Level 14 Ventures Ltd.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2023 and 2022

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 JUNE 30, 2023 AND DECEMBER 31, 2022
(Expressed in Canadian dollars)
(Unaudited)

	Note	June 30, 2023 $	December 31, 2022 $
ASSETS			
Current assets			
Cash		**997,400**	**1,664,243**
Receivables		**43,851**	**33,114**
Prepaid expenses		**16,550**	**-**
Assets held for sale	6	**12,513**	**-**
Total current assets		**1,070,314**	**1,697,357**
Non-current assets			
Exploration and evaluation asset	4	**-**	**229,657**
Deferred acquisition costs	5	**9,829,696**	**9,550,391**
Total assets		**10,900,010**	**11,477,405**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	**169,344**	**103,884**
Dividend payable	6	**150,000**	**-**
Total liabilities		**319,344**	**103,884**
SHAREHOLDERS' EQUITY			
Share capital	7	**11,751,273**	**11,751,273**
Share-based compensation reserve	7 (c)	**556,045**	**304,267**
Warrant reserve	8	**581,802**	**581,802**
Deficit		**(2,308,454)**	**(1,263,821)**
Total shareholders' equity		**10,580,666**	**11,373,521**
Total liabilities and shareholders' equity		**10,900,010**	**11,477,405**

Nature of operations and going concern (note 1)
Subsequent events (note 13)

Approved by the Board of Directors on August 28, 2023

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

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

(Expressed in Canadian dollars)

	Note	Three months ended June 30, 2023 $	Three months ended June 30, 2022 $	Six months ended June 30, 2023 $	Six months ended June 30, 2022 $
Expenses					
Exploration expenses	4	12,478	22,156	33,975	22,156
Foreign exchange (gain) loss		(27,086)	70,809	(15,859)	81,700
General and administrative	9	10,457	8,298	30,188	21,813
Impairment of exploration asset	4	229,657	-	229,657	-
Insurance expense		3,025	3,025	6,050	6,050
Listing and filing fees		10,319	3,731	15,519	9,759
Management fees	9	9,000	9,000	18,000	18,000
Marketing fees		30,000	25,300	60,000	25,300
Professional fees		72,868	23,552	101,950	42,099
Salaries and wages	9	5,500	10,625	20,500	17,850
Share-based compensation	7(c), 9	96,737	-	251,778	-
Loss and comprehensive loss for the period		**452,955**	**176,496**	**751,758**	**244,727**
Loss per share					
Basic and diluted		**(0.01)**	**(0.00)**	**(0.01)**	**(0.00)**
Weighted average number of common shares outstanding (basic and diluted)		**91,515,501**	**76,534,072**	**91,515,501**	**57,910,750**

(Expressed in Canadian dollars)

	Note	Common shares Number	Share capital $	Warrants reserve $	Share-based compensation reserve $	Deficit $	Total $
Balance, December 31, 2021		**39,080,501**	**1,323,692**	**581,802**	**54,861**	**(591,821)**	**1,368,534**
Shares issued for private placement	7(b)	16,435,000	3,287,000	-	-	-	3,287,000
Share issuance costs	7(b)	-	(59,419)	-	-	-	(59,419)
Shares issued on asset acquisition	5, 7(b)	36,000,000	7,200,000	-	-	-	7,200,000
Loss and comprehensive loss for the period		-	-	-	-	(68,231)	(68,231)
Balance, June 30, 2022		**91,515,501**	**11,751,273**	**581,802**	**54,861**	**(836,548)**	**11,551,388**
Balance, December 31, 2022		91,515,501	11,751,273	581,802	304,267	(1,263,821)	11,373,521
Share based compensation	7(c)	-	-	-	251,778	-	251,778
Spin-off transactions	6	-	-	-	-	(292,875)	(292,875)
Loss and comprehensive loss for the period		-	-	-	-	(751,758)	(751,758)
Balance, June 30, 2023		**91,515,501**	**11,751,273**	**581,802**	**556,045**	**(2,308,454)**	**10,580,666**

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

LEVEL 14 VENTURES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)

	Note	Three months ended June 30, 2023 $	Three months ended June 30, 2022 $	Six months ended June 30, 2023 $	Six months ended June 30, 2022 $
Cash flows provided by (used in)					
Operating Activities					
Loss for the period		**(452,955)**	**(176,496)**	**(751,758)**	**(244,727)**
Items not affecting cash:					
Unrealized foreign exchange loss		**-**	**71,659**	**-**	**82,550**
Share-based compensation		**96,737**	**-**	**251,778**	**-**
Impairment of Exploration asset	4	**229,657**		**229,657**	
Changes in non-cash working capital:					
Accounts payable and accrued liabilities	9	**123,493**	**(43,575)**	**73,460**	**(37,690)**
Receivables		**(6,228)**	**(8,545)**	**(12,199)**	**(6,067)**
Prepaid expenses		**(7,475)**	**3,025**	**(16,550)**	**(727)**
		(29,646)	**(153,932)**	**(238,487)**	**(206,661)**
Financing Activities					
Issuance of share capital	7(b)	**-**	**3,287,000**	**-**	**3,287,000**
Share issuance costs	7(b)	**-**	**(59,419)**	**-**	**(59,419)**
Repayment of loan	5	**-**	**(814,820)**	**-**	**(814,820)**
		-	**2,412,761**	**-**	**2,412,761**
Investing Activities					
Spin-off transactions	6	**(161,926)**	**-**	**(161,926)**	**-**
Advance to Bridle Capital Ltd.	5	**-**	**-**	**-**	**(383,268)**
Acquisition of Bridle Capital Ltd.	5	**-**	**76,477**	**-**	**76,477**
Transaction costs on acquisition	5	**-**	**(3,000)**	**-**	**(3,000)**
Deferred acquisition costs	5	**(174,015)**	**(202,537)**	**(279,305)**	**(202,537)**
		(335,941)	**(129,060)**	**(441,231**	**(512,328)**
Increase in cash for the period		**(352,712)**	**2,129,769**	**(666,843)**	**1,693,772**
Cash – beginning of period		**1,350,112**	**312,426**	**1,664,243**	**748,423**
Cash – end of period		**997,400**	**2,442,195**	**997,400**	**2,442,195**

The accompanying notes form an integral part of these unaudited condensed 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, Green Mountain Resources Ltd. ("GMR", formerly 1246931 B.C. Ltd.), 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".

On June 7, 2023, the Company and its two wholly owned subsidiaries, GMR and Kobe, entered into an arrangement agreement with respect to a plan of arrangement (the "Arrangement") to give effect to the spin-off of GMR and Kobe. The Arrangement was approved by the shareholders of the Company on June 27, 2023 (note 6).

The Company is an exploration stage mining company with one exploration property held through GMR; 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 unaudited 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 $764,632 for the six months ended June 30, 2023, and as at June 30, 2023 had an accumulated deficit of $2,308,453. 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 3200, 733 Seymour Street, Vancouver, BC, V6B 5J3.

2. Basis of presentation and significant accounting policies

Statement of Compliance

These unaudited 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 unaudited 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, 2022.

The accounting policies followed in these unaudited 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, 2022.

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.

Changes in accounting standards

There are no upcoming changes in accounting standards which are expected to materially 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 unaudited 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.

Significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the annual financial statements as at and for the year ended December 31, 2022 except for below:

Judgements

- In calculating the fair value of GMR and Kobe for purposes of the Arrangement (note 6) the Company used replacement cost as the valuation methodology, based on the legal, accounting and administration costs incurred to date by those entities.

4. Exploration and Evaluation Asset

Green Mountain Property

On October 7, 2020 the Company acquired GMR at a cost of $229,657 from a related party. GMR 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.

During the six months ended June 30, 2023, as a result of the Company no longer having any planned or budgeted expenditures for further exploration, the Company identified that it had an impairment indicator with respect to the Green Mountain Property. After an impairment analysis was performed, it was determined that the Green Mountain property should be fully impaired resulting in the recording of an impairment loss of $229,657 during the three and six months ended June 30, 2023.

Exploration expenditures

During the three and six months ended June 30, 2023 and 2022 the Company incurred the following exploration expenditures, which were expensed as incurred:

Expressed in Canadian dollars unless otherwise stated

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Green Mountain				
Field office costs	2,206	-	2,849	
Geological	-	13,490	-	13,490
	2,206	13,490	2,849	13,490
Project investigation costs				
Geological	10,272	8,666	31,126	8,666
	10,272	8,666	31,126	8,666
Total	**12,478**	**22,156**	**33,975**	**22,156**

5. Deferred Acquisition Costs

	Deferred acquisition costs
Balance as of December 31, 2021	-
Fair value allocated per Bridle acquisition	8,731,210
Paid to optionors per agreements post Bridle acquisition	68,643
Advances to Colpayoc	750,538
Balance as of December 31, 2022	9,550,391
Advances to Colpayoc	279,305
Balance as of June 30, 2023	9,829,696

Bridle Acquisition

On April 27, 2022 the Company acquired a 100% interest in Bridle from vendors that included a related party (note 9) 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

Expressed in Canadian dollars unless otherwise stated

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 by August 17, 2025 and a US$1,500,000 payment to the optionors . After earning the 75% interest, the Company can acquire the remaining 25% upon completion of an additional US$2,000,000 in expenditures by August 17, 2027 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 $1,429,840 (US$1,079,940) (inclusive of pre-acquisition costs) towards expenditures as of June 30, 2023. 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 June 30, 2023 and is included in deferred acquisition costs.

6. Spinout of subsidiaries

On June 7, 2023, the Company and its two wholly owned subsidiaries, Green Mountain Resources Ltd. ("GMR") and Kobe Resources Ltd. ("Kobe"), entered into an arrangement agreement with respect to a plan of arrangement (the "Arrangement") to give effect to the spin-off of GMR and Kobe. Under the terms of the Arrangement, the shareholders of LVL each receive 1/10th of a share in GMR and 1/10th of a share in Kobe for each share they own in LVL. The Arrangement was approved by the shareholders of the Company on June 27, 2023 (note 13). As a result of the approval of the Arrangement, the assets and liabilities of GMR and Kobe have been classified as assets held for sale as at June 30, 2023 and until such time as the Arrangement closes.

Expressed in Canadian dollars unless otherwise stated

The major classes of assets and liabilities of GMR and Kobe as at June 27, 2023 and June 30, 2023, were as follows:

	GMR	Kobe	Total
Assets	**$**	**$**	**$**
Cash	19,050	1	19,051
Receivables	1,462	-	1,462
Total Assets	20,512	1	20,513
Liabilities			
Accrued liabilities	8,000	-	8,000
Total Liabilities	8,000	-	8,000
Net assets included in spin-off	**12,512**	**1**	**12,513**

The total net assets of GMR and Kobe which total $12,513 have been recorded as assets held for sale as at June 30, 2023.

On the date of the approval of the Arrangement, Management estimated the fair value of each of Kobe and GMR to be $75,000 by using a replacement cost model, being an accumulation of the expenses incurred to date in these entities. This can be seen below:

	GMR	Kobe	Total
	$	**$**	**$**
Legal expenses	60,000	60,000	120,000
Accounting expenses	10,000	10,000	20,000
Administration expenses	5,000	5,000	10,000
Total	**75,000**	**75,000**	**150,000**

This total fair value of $150,000 has been recorded as a dividend payable (with an equal and opposite entry to accumulated deficit) in the Statement of Financial Position for the distribution of the net assets of GMR and Kobe as at June 30, 2023. The Company also incurred legal, accounting and administration costs of $142,875 directly related to the transaction, these costs are included in the accumulated deficit.

7. 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 9) 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.

Expressed in Canadian dollars unless otherwise stated

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 three and six months ended June 30 2023, the total share-based compensation recognized by the Company was $96,737 and $251,778, respectively (2022 - $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 December 31, 2022	**7,875,000**	**$0.18**
Granted	-	-
Outstanding as of June 30, 2023	**7,875,000**	**$0.18**

As at June 30, 2023, 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	0.46 years
1,000,000	1,000,000	$0.10	September 18, 2025	2.22 years
6,175,000	1,543,750	$0.20	September 1, 2027	4.18 years
7,875,000	3,243,750			

Expressed in Canadian dollars unless otherwise stated

d) Shares in Escrow

As at June 30, 2023, 2,491,050 (2022 – 7,473,150) 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.

8. Warrants

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

	Number of warrants
Outstanding as of December 31, 2021	27,166,000
Granted	-
Outstanding as of December 31, 2022	**27,166,000**
Granted	**-**
Outstanding as of June 30, 2023	**27,166,000**

As at June 30, 2023 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	2.25 years
18,546,000	18,546,000	$0.10	April 30, 2026	2.83 years

9. 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 three and six months ended June 30, 2023, Level 14 paid or accrued $15,000 and $30,000 respectively to Pathway under the agreement (2022 - $15,000 and $30,000), these expenses are included under general and administrative expenses and management fees in the consolidated statement of loss and comprehensive loss. As at June 30, 2023, the Company had an accounts payable balance of $29,637 owing to Pathway (December 31, 2022 - $28,739).

Expressed in Canadian dollars unless otherwise stated

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).

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 three and six months ended June 30, 2023 and 2022, the Company's compensation cost for key management personnel was as follows:

	Three months ended June 30, 2023 $	**Three months ended June 30, 2022 $**	**Six months ended June 30, 2023 $**	**Six months ended June 30, 2022 $**
Salaries and Wages[1]	14,500	19,625	38,500	35,850
Share-based compensation	74,413	-	193,675	-
Total	88,913	19,625	232,175	35,850

[1]Included in Salaries and Wages are management fees relating to the Pathway agreement of $9,000 and $18,000 respectively for the three and six months ended June 30, 2023 (2022 - $9,000 and $18,000)

10. 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:

	June 30, 2023			**December 31, 2022**		
	Canada	Peru	Total	Canada	Peru	Total
Exploration and evaluation asset	$ -	$ -	$ -	$229,657	$ -	$ 229,657
Deferred acquisition costs	-	9,829,696	$9,829,696	-	9,550,391	9,550,391
	$ -	$9,829,696	$9,829,696	$229,657	$9,550,391	$9,780,048

11. Financial Instruments

As at June 30, 2023, 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 six months ended June 30, 2023 or 2022.

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 June 30, 2023 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 June 30, 2023, 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 June 30, 2023, 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 $13,116 in assets.

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

12. 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.

13. Subsequent Events

On July 5, 2023 the Arrangement as described in note 6 was completed, as a result GMR and Kobe were deconsolidated and began to operate as separate entities.