



R e s s o u r c e s
1844
R e s o u r c e s

FINANCIAL STATEMENTS

(Stated in Canadian dollars)

October 31, 2021 and 2020

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited interim financial statements have been prepared by management.

The corporation's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

1844 Resources Inc.
Statements of Financial Position

As at,	October 31, 2021	April 30, 2021
ASSETS		
Current assets		
Cash	\$ 216,949	\$ 205,713
Other receivables and prepaid expenses	96,024	136,496
	312,973	342,209
Non-current assets		
Equipment	3,500	3,500
Exploration and evaluation assets (Note 3)	1,020,770	823,909
Total assets	\$ 1,337,243	\$ 1,169,618
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 111,721	\$ 253,706
Flow-through premium liability (Note 4)	-	13,521
Total liabilities	111,721	267,227
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 4)	12,651,141	12,091,689
Contributed surplus (Note 4)	2,424,789	2,242,779
Deficit	(13,850,408)	(13,432,077)
	1,225,522	902,391
Total liabilities and shareholders' equity (deficiency)	\$ 1,337,243	\$ 1,169,618

Description of business and going concern (Note 1)

Approved and authorized on behalf of the Board of Directors on December 17, 2021:

 "Sylvain Laberge"

 "Andrew Davidson"

The accompanying notes are an integral part of these financial statements

1844 Resources Inc.
Statements of Loss and Comprehensive Loss

For the three and six months ended October 31,	For the three months ended		For the six months ended	
	October 31		October 31	
	2021	2020	2021	2020
Operating Expenses				
General and administration	\$ 54,086	\$ 49,121	\$ 118,990	\$ 58,419
Management fees (Note 6)	30,000	22,500	70,000	45,000
Professional fees	30,225	19,574	41,181	38,351
Share-based compensation (Note 4)	-	-	186,000	242,200
Transfer agent and filing fees	6,024	2,695	15,681	8,448
	120,335	93,890	431,852	392,418
Loss from operating expenses	(120,335)	(93,890)	(431,852)	(392,418)
Other income on settlement of flow-through premium liability (Note 4)	4,659	-	13,521	-
Net loss and comprehensive loss	\$ (115,676)	\$ (93,890)	\$ (418,331)	\$ (392,418)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	60,943,957	32,580,811	57,583,302	32,516,330

The accompanying notes are an integral part of these financial statements

1844 Resources Inc.
Statements of Cash Flows

For the six months ended October 31,	2021	2020
Cash flows used in Operating Activities		
Net loss for the period	\$ (418,331)	\$ (392,418)
Items not affecting cash:		
Other income on settlement of flow-through premium liability	(13,521)	-
Share-based compensation	186,000	242,200
Net changes in non-cash working capital items:		
Decrease (increase) in other receivables and prepaid expenses	40,472	(273,590)
(Decrease) increase in accounts payable and accrued liabilities	(2,890)	(117,224)
Cash flows used in Operating Activities	(208,270)	(541,032)
Cash flows used in Investing Activities		
Exploration and evaluation assets	(265,956)	(149,301)
Equipment purchase	-	(3,500)
Reclamation deposit refund	-	21,600
Cash flows used in Investing Activities	(265,956)	(131,201)
Cash flows provided by Financing Activities		
Issuance of common shares and units	500,000	1,000,000
Warrants exercised	26,250	-
Share issue costs, net of tax	(40,788)	(95,125)
Cash flows provided by Financing Activities	485,462	904,875
Net change in cash during the period	11,236	232,642
Cash, beginning of period	205,713	123,804
Cash, end of period	\$ 216,949	\$ 356,446
Non-cash transactions		
Shares issued for exploration and evaluation assets	\$ 70,000	\$ 12,000
Fair value of warrants issued in private placements	\$ -	\$ 532,000
Fair value of broker warrants issued in private placements	\$ -	\$ 72,046
Accounts payable related to exploration and evaluation assets	\$ 36,637	\$ -

The accompanying notes are an integral part of these financial statements

1844 Resources Inc. (formerly Gespeg Resources Ltd.)
Notes to the Financial Statements
October 31, 2021 and 2020

1. Description of business and going concern

1844 Resources Inc. (formerly Gespeg Resources Ltd.) (the “Corporation”) was incorporated under the laws of British Columbia, Canada on May 31, 2006 and is listed on the TSX Venture Exchange (“TSX-V”). The principal business of the Corporation is the identification, exploration and development of mineral properties.

The address of the Corporation’s corporate office and principal place of business is Suite 602 – 224 4th Avenue South, Saskatoon, Saskatchewan S7K 5M5. These financial statements were approved by the Corporation’s board of directors on December 17, 2021.

Effective January 7, 2020, the Corporation consolidated its share capital on the basis of 1 new share for 5 old shares. All common share, per share, warrant, broker warrant and weighted average price amounts are restated in these financial statements to reflect this consolidation.

Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operation. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. The use of these principles may not be appropriate.

To date, the Corporation has not earned significant revenue and is considered to be in the exploration and evaluation stage.

The investment in, and expenditures on, exploration and evaluation assets comprise a significant portion of the Corporation’s assets. Mineral exploration and development is highly speculative and involves inherent risks. Realization of the Corporation’s investment in these assets is dependent upon the renewed legal ownership of the claims and whether an economically viable operation can be established.

In addition, it has not yet been determined whether the Corporation’s properties contain ore reserves that are economically recoverable. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

As at October 31, 2021, the Corporation’s current cash resources are insufficient to cover the expected expenditures in fiscal 2022. The Corporation’s ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurances that management will be successful in securing adequate financing.

The Corporation reported net losses in the first half 2022 and fiscal 2021 of \$418,331 and \$478,385 respectively, has an accumulated deficit of \$13,850,408 (2021 - \$13,432,077) and has working capital of \$201,252 (2021 – \$74,982). These circumstances and the need for continued financing to further successful exploration may cast significant doubt as to the Corporation’s ability to continue as a going concern.

In 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Corporation operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Corporation’s shares, the value of its portfolio and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Corporation’s operations.

1844 Resources Inc. (formerly Gespeg Resources Ltd.)
Notes to the Financial Statements
October 31, 2021 and 2020

1. Description of business and going concern (continued)

Going concern (Continued)

The significant accounting policies used in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the periods presented.

These financial statements do not include any adjustments to the carrying values of assets and liabilities that might be necessary, if the Corporation is unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the IASB, has been omitted or condensed.

The same accounting policies and methods of computation were followed in the preparation of these condensed interim financial statements as were followed in the preparation and described in Note 2 of the annual audited financial statements as at and for the year ended April 30, 2021. Accordingly, these condensed interim financial statements for the three and six month periods ended October 31, 2021 and 2020 should be read together with the annual financial statements as at and for the year ended April 30, 2021.

Basis of preparation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value and are prepared and presented in Canadian dollars, which is the Corporation’s functional currency. In addition, these financial statements are based on the accrual method of accounting, with the exception of cash flow information.

New and amended IFRS pronouncements

Certain new accounting standards and interpretations have been published that are mandatory for the April 30, 2021 reporting period. These standards have been assessed to not have a significant impact on the Corporation’s financial statements:

1844 Resources Inc. (formerly Gespeg Resources Ltd.)
Notes to the Financial Statements
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3. Exploration and evaluation assets

Exploration and evaluation asset expenditures by nature are detailed as follows:

Period ended October 31,		2021	2020
Geology, technical reports, data compilation and maps	\$	81,990	\$ 188,970
Geophysical		25,606	-
Miscellaneous expenses		12,163	-
Property acquisition and rent		77,102	15,118
	\$	196,861	\$ 204,088

Exploration and evaluation assets by properties are detailed as follows:

	Balance as at May 1, 2020	Additions	Impairment/ Disposals	Balance as at April 30, 2021
Vortex	\$ 11,915	\$ -	\$ -	\$ 11,915
Davidson	22,500	24,281	-	46,781
Native Copper	79,365	12,965	-	92,330
Lac Arsenault	9,132	663,751	-	672,883
	\$ 122,912	\$ 700,997	\$ -	\$ 823,909

	Balance as at May 1, 2021	Additions	Impairment/ Disposals	Balance as at October 31, 2021
Vortex	\$ 11,915	\$ 2,902	\$ -	\$ 14,817
Davidson	46,781	-	-	46,781
Native Copper	92,330	47,516	-	139,846
Laz Arsenault	672,883	89,562	-	762,445
Lac Crystal	-	56,881	-	56,881
	\$ 823,909	\$ 196,861	\$ -	\$ 1,020,770

Vortex

The Vortex project is a copper molybdenum exploration opportunity in the Gaspé region of Quebec and is the site of the former Gaspé Copper mine and smelter. The project encompasses 80 sq. km of land and is comprised of three main claim groups:

- a) The Sullipek deposit, situated on the western edge of the project area;
- b) The Sullipek East property, a skarn/porphyry copper opportunity; and
- c) The Madeleine des Vercheres claim group.

On July 23, 2013, the Corporation and ASPM Inc. (the “Vendor”) executed a term extension on the Madelaine des Vercheres claim group. Under the terms of the extension, the Corporation was required to make a one-time payment of \$30,000 to the Vendor (paid).

Also, considered a part of the Vortex is the In-between project, a copper molybdenum exploration opportunity in the Gaspé region of Quebec. It covers lands between Vortex to the west and Murdochville to the east.

1844 Resources Inc. (formerly Gespeg Resources Ltd.)
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October 31, 2021 and 2020

3. Exploration and evaluation assets (continued)

Davidson

The Davidson project is situated in the Chibougamau Region and is part of a 50/50% Joint Venture with J.A MacLeod Exploration. The project is grassroot and mainly for base metal exploration (Copper, Zinc, Cobalt).

Native Copper

The Native Copper Project, situated west of the Municipality of Chandler, Quebec, is composed of 4 sectors Native Copper South, North-West, North-East and Central and has five (5) known indicators: Ruisseau Bleu, T.Nelson 1 and 2, Riviere St-Jean South, Route 102 S-W and Jean-Baptiste Beaudin.

Lac Arsenault

During the year ended April 30, 2019 the Corporation entered into an agreement to acquire 15 mining claims in the southern part of the Gaspé Peninsula, Quebec in exchange for 100,000 common shares of the Corporation (issued at a fair value of \$3,500).

Lac Crystal

During the period, the Corporation entered into an agreement to acquire 12 mining claims in the Gaspé Peninsula, Quebec in exchange for 400,000 common shares of the Corporation (issued at a fair value of \$38,000).

Net smelter royalty

As part of the acquisition of the Vortex claims, the Corporation entered into an agreement with 49 North Resources Inc. to grant a 2% net smelter return “NSR” royalty from the sale of all copper-molybdenum lands portion of the property. The Corporation may, at any time reduce the NSR from 2% to 0.5%, by making a cash payment of \$1,000,000 to 49 North Resources Inc.

4. Common shares and contributed surplus

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

Common shares issued

On June 29, 2020, the Corporation issued 200,000 common shares pursuant to a property purchase agreement to acquire the Native copper properties. The shares were valued at \$12,000, in total.

On August 27, 2020, the Corporation completed a financing of 20,000,000 non-flow through units at an issue price of \$0.05 per unit for gross proceeds of \$1,000,000. Each unit subscription entitles the holder to one non-flow-through common share of the Corporation and one common share purchase warrant with an exercise price of \$0.075 and a term of 36 months. The Corporation paid cash share issue costs totaling \$95,125 and issued 973,600 broker compensation warrants with a fair value of \$72,046. \$532,000 was attributed to the warrants issued as part of the units.

On December 23, 2020, the Corporation completed a financing of 900,000 non-flow through units at an issue price of \$0.08 per unit for gross proceeds of \$72,000. Each unit subscription entitles the holder to one non-flow-through common share of the Corporation and one-half of one common share purchase warrant with an exercise price of \$0.12 and a term of 24 months. \$18,000 was attributed to the warrant component.

1844 Resources Inc. (formerly Gespeg Resources Ltd.)
Notes to the Financial Statements
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4. Common shares and contributed surplus (continued)

On December 23, 2020, the Corporation completed a financing of 4,332,272 flow through shares at an issue price of \$0.11 per unit for gross proceeds of \$476,550. Of the gross proceeds, \$86,645 was allocated to the flow through premium. In connection with the December financings, the Corporation issued 275,780 broker warrants (valued at \$15,995) and paid a cash commission totaling \$30,336 and other cash share issue costs totaling \$16,508.

On June 24, 2021, the Corporation closed the first tranche of a financing of 7,500,000 non-flow through shares at an issue price of \$0.05 per unit for gross proceeds of \$375,000. Each unit subscription entitles the holder to one non-flow-through common share of the Corporation. The Corporation paid cash commission totaling \$13,900 and issued 140,000 broker compensation warrants.

On July 9, 2021, the Corporation closed the final tranche of a financing of 2,500,000 non-flow through shares at an issue price of \$0.05 per unit for gross proceeds of \$125,000. Each unit subscription entitles the holder to one non-flow-through common share of the Corporation.

On September 20, 2021, the Corporation issued 400,000 common shares pursuant to a property purchase agreement to acquire the Lac Crystal properties. The shares were valued at \$38,000, in total.

On October 4, 2021, the Corporation issued 400,000 common shares pursuant to a property purchase agreement to acquire additional Native copper properties. The shares were valued at \$32,000, in total.

Stock option plan

The directors of the Corporation have adopted, and the shareholders have approved a stock option plan (the "2013 Option Plan"), pursuant to which the directors may from time to time grant options for up to 10% of its issued and outstanding shares. The purpose of the Option Plan is to attract, retain and motivate directors, employees and consultants of the Corporation and to advance the interests of the Corporation by providing such persons with the opportunity, through stock options, to acquire an equity interest in the Corporation. All stock options granted to officers and directors vest immediately upon issuance; whereas stock options granted to consultants have vesting terms defined at the discretion of the Corporation's board of directors.

A summary of the outstanding and exercisable stock options is as follows:

	October 31, 2021		April 30, 2021	
	Options	Price	Options	Price
Outstanding and exercisable, beginning of period	2,000,000	\$ -	-	\$ -
Options granted	3,000,000	0.10	2,000,000	0.08
Outstanding and exercisable, end of period	5,000,000	\$ 0.09	2,000,000	\$ 0.08

During the period ended October 31, 2020, the Board of Directors of the Corporation approved the grant of 2,000,000 stock options pursuant to the Corporation's 2013 Option Plan. 1,300,000 of the options were granted to certain directors and officers, with the balance granted to consultants of the Corporation.

1844 Resources Inc. (formerly Gespeg Resources Ltd.)
Notes to the Financial Statements
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4. Common shares and contributed surplus (continued)

The options are exercisable at \$0.08 per share, vest immediately and, if not exercised, expire July 27, 2025, subject to earlier expiration in accordance with the 2013 Option Plan and applicable policies of the TSX-V.

Using the Black-Scholes option pricing model, the value of the stock options was estimated to be \$156,000, which was recorded as share-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate of 0.42%, expected life of options 5 years, annualized volatility 208.64% and dividend rate of nil.

On July 26, 2021, the Board of Directors of the Corporation approved the grant of 3,000,000 stock options pursuant to the Corporation's 2013 Option Plan. 1,500,000 of the options were granted to certain directors and officers, with the balance granted to consultants of the Corporation.

The options are exercisable at \$0.10 per share, vest immediately and, if not exercised, expire July 26, 2026, subject to earlier expiration in accordance with the 2013 Option Plan and applicable policies of the TSX-V.

Using the Black-Scholes option pricing model, the value of the stock options was estimated to be \$186,000, which was recorded as share-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate of 1.11%, expected life of options 5 years, annualized volatility 188.37% and dividend rate of nil.

Warrants

A summary of the outstanding warrants is as follows:

	October 31, 2021		April 30, 2021	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	25,622,834	\$ 0.09	5,246,167	\$ 0.13
Expired	(1,938,333)	\$ 0.30	(73,333)	\$ 0.50
Issued	-	-	20,000,000	0.075
Issued	-	-	450,000	0.120
Exercised	(350,000)	0.075	-	-
Outstanding, end of period	23,334,501	\$ 0.08	25,622,834	\$ 0.09

On May 13, 2020, the Corporation received TSX-V approval to extend the expiry date of 1,365,000 and 573,333 warrants expiring on May 31, 2020 and June 14, 2020, respectively by 1 year and modify the exercise price from \$0.30 to \$0.16. The Corporation used the Black-Scholes option pricing model to fair value the warrant extension (recorded as share-based compensation expense), which was estimated to be \$60,700 and \$25,500, respectively. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 271.89%, and a risk free rate of 0.26%. These warrant expired unexercised.

1844 Resources Inc. (formerly Gespeg Resources Ltd.)
Notes to the Financial Statements
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4. Common shares and contributed surplus (continued)

Broker warrants

A summary of the outstanding broker warrants is as follows:

	October 31, 2021		April 30, 2021	
	Warrants	Price	Warrants	Price
Outstanding, beginning of period	1,364,380	\$ 0.14	147,000	\$ 0.14
Broker warrants issued	140,000	0.050	973,600	0.075
Broker warrants issued	-	-	275,780	0.15
Broker warrants expired	-	-	(32,000)	0.30
Outstanding, end of period	1,504,380	\$ 0.09	1,364,380	\$ 0.09

On December 31, 2019, the Corporation issued 115,000 broker warrants as part of a financing completed. Each broker warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.10 for a period of 24 months and vest immediately. The fair value of these warrants was estimated at \$7,245 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility of 210.25%, and a risk free interest rate of 1.71%. These warrants expire on December 31, 2021.

On August 27, 2020, the Corporation issued 973,600 broker warrants as part of a financing completed. Each broker warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.075 for a period of 36 months and vest immediately. The fair value of these warrants was estimated at \$72,046 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility of 202.151%, and a risk free interest rate of 0.26%. These warrants expire on August 27, 2023.

On December 23, 2020, the Corporation issued 275,870 broker warrants as part of a financing completed. Each broker warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.15 for a period of 24 months and vest immediately. The fair value of these warrants was estimated at \$15,995 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility of 218.73%, and a risk free interest rate of 0.22%. These warrants expire on December 23, 2022.

On June 29, 2021, the Corporation issued 140,000 broker warrants as part of a financing completed. Each broker warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.05 for a period of 12 months and vest immediately. The fair value of these warrants was estimated at \$5,320 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility of 140.37%, and a risk free interest rate of 0.44%. These warrants expire on June 29, 2022.

1844 Resources Inc. (formerly Gespeg Resources Ltd.)
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4. Common shares and contributed surplus (continued)

Contributed surplus

The fair values of broker warrants have been valued using the Black-Scholes option pricing model. The fair value on the grant of these securities is added to contributed surplus. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital.

A summary of the contributed surplus activity is as follows:

	October 31, 2021	April 30, 2021
Balance, beginning of period	\$ 2,242,779	\$ 1,448,738
Private placements - warrants	-	550,000
Private placements - broker warrants	5,320	88,041
Warrants exercised	(9,310)	-
Share-based compensation	186,000	156,000
Balance, end of period	\$ 2,424,789	\$ 2,242,779

Other income on settlement of flow-through premium liability

During the year ended April 30, 2021, the Corporation closed a flow-through financing and recorded a premium received on flow-through shares in the amount of \$86,645, which was recorded as a liability to be reversed to profit and loss as the eligible expenditures were incurred. As at October 31, 2021, the Corporation reduced the liability to \$nil (April 30, 2021 - \$13,521) and recognized other income in the amount of \$13,521 during the period (April 30, 2021 - \$73,124).

5. Income taxes

The significant components of the Corporation's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2021	Expiry Date Range	2020	Expiry Date Range
Share issue costs	\$ 141,000	2041 to 2045	\$ 39,000	2040 to 2044
Exploration and evaluation assets	\$ 3,865,000	No expiry date	\$ 3,938,000	No expiry date
Non-capital losses available for future periods	\$ 3,997,000	2027 to 2041	\$ 3,635,000	2027 to 2040

Tax attributes are subject to review, and potential adjustment, by tax authorities.

1844 Resources Inc. (formerly Gespeg Resources Ltd.)
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6. Related party transactions

Compensation of key executive personnel

For the six months ended October 31,	2021	2020
Consulting fees to officers	\$ 70,000	\$ 45,000
Share-based compensation for directors and officers	93,000	101,400
	\$ 163,000	\$ 146,400

Consulting fees paid or accrued to directors and officers or companies controlled by directors and officers are recorded as management fees.

During the period ended October 31, 2021, \$70,000 (October 31, 2020 - \$45,000) was recorded for consulting services provided by a companies controlled by directors and officers of the Corporation. As at October 31, 2021 the Corporation owed \$5,557 (April 30, 2021 - \$44,693) related to such services, which is included in accounts payable and accrued liabilities.

7. Capital management

The Corporation's objectives when managing capital are:

- (a) to allow the Corporation to respond to changes in economic and/or marketplace conditions by maintaining the Corporation's ability to continue its exploration programs;
- (b) to provide sustained growth and value by increasing equity; and
- (c) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Corporation manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Corporation maintains or adjusts its capital level to enable it to meet its objectives by:

- (a) raising capital through equity financings; and
- (b) borrowing funds in the form of advances from related parties.

The Corporation is not subject to any capital requirements imposed by a regulator. There were no changes in the Corporation's approach to capital management during the current year. The Corporation's management is responsible for the management of capital and monitors the Corporation's use of various forms of leverage on a daily basis.

8. Financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

1844 Resources Inc. (formerly Gespeg Resources Ltd.)
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8. Financial instruments (continued)

The fair value of the Corporation's other receivables and accounts payable and accrued liabilities approximate their carrying values. The Corporation's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

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

Credit Risk

The Corporation's credit risk is primarily attributable to cash. The Corporation has no significant concentration of credit risk arising from operations. Cash is held with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2021, the Corporation had a cash balance of \$216,949 to settle accounts payable and accrued liabilities of \$111,721.

The Corporation has historically relied on equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital and debt to finance its activities. There can be no assurance the Corporation will be able to obtain the required financing in the future on acceptable terms.

Interest rate risk

The Corporation is not exposed to risk in the event of interest rate fluctuations. The Corporation has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations.