



Ressources
1844
Resources

FINANCIAL STATEMENTS

(Stated in Canadian dollars)

October 31, 2022 and 2021

(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, 2022	April 30, 2022
ASSETS		
Current assets		
Cash	\$ 119,216	\$ 49,756
Other receivables and prepaid expenses	127,977	131,109
	247,193	180,865
Non-current assets		
Equipment	10,393	10,393
Exploration and evaluation assets (Note 3)	1,470,948	1,219,607
Total assets	\$ 1,728,534	\$ 1,410,865
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 619,152	\$ 344,909
Flow-through premium liability (Note 4)	95,635	-
Total liabilities	714,787	344,909
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	12,994,529	12,792,696
Contributed surplus (Note 4)	2,462,929	2,456,689
Deficit	(14,443,711)	(14,183,429)
	1,013,747	1,065,956
Total liabilities and shareholders' equity	\$ 1,728,534	\$ 1,410,865

Description of business and going concern (Note 1)

Events after the reporting period (Note 10)

Approved and authorized on behalf of the Board of Directors on December 16, 2022:

 "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 October 31		For the six months ended October 31	
	2022	2021	2022	2021
Operating Expenses				
General and administration	\$ 46,386	\$ 54,086	\$ 89,908	\$ 118,990
Management fees (Note 6)	37,500	30,000	75,000	70,000
Professional fees	83,786	30,225	119,378	41,181
Share-based compensation (Note 4)	-	-	-	186,000
Transfer agent and filing fees	7,816	6,024	20,361	15,681
	175,488	120,335	304,647	431,852
Loss from operating expenses	(175,488)	(120,335)	(304,647)	(431,852)
Other income on settlement of flow-through premium liability (Note 4)	44,365	4,659	44,365	13,521
Net loss and comprehensive loss	\$ (131,123)	\$ (115,676)	\$ (260,282)	\$ (418,331)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	69,019,258	60,943,957	67,322,537	57,583,302

The accompanying notes are an integral part of these financial statements

1844 Resources Inc.
Statements of Changes in Shareholders' Equity (Deficiency)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity (Deficiency)
Balance, May 1, 2021	50,709,258	\$ 12,091,689	\$ 2,242,779	\$ (13,432,077)	\$ 902,391
Private placements - shares	10,000,000	500,000	-	-	500,000
Share issue costs	-	(40,788)	-	-	(40,788)
Broker warrants issued	-	(5,320)	5,320	-	-
Warrants exercised	350,000	35,560	(9,310)	-	26,250
Shares issued for mineral property	800,000	70,000	-	-	70,000
Share-based compensation	-	-	186,000	-	186,000
Net loss	-	-	-	(418,331)	(418,331)
Balance, October 31, 2021	61,859,258	\$ 12,651,141	\$ 2,424,789	\$ (13,850,408)	\$ 1,225,522
	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity (Deficiency)
Balance, May 1, 2022	64,519,258	\$ 12,792,696	\$ 2,456,689	\$ (14,183,429)	\$ 1,065,956
Private placements - shares	4,000,000	320,000	-	-	320,000
Flow through premium	-	(140,000)	-	-	(140,000)
Share issue costs	-	(36,927)	-	-	(36,927)
Broker warrants issued	-	(6,240)	6,240	-	-
Shares issued for mineral property	1,000,000	65,000	-	-	65,000
Net loss	-	-	-	(260,282)	(260,282)
Balance, October 31, 2022	69,519,258	\$ 12,994,529	\$ 2,462,929	\$ (14,443,711)	\$ 1,013,747

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,	2022	2021
Cash flows used in Operating Activities		
Net loss for the period	\$ (260,282)	\$ (418,331)
Items not affecting cash:		
Other income on settlement of flow-through premium liability	(44,365)	(13,521)
Share-based compensation	-	186,000
Net changes in non-cash working capital items:		
Decrease in other receivables and prepaid expenses	3,132	40,472
Increase (decrease) in accounts payable and accrued liabilities	198,648	(2,890)
Cash flows used in Operating Activities	(102,867)	(208,270)
Cash flows used in Investing Activities		
Exploration and evaluation assets	(142,598)	(265,956)
Cash flows used in Investing Activities	(142,598)	(265,956)
Cash flows provided by Financing Activities		
Issuance of common shares and units	320,000	500,000
Warrants exercised	-	26,250
Share issue costs	(5,075)	(40,788)
Cash flows provided by Financing Activities	314,925	485,462
Net change in cash during the period	69,460	11,236
Cash, beginning of period	49,756	205,713
Cash, end of period	\$ 119,216	\$ 216,949
Non-cash transactions		
Shares issued for exploration and evaluation assets	\$ 65,000	\$ 70,000
Fair value of broker warrants issued in private placements	\$ 6,240	\$ -
Accounts payable related to exploration and evaluation assets	\$ 249,970	\$ 36,637
Accounts payable related to share issue costs	\$ 31,852	\$ -
Fair value of flow-through premium liability	\$ 140,000	\$ -

The accompanying notes are an integral part of these financial statements

1844 Resources Inc.
Notes to the Financial Statements
October 31, 2022 and 2021

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 16, 2022.

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, 2022, the Corporation’s current cash resources are insufficient to cover the expected expenditures in fiscal 2023. 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 six months ended October 31, 2022 and fiscal 2022 of \$260,282 and \$751,352 respectively, has an accumulated deficit of \$14,443,711 (2022 - \$14,183,429) and has working capital deficiency of \$467,594 (2022 – working capital deficiency of \$164,044). 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.

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.

1844 Resources Inc.
Notes to the Financial Statements
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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, 2022. Accordingly, these condensed interim financial statements for the three and six month period ended October 31, 2022 and 2021 should be read together with the annual financial statements as at and for the year ended April 30, 2022.

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, 2022 reporting period. These standards have been assessed to not have a significant impact on the Corporation’s financial statements:

3. Exploration and evaluation assets

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

<u>Period ended October 31,</u>	<u>2022</u>		<u>2021</u>	
Geology, technical reports, data compilation and maps	\$	108,311	\$	24,694
Geophysical		-		25,352
Sample analysis		7,246		-
Miscellaneous expenses		60,784		5,406
Property acquisition and rent		75,000		-
	\$	251,341	\$	55,452

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

Exploration and evaluation assets by properties are detailed as follows:

	Balance as at May 1, 2021		Additions	Impairment/ Disposals	Balance as at April 30, 2022	
Vortex	\$	11,915	\$ 9,729	\$ -	\$	21,644
Davidson		46,781	-	-		46,781
Native Copper		92,330	271,530	-		363,860
Lac Arsenault		672,883	57,558	-		730,441
Lac Crystal		-	56,881	-		56,881
	\$	823,909	\$ 395,698	\$ -	\$	1,219,607

	Balance as at May 1, 2022		Additions	Impairment/ Disposals	Balance as at October 31, 2022	
Vortex	\$	21,644	\$ 625	\$ -	\$	22,269
Davidson		46,781	-	-		46,781
Native Copper		363,860	250,716	-		614,576
Lac Arsenault		730,441	-	-		730,441
Lac Crystal		56,881	-	-		56,881
	\$	1,219,607	\$ 251,341	\$ -	\$	1,470,948

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 Madeleine 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.

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).

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

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 nine (9) known indicators: Ruisseau Bleu, T.Nelson 1 and 2, Riviere St-Jean South, Route 102 S-W, Jean-Baptiste Beaudin, Ruisseau Cantin, Fer à Cheval 1 and 2 and Triangle d'Argent.

On October 4, 2021, the Corporation acquired 4 additional claims through the issuance of 400,000 common shares at a fair value of \$32,000, and granted a 2% NSR, which 1% can be purchased for \$500,000.

On February 17, 2022, the Corporation acquired 25 additional claims through the issuance of 400,000 common shares at a fair value of \$36,000, and granted a 2% NSR, which 1% can be purchased for \$500,000.

On May 24, 2022, the Corporation entered into an agreement to acquire additional claims to the Native Copper project. As consideration the Corporation must pay \$5,000 cash (not paid), issue 500,000 common shares (issued) and grant a 2% NSR, which 1% can be purchased for \$750,000.

On June 20, 2022, the Corporation entered into an agreement to acquire additional claims to the Native Copper project. As consideration the Corporation must pay \$5,000 cash (not paid), issue 500,000 common shares (issued) and grant a 2% NSR, which 1% can be purchased for \$750,000.

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 year ended April 30, 2022, 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), 325,000 shares will be issued at the first anniversary and 300,000 at the second anniversary the vendor retained a 2% NSR. The parties have agreed that 1% NSR could be acquired for \$500,000. Prior to the acquisition the Corporation staked an additional 32 claims for a total of 44 claims.

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 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 share for gross proceeds of \$375,000. The Corporation paid cash commission totaling \$13,900 and issued 140,000 broker compensation warrants with a value of \$5,320.

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.

On December 30, 2021, the Corporation completed a financing of 2,260,000 non-flow through units at an issue price of \$0.065 per unit for gross proceeds of \$146,900. 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 \$0.075 and a term of 18 months. \$31,900 was attributed to the warrant component.

On February 17, 2022, the Corporation issued 400,000 common shares pursuant to a property purchase agreement to acquire additional Native copper properties. The shares were valued at \$36,000, in total.

On June 7, 2022, the Corporation issued 500,000 common shares pursuant to a property purchase agreement to acquire additional Native copper properties. The shares were valued at \$35,000, in total.

On July 11, 2022, the Corporation issued 500,000 common shares pursuant to a property purchase agreement to acquire additional Native copper properties. The shares were valued at \$30,000, in total.

On July 27, 2022 the Corporation issued 4,000,000 flow-through common shares at a price of \$0.08 per common share for total proceeds of \$320,000. The Corporation recognized \$140,000 as part of the flow-through premium liability.

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.

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

Stock option plan (continued)

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

	October 31, 2022		April 30, 2022	
	Options	Price	Options	Price
Outstanding and exercisable,				
beginning of period	5,000,000	\$ 0.09	2,000,000	\$ 0.08
Options granted			3,000,000	0.10
Outstanding and exercisable, end of period	5,000,000	\$ 0.09	5,000,000	\$ 0.09

On July 27, 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.

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.

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

Warrants

A summary of the outstanding warrants is as follows:

	October 31, 2022		April 30, 2022	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	21,230,000	\$ 0.08	25,622,833	\$ 0.09
Expired	-	-	(1,938,333)	0.300
Expired	-	-	(3,234,500)	0.100
Issued	-	-	1,130,000	0.075
Exercised	-	-	(350,000)	0.08
Outstanding, end of period	21,230,000	\$ 0.08	21,230,000	\$ 0.08

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%.

Broker warrants

A summary of the outstanding broker warrants is as follows:

	October 31, 2022		April 30, 2022	
	Warrants	Price	Warrants	Price
Outstanding, beginning of period	1,389,380	\$ 0.09	1,364,380	\$ 0.09
Broker warrants issued	240,000	0.060	140,000	0.050
Broker warrants issued	-	-	-	-
Broker warrants expired	(140,000)	0.05	(115,000)	0.10
Outstanding, end of period	1,489,380	\$ 0.09	1,389,380	\$ 0.09

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.

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

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. These warrants expired unexercised

On July 27, 2022, the Corporation issued 240,000 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 \$0.06 for a period of 24 months and vest immediately. The fair value of these warrants was estimated at \$6,240 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility of 126.17%, and a risk free interest rate of 3.09%. These warrants expire on July 27, 2024.

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, 2022	April 30, 2022
Balance, beginning of period	\$ 2,456,689	\$ 2,242,779
Private placements - warrants	-	31,900
Private placements - broker warrants	6,240	5,320
Warrants exercised	-	(9,310)
Share-based compensation	-	186,000
Balance, end of period	\$ 2,462,929	\$ 2,456,689

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 April 30, 2022, the Corporation reduced the liability to \$nil (April 30, 2021 - \$13,521) and recognized other income in the amount of \$13,124 (April 30, 2021 - \$73,124) during the year ended April 30, 2022.

During the period ended July 31, 2022, the Corporation closed a flow-through financing and recorded a premium received on flow-through shares in the amount of \$140,000, which was recorded as a liability to be reversed to profit and loss as the eligible expenditures were incurred. As at October 31, 2022, the Corporation reduced the liability to \$95,635 and recognized other income in the amount of \$44,365 during the period ended October 31, 2022. The Corporation is required to incur \$168,986 in eligible flow-through expenditures by December 31, 2023.

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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:

	2022	Expiry Date Range	2021	Expiry Date Range
Share issue costs	\$ 145,000	2042 to 2046	\$ 141,000	2041 to 2045
Exploration and evaluation assets	\$ 3,413,000	No expiry date	\$ 3,865,000	No expiry date
Non-capital losses available for future periods	\$ 4,696,000	2027 to 2042	\$ 3,997,000	2027 to 2041

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

6. General and administrative

	three months ended October 31,		six months ended October 31,	
	2022	2021	2022	2021
Investor relations	\$ 35,043	\$ 37,504	\$ 61,045	\$ 91,290
Insurance	-	708	5,986	2,833
Office and other expenses	11,343	15,874	22,877	24,867
	\$ 46,386	\$ 54,086	\$ 89,908	\$ 118,990

7. Related party transactions

Compensation of key executive personnel

<u>For the six months ended October 31,</u>	2022	2021
Consulting fees to officers	\$ 75,000	\$ 70,000
Share-based compensation for directors and officers	-	93,000
	\$ 75,000	\$ 163,000

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, 2022, \$75,000 (2021 - \$70,000) was recorded for consulting services provided by a companies controlled by directors and officers of the Corporation. As at October 31, 2022 the Corporation owed \$99,079 (April 30, 2022 - \$18,014) related to such services, which is included in accounts payable and accrued liabilities.

8. Capital management

The Corporation's objectives when managing capital are:

- (a) to allow the Corporation to respond to changes in economic and/or market place 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.

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8. Capital management (continued)

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.

9. 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.

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, 2022, the Corporation had a cash balance of \$119,216 to settle accounts payable and accrued liabilities of \$619,635.

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.

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9. Financial instruments (continued)

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.

10. Events after the reporting period

On November 23, 2022, the Corporation issued 10,164,000 non-flow-through common shares at a price of \$0.05 per common share for total proceeds of \$508,200. The Corporation paid cash commission totaling \$40,565, \$25,000 corporate finance fee and issued 813,120 broker compensation warrants exercisable at a price of \$0.05 for 36 months.

On December 6, 2022, the Corporation agreed to sell the Lac Arsenault project to Canada Gold Resources Ltd for \$600,000, payable as follows:

- \$100,000 cash on closing
- Shares for the value of \$500,000 on the closing date of the public offering
- 1% NSR, which the purchaser will have to right to repurchase for \$500,000