

**BIG RED MINING CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the six months ended February 28, 2023**

**(Expressed in Canadian dollars)**

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements; they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of the condensed interim financial statements by an entity's auditor.**

**BIG RED MINING CORP.**  
**Condensed Interim Statements of Financial Position**  
**As at**  
(Expressed in Canadian dollars)

	Note	February 28, 2023	August 31, 2022
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		374,750	502,035
Amounts receivable		96,849	91,247
Interest receivable		-	2,685
Prepays	6	-	12,500
Total current assets		471,599	608,467
Exploration and evaluation assets	5, 6	664,369	655,369
<b>Total assets</b>		<b>\$1,135,968</b>	<b>\$1,263,836</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	6	72,522	70,000
Total current liabilities		72,522	70,000
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	1,603,361	1,594,361
Reserves	7	351,346	336,004
Deficit		(891,261)	(736,529)
Total shareholders' equity		1,063,446	1,193,836
<b>Total liabilities and shareholders' equity</b>		<b>\$1,135,968</b>	<b>\$1,263,836</b>

Nature of operations and going concern (Note 1)  
Subsequent event (Note 10)

Approved on behalf of the Board of Directors on April 26, 2023:

<u>“Jag Sandhu”</u>	<u>“Rodney Stevens”</u>
Director	Director

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

**BIG RED MINING CORP.****Condensed Interim Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars, except number of shares)

		<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	Note	<b>February 28, 2023</b>	<b>February 28, 2022</b>	<b>February 28, 2023</b>	<b>February 28, 2022</b>
		\$	\$	\$	\$
<b>Operating expenses</b>					
Management fees	6	<b>60,000</b>	40,000	<b>120,000</b>	70,000
Marketing		-	35,314	<b>234</b>	50,314
Office and miscellaneous	6	<b>1,906</b>	8,709	<b>6,527</b>	14,448
Professional fees		-	-	<b>923</b>	30,386
Share-based compensation	6, 7	-	96,213	<b>15,342</b>	122,519
Travel expenses		<b>46</b>	5,847	<b>271</b>	10,090
Transfer agent and filing		<b>8,181</b>	9,752	<b>13,074</b>	31,979
<b>Total operating expenses</b>		<b>70,133</b>	<b>195,835</b>	<b>156,371</b>	<b>329,736</b>
<b>Other income</b>					
Interest		<b>1,338</b>	736	<b>1,639</b>	736
<b>Total other income</b>		<b>1,338</b>	<b>736</b>	<b>1,639</b>	<b>736</b>
<b>Net loss and comprehensive loss</b>		<b>\$(68,795)</b>	<b>\$(195,099)</b>	<b>\$(154,732)</b>	<b>\$(329,000)</b>
<b>Loss per share:</b>					
Basic and diluted		<b>\$(0.00)</b>	<b>\$(0.01)</b>	<b>\$(0.01)</b>	<b>\$(0.01)</b>
<b>Weighted average number of shares outstanding:</b>					
Basic and diluted		<b>25,389,500</b>	<b>25,377,140</b>	<b>25,389,500</b>	<b>23,814,767</b>

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

**BIG RED MINING CORP.****Condensed Interim Statements of Changes in Shareholders' Equity**

(Expressed in Canadian Dollars, except number of shares)

	Share capital		Special warrants	Reserves	Deficit	Total
	Number of common shares	Amount				
<b>Balance at August 31, 2021</b>	<b>20,410,000</b>	<b>599,461</b>	<b>975,900</b>	<b>26,719</b>	<b>(32,058)</b>	<b>1,570,022</b>
Conversion of special warrants (Note 7)	4,879,500	975,900	(975,900)	-	-	-
Shares issued for property (Notes 5, 7)	300,000	27,000	-	-	-	27,000
Share-based compensation (Note 7)	-	-	-	122,519	-	122,519
Net Loss	-	-	-	-	(329,000)	(329,000)
<b>Balance at February 28, 2022</b>	<b>25,589,500</b>	<b>\$ 1,602,361</b>	<b>\$ -</b>	<b>\$ 149,238</b>	<b>\$ (361,058)</b>	<b>1,390,541</b>
<b>Balance at August 31, 2022</b>	<b>25,389,500</b>	<b>1,594,361</b>	<b>-</b>	<b>336,004</b>	<b>(736,529)</b>	<b>1,193,836</b>
Share-based compensation (Notes 6, 7)	-	-	-	15,342	-	15,342
Shares issued for property (Notes 5, 7)	100,000	9,000	-	-	-	9,000
Net Loss	-	-	-	-	(154,732)	(154,732)
<b>Balance at February 28, 2023</b>	<b>25,489,500</b>	<b>\$ 1,603,361</b>	<b>\$ -</b>	<b>\$ 351,346</b>	<b>\$ (891,261)</b>	<b>\$ 1,063,446</b>

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

**BIG RED MINING CORP.**  
**Condensed Interim Statements of Cash Flows**  
(Expressed in Canadian dollars)

	<b>Six Months Ended February 28, 2023</b>	<b>Six Months Ended February 28, 2022</b>
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(154,732)	(329,000)
Share-based compensation	15,342	122,519
Changes in non-cash working capital		
Amounts receivable	(5,602)	(61,840)
Interest receivable	2,685	-
Prepays	12,500	-
Accounts payable and accrued liabilities	2,522	36,514
<b>Net cash flows used in operating activities</b>	<b>(127,285)</b>	<b>(231,807)</b>
<b>Investing activities</b>		
Exploration and evaluation asset	-	(481,037)
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>(481,037)</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(127,285)</b>	<b>(712,844)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>502,035</b>	<b>1,498,296</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$374,750</b>	<b>\$785,452</b>
<b>Cash and cash equivalents is comprised of:</b>		
Cash	74,725	185,452
Guaranteed investment certificate	300,025	600,000
	<b>\$374,750</b>	<b>\$785,452</b>
<b>Non-cash transactions affecting cash flows from investing and financing activities:</b>		
Exploration and evaluation assets included in accounts payable	\$37,598	\$1,000
Shares issued for property option payment	\$9,000	\$27,000

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

**BIG RED MINING CORP.**

**Notes to the Condensed Interim Financial Statements**

**For the six months ended February 28, 2023 and 2022**

(Expressed in Canadian dollars – unless otherwise noted)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Big Red Mining Corp. (the “Company”) is in the business of the exploration and evaluation of mineral properties. The Company was incorporated under the *Business Corporations Act* of British Columbia on October 18, 2020. The address of the Company's registered and records office and principal place of business is Suite 100, 17565 58 Avenue, Surrey, British Columbia, V3S 4E3 Canada.

The Company’s primary business is the acquisition and exploration of mineral properties. The Company’s exploration and evaluation asset (Note 5) does not presently host any known mineral deposits nor, given the high degree of risk involved, can there be any assurance that its exploration activities will result in the definition of such deposits being located or, ultimately, a profitable mining operation in the future.

These condensed interim financial statements (the “financial statements”) have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a loss of \$154,732 during the period ended February 28, 2023, and has an accumulated deficit as at February 28, 2023 of \$891,261 (August 31, 2022 - \$736,529). Further, the Company has no source of operating cash flows, and there is no assurance that sufficient funding (including adequate financing) will be available to conduct required exploration and development of its mineral property projects. These factors indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern. These adjustments could be material.

**BIG RED MINING CORP.**

**Notes to the Condensed Interim Financial Statements**

**For the six months ended February 28, 2023 and 2022**

(Expressed in Canadian dollars – unless otherwise noted)

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**2. BASIS OF PRESENTATION**

**a) Statement of compliance**

These interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. IFRS includes International Accounting Standards (“IAS”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). As such, these interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the year ended August 31, 2022.

These financial statements were approved and authorized for issuance by the Company’s Board of Directors on April 26, 2023.

**b) Basis of presentation**

These condensed interim financial statements have been prepared on a historical cost basis, except for those financial instruments which have been classified and measured at fair value. In addition, with the exception of cash flow information, these condensed interim financial statements have been prepared using the accrual method of accounting.

**c) Functional and presentation currency**

All amounts in these condensed interim financial statements are presented in Canadian dollars, the functional currency of the Company. The accounting policies set out below have been applied consistently.

The Company considers the primary and secondary indicators as part of its decision-making process. The condensed interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company.



**BIG RED MINING CORP.**

**Notes to the Condensed Interim Financial Statements**

**For the six months ended February 28, 2023 and 2022**

(Expressed in Canadian dollars – unless otherwise noted)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in notes 2 and 3 to the Company's audited financial statements for the year ended August 31, 2022.

The preparation of these financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

*Critical accounting estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Environmental rehabilitation obligation

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

Fair-value of finders' warrants

The Company measures the cost of finders' warrants by reference to the fair value of the warrants at the date on which they are granted. Estimating the fair value of finder warrants requires applying the Black-Scholes valuation model to each grant based on the terms and conditions of such issuance.

Share-based compensation

The fair value of stock options issued are subject to the limitations of the Black-Scholes Option Pricing Model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes Option Pricing Model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

## **BIG RED MINING CORP.**

### **Notes to the Condensed Interim Financial Statements**

**For the six months ended February 28, 2023 and 2022**

(Expressed in Canadian dollars – unless otherwise noted)

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### *Critical accounting judgements*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

### **4. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS**

#### **a) Recent accounting pronouncements**

Certain other accounting pronouncements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

### **5. EXPLORATION AND EVALUATION ASSETS**

#### **Dobie Lake Property**

The Company entered into an option agreement with Rich Copper Exploration Corp. (the "Vendor") dated February 25, 2021, as amended on June 3, 2021, (the "Option Agreement") to acquire a 100% interest in certain claims comprising the Dobie Lake Property (the "Property") located in Ontario, Canada, subject to a 2% net smelter returns royalty payable to the Vendor.

Pursuant to the Option Agreement, to exercise the option the Company is required to:

- a) make a cash payment of \$5,000 to the Vendor within 30 days of signing of the Option Agreement (paid)
- b) issue a total of 350,000 common shares in the capital of the Company ("Shares") to the Vendor per the following schedule:
  - 50,000 Shares within 90 days of signing the Option Agreement (issued)
  - 100,000 Shares on or before the first anniversary date of the Option Agreement (issued)
  - 100,000 Shares on or before the second anniversary date of the Option Agreement (issued)
  - 100,000 Shares on or before the third anniversary date of the Option Agreement
- c) incur exploration expenditures totaling \$830,000 on the Property per the following schedule:
  - \$80,000 on or before the first anniversary date of the Option Agreement
  - a further \$150,000 on or before the second anniversary date of the Option Agreement
  - a further \$250,000 on or before the third anniversary date of the Option Agreement
  - a further \$350,000 on or before the fourth anniversary date of the Option Agreement

**BIG RED MINING CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended February 28, 2023 and 2022**

(Expressed in Canadian dollars – unless otherwise noted)

**5. EXPLORATION AND EVALUATION ASSET (CONTINUED)**

The Company entered into a purchase agreement with a Vendor (the “Gryba Vendor”) dated November 30, 2021, (the “Gryba Option Agreement”) to acquire a 100% interest in certain claims comprising the Gryba Property (the “Gryba Property”) located in Ontario, Canada. The Gryba claims are an expansion to the Dobie Lake Property.

Pursuant to the Gryba Agreement, to acquire the claims the Company is required to:

- a) make a cash payment of \$4,500 to the Gryba Vendor on signing of the Gryba Option Agreement (paid)
- b) make a cash payment of \$4,500 to the Gryba Vendor within 6 months of signing of the Gryba Option Agreement

The Company has recognized the amounts due to towards the Gryba claims in accounts payable as it is currently renegotiating the terms of the agreement. As at February 28, 2023 the agreement is still in good standing.

The Company entered into an option agreement with an Optionor (the “Skead Vendor”) dated November 30, 2021, (the “Skead Option Agreement”) to acquire a 100% interest in certain claims comprising the Skead Copper Property (the “Skead Property”) located in Ontario, Canada. The Skead claims are an expansion to the Dobie Lake Property.

Pursuant to the Skead Option Agreement, to exercise the option the Company is required to:

- a) make a cash payment of \$12,000 to the Skead Vendor on signing of the Skead Option Agreement (paid)
- b) issue 300,000 common shares in the capital of the Company to the Skead Vendor per the following schedule:
  - 100,000 Shares on or before the first anniversary date of the Skead Option Agreement
  - 100,000 Shares on or before the second anniversary date of the Skead Option Agreement
  - 100,000 Shares on or before the third anniversary date of the Skead Option Agreement

During the six months ended February 28, 2023, the Company incurred a total of \$Nil in exploration expenditures.

	August 31, 2022	Additions	February 28, 2023
	\$	\$	\$
<b>Acquisition costs</b>	47,500	9,000	<b>56,500</b>
<b>Exploration costs</b>			
Field expenses	36,594	-	<b>36,594</b>
Geological consulting	241,448	-	<b>241,448</b>
Geophysical	16,309	-	<b>16,309</b>
Drilling	313,518	-	<b>313,518</b>
<b>Total exploration costs</b>	<b>607,869</b>	-	<b>607,869</b>
<b>Total</b>	<b>\$655,369</b>	<b>\$9,000</b>	<b>\$664,369</b>

**BIG RED MINING CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended February 28, 2023 and 2022**

(Expressed in Canadian dollars – unless otherwise noted)

**6. RELATED PARTY TRANSACTIONS**

During the six months ended February 28, 2023, the Company:

- Incurred \$75,000 (2022 - \$30,000) in management fees relating to services rendered by a company controlled by the CEO;
- Incurred \$Nil (2022 - \$8,700) in office and miscellaneous relating to rent for head office space which will be paid to the CEO;
- Incurred \$45,000 (2022 - \$40,000) in management fees relating to services rendered by a company controlled by the CFO;
- Incurred \$Nil (2022 - \$54,834) in geological consulting fees which is capitalized to exploration and evaluation assets relating to services rendered by companies controlled by a director of the Company;
- Recognized \$9,589 (2022 - \$75,958) in share-based compensation expense due to the vesting of options granted to directors and officers of the Company.

Amounts due to or from related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties. The amounts due to related parties as at February 28, 2023 are included in accounts payable and accrued liabilities:

	<b>February 28, 2023</b>	August 31, 2022
	\$	\$
Due to directors and officers of the Company	<b>8,875</b>	15,750
Other related parties	<b>245</b>	-
<b>Total</b>	<b>\$9,120</b>	\$15,750

**7. SHARE CAPITAL**

The Company is authorized to issue an unlimited number of common shares.

**Share transactions**

During the six months ended February 28, 2023, the Company issued:

- a) On February 21, 2023, the Company issued 100,000 shares with a fair value of \$9,000 in connection to its option to acquire 100% interest in the Dobie Lake Property.

During the six months ended February 28, 2022, the Company issued the following:

- b) On October 26, 2021, the Company received notice of receipt for its long form prospectus from the British Columbia Securities Commission. As such on October 27, 2021 all outstanding Special Warrants were exercised and the Company issued 4,879,500 common shares to the special warrant holders for no additional consideration.
- c) On February 2, 2022, the Company issued 300,000 shares with a fair value of \$27,000 in connection to its option to acquire 100% interest in the Skead Copper Property.

**BIG RED MINING CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended February 28, 2023 and 2022**

(Expressed in Canadian dollars – unless otherwise noted)

**7. SHARE CAPITAL (CONTINUED)****Warrants**

Below is a summary of warrant activity during the six months ended February 28, 2023:

	Amount Outstanding	Weighted Average Exercise Price
<b>Balance at August 31, 2021</b>	<b>7,251,650</b>	<b>\$0.22</b>
Issued	4,879,500	\$0.25
<b>Balance at August 31, 2022 and February 28, 2023</b>	<b>12,131,150</b>	<b>\$0.23</b>

The following table summarizes information about the warrants outstanding as at February 28, 2023:

Number of warrants outstanding	Exercise price	Remaining life (years)	Expiry date
58,800 <sup>(1)</sup>	\$0.25	0.00	March 1, 2023
31,200 <sup>(1)</sup>	\$0.40	0.16	April 27, 2023 <sup>(2)</sup>
16,250 <sup>(1)</sup>	\$0.40	0.16	April 27, 2023 <sup>(3)</sup>
44,800 <sup>(1)</sup>	\$0.30	0.48	August 21, 2023
960,000	\$0.30	0.47	August 18, 2023
62,000 <sup>(1)</sup>	\$0.25	1.47	August 19, 2024
3,600 <sup>(1)</sup>	\$0.25	1.51	August 31, 2024
6,075,000	\$0.20	3.05	March 16, 2026
4,879,500	\$0.25	1.66	October 27, 2024
12,131,150	\$0.23	2.24	

<sup>(1)</sup>Agent warrants<sup>(2)</sup> These warrants expire on the date that is the earlier of (a) July 5, 2023 and (b) 18 months from the first business day following the day on which a receipt for a (final) prospectus has been issued by or on behalf of the last of the securities regulatory authorities in the Province of British Columbia and in such other jurisdictions as may be determined by the Company qualifying the distribution of the shares to be issued upon exercise of the special warrants issued by the Company on July 5, 2021.<sup>(3)</sup> These warrants expire on the date that is the earlier of (a) July 23, 2023 and (b) 18 months from the first business day following the day on which a receipt for a (final) prospectus has been issued by or on behalf of the last of the securities regulatory authorities in the Province of British Columbia and in such other jurisdictions as may be determined by the Company qualifying the distribution of the shares to be issued upon exercise of the special warrants issued by the Company on July 23, 2021.**Options**

During the six months ended February 28, 2023 the Company recognized \$15,342 (2022 - \$122,519) in share-based compensation for the vesting of options granted in the prior year.

During the year ended August 31, 2022, the Company granted 1,330,000 stock options exercisable at a price of \$0.20 with a 5-year life and 350,000 stock options exercisable at a price of \$0.20 with a 5-year life. The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of the options granted. The Company utilized the following assumptions: average volatility - 147%, average risk-free rate – 1.40% and a five-year term. Accordingly, the estimated grant date fair value of the options was \$324,627. All options granted vest over a period of 1 year with 25% of the options vesting every 3 months. During the year ended August 31, 2022 the Company recorded \$309,285 in share-based compensation in relation to these grants.

**BIG RED MINING CORP.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended February 28, 2023 and 2022**  
(Expressed in Canadian dollars – unless otherwise noted)

**7. SHARE CAPITAL (CONTINUED)**

**Options (continued)**

A summary of the Company's stock option activity is as follows:

	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price</b>
	#	\$
<b>Outstanding at August 31, 2021</b>	-	-
Issued	1,680,000	0.20
<b>Outstanding at August 31, 2022 and February 28, 2023</b>	<b>1,680,000</b>	<b>\$0.20</b>

The weighted average remaining life of stock options outstanding is 3.71 years.

**Escrow Shares**

Under the escrow agreement dated September 9, 2021, 10% of the escrowed common shares were to be released from escrow on the date of listing on the CSE. Subsequent to listing (November 5, 2021), an additional 15% are to be released every six months over a thirty-six-month period. As at February 28, 2023, a total of 10,290,000 shares and 3,645,000 warrants were held in escrow (February 28, 2022 – 15,435,000 shares and 5,467,500 warrants).

**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, interest receivable, and accounts payable. The carrying values of the Company's interest receivable and accounts payable approximate their respective fair values due to the short-term maturity of these instruments.

## **8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

As at February 28, 2023, the fair value of cash and cash equivalents held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Credit risk*

The Company's primary exposure to credit risk is its cash and cash equivalents of \$374,750 at February 28, 2023. With cash and cash equivalents on deposit with reputable financial institutions, it is management's opinion that the Company is not exposed to significant credit risks arising from the financial instruments.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at February 28, 2023, the Company had current liabilities totaling \$72,522 and cash and cash equivalents of \$374,750 and is not exposed to significant liquidity risk at this time. However, since the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through private placements.

### *Market risk*

Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

## **9. CAPITAL MANAGEMENT**

The Company includes shareholders' equity and any debt it may issue, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's property is in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. The Company is not subject to any external covenants.

**BIG RED MINING CORP.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended February 28, 2023 and 2022**  
(Expressed in Canadian dollars – unless otherwise noted)

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**10. SUBSEQUENT EVENT**

On March 1, 2023, 58,800 agent warrants with an exercise price of \$0.25 expired unexercised.