or loss. Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years.

Income (loss) per share

Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. The computation of diluted income (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on income (loss) per share. The assumed proceeds upon the exercise of stock options and warrants are assumed to be used to purchase common shares at the average market price during the period. This calculation proved to be anti-dilutive for the years presented.

Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Deferred income tax is provided for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with Company's accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. A valuation allowance is recorded against any deferred tax asset if it is not probable to be utilized against future taxable profit.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

Share capital and share issuance costs

Costs directly attributable to the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to profit or loss if the shares are not issued.

When the Company issues shares with a warrant attached, the Company allocates the transaction price proportionately based on the relative fair value of each instrument, being the common share and the warrant, at grant date. The fair value of warrants is determined by using the Black-Scholes option pricing model. The value assigned to the common share is recorded in share capital and the value assigned to the warrants is recorded within the reserves. If and when the warrants are exercised, the applicable original amounts of reserve for warrants are transferred to issued capital. The proceeds generated from the payment of the exercise price are also allocated to issued capital.

Share-based compensation

The fair value of the share-based compensation awards for stock options and compensation warrants is determined at the date of grant using the Black-Scholes option pricing model. The fair value of the award is charged to profit or loss (unless they are considered to be share issuance costs in which case they are booked as a reduction to share capital) and credited to the Share-based compensation reserve (within Shareholders' Equity on the Statement of Financial Position) rateably over the vesting period, after adjusting for the number of awards that are expected to vest. Expenses recognized for forfeited unvested awards are reversed. Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified over the original vesting period. In addition, an expense is recognized for any modification which increases the total fair value of the share-based payment arrangement as measured at the date of modification, over the remainder of the vesting period.

Equity-based compensation issued to non-employees for services performed is recorded at the fair value of the services performed unless this value cannot be determined reliably in which case the compensation issued is valued with reference to the fair value of the equity instruments granted. This compensation is recorded on the date the services are performed.

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 Level 14 and all its subsidiaries 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.

Exchange differences arising on the translation of monetary and non-monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

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.

- Management considers the acquisition of Bridle to be an acquisition of assets rather than a business. The Company considered Bridle's inputs, processes and outputs in its deliberation and found that the acquisition did not meet the requirements to constitute a business as per IFRS 3.

Expressed in Canadian dollars unless otherwise stated

- The functional currency of the Company is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders functional currency if there is a change in events and conditions which determine the primary economic environment.

- The Company has entered into an agreement to acquire a company holding mineral projects. The expenditures incurred on the mineral projects are being accounted for as advances toward the purchase of a company interest in accordance with IFRS 10 and capitalized to the statement of financial position. Upon attaining control of the company, the Company will consolidate it as a subsidiary. On a quarterly basis, the Company assesses the deferred acquisition costs to determine if any impairment indicators are present.

Estimates

- In calculating the fair value of the share-based compensation and warrants, management uses the Black Scholes Option Pricing Model which includes estimates related to the Company's share price volatility and expected life of the instruments.

- In calculating the fair value of the flow-through shares and warrants, management uses the Black Scholes Option Pricing Model which includes estimates related to the Company's share price volatility and expected life of the instruments.

- The fair value of the assets and liabilities purchased with Bridle Capital Ltd. on April 27, 2022 (note 5) have been estimated by management by allocating the fair value of the consideration shares which were issued in the concurrent financing.

- 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. The assessment includes project plan evaluation, exploration rights, project economics, political instability, mineral prices and other applicable factors.

4. Exploration and Evaluation Asset

Green Mountain Property

On October 7, 2020 the Company acquired 1246931 B.C. Ltd at a cost of $229,657 from a related party. 1246931 B.C. Ltd. owns the mineral rights of the Green Mountain Property, located in British Columbia, Canada. The property is subject to a net smelter returns royalty ("NSR") of 1.5% in favor of the vendor.

Exploration expenditures

During the years ended December 31, 2022 and 2021 the Company incurred the following exploration expenditures, which were expensed as incurred:

	Year ended December 31, 2022	**Year ended December 31, 2021**
Green Mountain		
Field office costs	-	5,735
Geological	35,031	41,112
	35,031	46,857

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Project investigation costs		
Geological	10,960	-
	10,960	-
Total	**45,991**	**46,857**

5. Deferred Acquisition Costs

	Year ended December 31, 2022	Year ended December 31, 2021
Opening balance	-	-
Fair value allocated per Bridle acquisition	8,731,209	-
Paid to optionors per agreements post Bridle acquisition	68,644	-
Advances to Colpayoc	750,538	-
Closing balance	9,550,391	-

Bridle Acquisition

On April 27, 2022 the Company acquired a 100% interest in Bridle from vendors that included a related party (note 8) for 36,000,000 common shares of the Company valued at $7,200,000. Bridle holds an option agreement to acquire Colpayoc, which owns interests in the Jose IV, Jose V and El Ferrol properties. In addition the Company agreed to repay a US$624,431 (C$799,084) shareholder loan held by Bridle. The Company incurred $3,000 in legal costs relating to the transaction. The properties are subject to a 2% NSR on the Jose properties and a 1% NSR on the El Ferrol property in favor of the vendors.

The acquisition was treated as an acquisition of assets and the consideration allocated to the acquired assets and liabilities based on estimated fair values at the time of acquisition. Any residual value has been allocated to deferred acquisition costs.

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

Purchase price:

Common shares issued	$7,200,000
Legal costs	$3,000
Total purchase price	$7,203,000

Net assets acquired:

Cash	$76,477
Accounts receivable	$13,090
Accounts payable and accrued liabilities	($77,526)
Loan payable to Level 14	($741,166)
Loan payable to shareholder	($799,084)
Deferred acquisition costs	$8,731,209
Total net assets acquired	$7,203,000

At the time of the acquisition there was an outstanding shareholder loan payable held by Bridle of US$624,431(C$799,084) due to the vendor of Bridle. The loan payable was paid in full on June 23, 2022 for C$814,820. In addition the Company had advanced $424,317 (US$335,000) to Bridle as at December 31, 2021 and with further advances of $316,849 (US$249,500) was owed $741,166 (US$584,500) at the time of acquisition.

Colpayoc

Through the acquisition of Bridle, the Company assumed its option agreement with Colpayoc to earn up to 100% of Colpayoc, which holds the Jose IV and V mineral claims located in Cajamarca, Peru. In addition, the Company has an option agreement with Sociedad Minera Chetilla S.R.L. to acquire 100% of the El Ferrol mineral claims, also located in Cajamarca, Peru. The Company is the operator of the program and is solely funding Colpayoc.

Jose IV and V

The Company may earn a 75% interest in Colpayoc upon completion of US$3 million in expenditures within two years of the Approvals date (the date in which all approvals required to perform full exploration of the property including all permits is granted, this date has not yet been determined due to instability in the region) and a US$1,500,000 payment to the optionors . After earning the 75% interest, the Company can acquire the remaining 25% upon comple
tion of an additional US$2,000,000 in expenditures within four years of the Approvals date and a US$1,500,000 payment to the optionors. A payment of $689,386 (US$500,000) has been made to the optionors towards this agreement and $1,180,867 (US$871,875) (inclusive of pre-acquisition costs) towards expenditures as of December 31, 2022. These amounts are included in deferred acquisition costs.

El Ferrol

The Company may earn a 100% interest in the El Ferrol property through payments of US$250,000 to the optionors by July 7, 2024. The Company paid $143,331 (US$100,000) towards this agreement as at December 31, 2022 and is included in deferred acquisition costs.

6. 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 year ended December 31, 2022

On April 27, 2022 the Company completed its acquisition of Bridle Capital Ltd (note 5 and 8) through the issuance of 36,000,000 common shares valued at $7,200,000.

In connection with the acquisition, the Company completed a non-brokered private placement financing and issued 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 $59,419 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

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$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 7).

c) Stock Options

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. The value of the options granted was $716,328 (2021 - $nil) or $0.12 (2021 - $nil) per option.

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

	September 1, 2022
Expected dividend yield	0.00%
Expected stock price volatility	105%
Risk-free interest rate	3.32%
Expected life of the options	5.00 years
Grant date fair value per option	$0.116

During the year ended December 31 2022, the total share-based compensation recognized by the Company was $249,406 (2021 - $nil).

A continuity schedule for stock options is as follows:

	Number of Options	**Weighted Average Exercise Price**
Outstanding as of December 31, 2020	1,700,000	$0.10
Granted	-	-
Outstanding as of December 31, 2021	**1,700,000**	**$0.10**
Granted	6,175,000	$0.20
Outstanding as of December 31, 2022	**7,875,000**	**$0.18**

As at December 31, 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	0.96 years
1,000,000	1,000,000	$0.10	September 18, 2025	2.72 years
6,175,000	0	$0.20	September 1, 2027	4.68 years
7,875,000	1,700,000			

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d) Shares in Escrow

As at December 31, 2022, 4,982,100 (2021 – 9,964,201) 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.

7. Warrants

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

	Number of warrants
Outstanding as of December 31, 2020	8,620,000
Granted	18,546,000
Outstanding as of December 31, 2021	**27,166,000**
Granted	-
Outstanding as of December 31, 2022	**27,166,000**

Pursuant to the completion of the 2021 Private Placement, on April 30, 2021, the Company granted 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 6 (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 December 31, 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	2.75 years
18,546,000	18,546,000	$0.10	April 30, 2026	3.33 years

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8. 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, the Company 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 year ended December 31, 2022, the Company paid or accrued $60,000 to Pathway under the agreement (2021 - $60,000), these expenses are included under general and administrative expenses and management fees in the consolidated statement of loss and comprehensive loss. As at December 31, 2022, the Company had an accounts payable balance of $28,739 owing to Pathway (December 31, 2021 - $nil).

On April 27, 2022 the Company acquired Bridle and issued 30,000,000 common shares valued at $6,000,000 to a significant shareholder. The Company also granted a 1% NSR on the Jose IV, Jose V and El Ferrol properties, and repaid the $814,820 (US$624,431) shareholder loan of Bridle (note 5).

As at December 31, 2022 members of the Board of Directors and certain officers of the Company and their close family members held a combined ownership of the Company of 84.34% (2021 – 81.15%).

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. The Company considers its Board of Directors, as well as the CEO and CFO to be key management personnel.

During the year ended December 31, 2022 and 2021, the Company's compensation cost for key management personnel was as follows:

	Year ended December 31, 2022 $	**Year ended December 31, 2021 $**
Salaries and Wages[1]	76,850	52,723
Share-based compensation	191,851	-
Total	268,701	52.723

[1]*Included in Salaries and Wages are management fees relating to the Pathway agreement of $36,000 for the year ended December 31, 2022 (2021 - $36,000)*

9. Segmented Information

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

	December 31, 2022			**December 31, 2021**		
	Canada	Peru	Total	Canada	Peru	Total
Exploration and evaluation asset	$229,657	$ -	$ 229,657	$229,657	$ -	$229,657
Deferred acquisition costs	-	9,550,391	9,550,391	-	-	-
	$229,657	$9,550,391	$9,780,048	$229,657	$ -	$229,657

10. Financial Instruments

As at December 31, 2022, the Company's financial instruments consist of cash, receivables, cash advances and accounts payable. The Company classifies cash, cash advances 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 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 years ended December 31, 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 it cash in bank accounts with highly rated financial institutions, therefore minimizing the Company's credit risk. Receivables are due from government agencies.

(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 December 31, 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 December 31, 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 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 December 31, 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 $10,870 in assets.

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

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11. 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. The Company's approach to capital management has not changed in the years presented.

12. Income Tax

Reconciliation of Effective Tax Rate

The Company is subject to Canadian federal and provincial tax for the estimated assessable profit at a rate of 27%. The Company had no assessable profit for all periods disclosed.

The tax expense at statutory rates for the Company can be reconciled to the reported loss for the year as follows:

	2022 **$**	**2021** **$**
Loss before income taxes	**672,000**	272,523
Statutory income tax rate	**27%**	27%
Income tax recovery	**181,440**	73,581
Non-deductible expenses	**(44,067)**	(10,384)
Share issuance costs	**16,043**	2,887
Difference in foreign tax rate and impact of foreign exchange	**(45,565)**	-
Impact of acquisition	**84,560**	-
Tax effect of net deferred tax assets not recognized	**(192,411)**	**(66,084)**
Total income tax expense	**-**	**-**

Deferred Income Taxes

As at December 31, 2022, the Company's net unrecognized deferred income tax assets amount to $343,917 (2021 - $151,506).

The Company's unrecognized deferred income tax assets are as follows:

	2022 **$**	**2021** **$**
Non-capital losses	**321,959**	140,823
Financing costs	**17,754**	8,160
Exploration and evaluation asset	**4,204**	2,523
Total deferred income tax assets	**343,917**	151,506

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In assessing the recoverability of deferred tax assets other than deferred tax assets resulting from the initial recognition of assets and liabilities that do not affect accounting or taxable profit, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. As the Company has no operations, enough evidence is not yet available to determine if the Company will be able to recognize its deferred tax assets. None of the deferred tax assets have therefore been recognized in the Company's Statement of Financial Position.

The significant components of the Company's deductible (taxable) temporary differences are as follows:

		2022 ($)	**2021 ($)**	**Expiry Dates**
Non-capital losses:				
	2018	8,376	8,376	2038
	2019	53,419	53,419	2039
	2020	447,295	222,104	2040
	2021	308,309	237,669	2041
	2022	364,078	-	2042
		1,181,477	521,568	
Financing costs		65,755	30,222	Not applicable
Exploration and evaluation asset		15,569	9,344	Not applicable
Unused temporary differences		**1,262,801**	**561,134**	