



Ressources

1844

Resources

FINANCIAL STATEMENTS

(Stated in Canadian dollars)

April 30, 2022 and 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
1844 Resources Inc.

Opinion

We have audited the accompanying financial statements of 1844 Resources Inc. (the "Company"), which comprise the statements of financial position as at April 30, 2022 and 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred a net loss of \$751,352 during the year ended April 30, 2022 and, as of that date, the Company had an accumulated deficit of \$14,183,429 and has a working capital deficiency of \$164,044. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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



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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

A handwritten signature in black ink that reads "Davidson & Coysany LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

August 29, 2022

1844 Resources Inc.
Statements of Financial Position

As at,	April 30, 2022	April 30, 2021
ASSETS		
Current assets		
Cash	\$ 49,756	\$ 205,713
Other receivables and prepaid expenses	131,109	136,496
	180,865	342,209
Non-current assets		
Equipment	10,393	3,500
Exploration and evaluation assets (Note 3)	1,219,607	823,909
Total assets	\$ 1,410,865	\$ 1,169,618
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 344,909	\$ 253,706
Flow-through premium liability (Note 4)	-	13,521
Total liabilities	344,909	267,227
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	12,792,696	12,091,689
Contributed surplus (Note 4)	2,456,689	2,242,779
Deficit	(14,183,429)	(13,432,077)
	1,065,956	902,391
Total liabilities and shareholders' equity	\$ 1,410,865	\$ 1,169,618

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 August 29, 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 years ended April 30,	2022	2021
Operating Expenses		
General and administrative (Note 6)	\$ 231,509	\$ 192,879
Management fees (Note 7)	142,500	92,500
Professional fees	161,113	92,198
Share-based compensation (Note 4)	186,000	156,000
Transfer agent and filing fees	43,751	17,932
	764,873	551,509
Loss from operations	(764,873)	(551,509)
Other income on settlement of flow-through premium liability (Note 4)	13,521	73,124
	\$ (751,352)	\$ (478,385)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	60,539,917	37,594,290

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, 2020	25,276,986	\$ 11,397,794	\$ 1,448,738	\$ (12,953,692)	\$ (107,160)
Private placements - units	25,232,272	998,550	550,000	-	1,548,550
Flow through premium	-	(86,645)	-	-	(86,645)
Share issue costs	-	(141,969)	-	-	(141,969)
Broker warrants issued	-	(88,041)	88,041	-	-
Shares issued for mineral property	200,000	12,000	-	-	12,000
Share-based compensation	-	-	156,000	-	156,000
Net loss	-	-	-	(478,385)	(478,385)
Balance, April 30, 2021	50,709,258	\$ 12,091,689	\$ 2,242,779	\$ (13,432,077)	\$ 902,391
	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	12,260,000	615,000	31,900	-	646,900
Share issue costs	-	(50,233)	-	-	(50,233)
Broker warrants issued	-	(5,320)	5,320	-	-
Warrants exercised	350,000	35,560	(9,310)	-	26,250
Shares issued for mineral property	1,200,000	106,000	-	-	106,000
Share-based compensation	-	-	186,000	-	186,000
Net loss	-	-	-	(751,352)	(751,352)
Balance, April 30, 2022	64,519,258	\$ 12,792,696	\$ 2,456,689	\$ (14,183,429)	\$ 1,065,956

The accompanying notes are an integral part of these financial statements

1844 Resources Inc.
Statements of Cash Flows

For the years ended April 30,	2022	2021
Cash flows used in Operating Activities		
Net loss for the year	\$ (751,352)	\$ (478,385)
Items not affecting cash:		
Other income on settlement of flow-through premium liability	(13,521)	(73,124)
Share-based compensation	186,000	156,000
Net changes in non-cash working capital items:		
(Decrease) increase in accounts payable and accrued liabilities	60,707	(282,615)
Decrease in reclamation deposit	-	21,600
Decrease (increase) in other receivables and prepaid expenses	5,387	(131,928)
Cash flows used in Operating Activities	(512,779)	(788,452)
Cash flows used in Investing Activities		
Exploration and evaluation assets	(316,073)	(532,720)
Equipment purchase	(6,893)	(3,500)
ITC refund	56,871	-
Cash flows used in Investing Activities	(266,095)	(536,220)
Cash flows provided by Financing Activities		
Issuance of common shares and units	646,900	1,548,550
Warrants exercised	26,250	-
Share issue costs	(50,233)	(141,969)
Cash flows provided by Financing Activities	622,917	1,406,581
Net change in cash during the year	(155,957)	81,909
Cash, beginning of year	205,713	123,804
Cash, end of year	\$ 49,756	\$ 205,713
Non-cash transactions		
Shares issued for exploration and evaluation assets	\$ 106,000	\$ 12,000
Fair value of warrants issued in private placements	\$ -	\$ 550,000
Fair value of broker warrants issued in private placements	\$ 5,320	\$ 88,041
Accounts payable related to exploration and evaluation assets	\$ 206,227	\$ 175,731
Fair value of flow-through premium liability	\$ -	\$ 86,645

The accompanying notes are an integral part of these financial statements

1844 Resources Inc.
Notes to the Financial Statements
April 30, 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 August 29, 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 April 30, 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 fiscal 2022 and 2021 of \$751,352 and \$478,385 respectively, has an accumulated deficit of \$14,183,429 (2021 - \$13,432,077) and has working capital deficiency of \$164,044 (2021 – working capital of \$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.

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 financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

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.

Exploration and evaluation assets

Pre-license costs

Pre-license costs are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as an exploration expense.

Exploration and evaluation (“E&E”) costs

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. Such E&E costs include land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, completing prefeasibility and feasibility studies and directly attributable internal costs. E&E costs are not depleted or amortized and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and/or probable reserves are determined to exist. Upon determination of proved and/or probable reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment and amortization.

Impairment of non-financial assets

The carrying amounts of the Corporation’s non-current assets are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the existence of specific rights to explore in a specific area, actual and planned expenditures, results of exploration, and whether an economically-viable operation can be established. An impairment loss is recognized for the amount by which any exploration and evaluation asset exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation asset’s fair value less costs to sell and value in use. Management judgment is applied in determining the lowest levels of exploration and evaluation assets grouping, for which there are separately identifiable cash flows (cash generating units), generally on the basis of areas of geological interest. Estimates and assumptions made may change if new information becomes available. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the Cash Generating Unit (“CGU”) level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, generally on the basis of geological interest. The Corporation has determined that geological areas within each claim group of a property are the CGUs.

The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. An impairment loss is recognized in the statement of loss and comprehensive loss for the period to the extent that the carrying amount of the asset (or CGU) exceeds the recoverable amount.

1844 Resources Inc.
Notes to the Financial Statements
April 30, 2022 and 2021

2. Significant accounting policies (continued)

Impairment of non-financial assets (continued)

Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset (or CGU) does not exceed the carrying amount that would have been determined, net of depletion and depreciation, had no impairment loss been recognized for the asset (or CGU). A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss.

Income Taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Commodity taxes

Expenses and exploration and evaluation assets are recognized net of the amount of commodity taxes except where the commodity taxes incurred are not recoverable from the taxation authority, in which case, the commodity taxes are recognized as part of the cost of exploration and evaluation assets or as part of the expense item as applicable.

Share capital and warrants

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of common shares, including warrants, are recognized as a reduction of equity, net of tax.

The Corporation has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placements units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Corporation considers the market value of the common shares issued as fair value, and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with the fair value attributed to the warrants being recorded as contributed surplus.

2. Significant accounting policies (continued)

Flow-through shares

Where a portion of the Corporation's exploration activities is financed by flow-through share arrangements, under the terms of flow-through share agreements, the tax deductions of the related Canadian exploration expenditures ("CEE") are renounced in favour of the investors. Accordingly, flow-through proceeds are allocated between the offering of the common shares and the premium associated with the sale of tax benefits of the common shares at the date of issuance. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors and reversed in the statements of loss and comprehensive loss as a deferred income tax recovery ("other income") as the Corporation spends the flow-through proceeds.

Share-based payments

Options and warrants granted to employees and others providing similar services are accounted for using the fair value method. Under this method, the fair value of stock options and warrants granted are measured at estimated fair value at the grant date and recognized over the vesting period on a graded basis. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

Options and warrants granted to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. The Corporation uses the Black-Scholes option pricing model to determine the fair value of these incentives taking into consideration terms and conditions upon which the options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest, if applicable.

Options and warrants granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Loss per share

The Corporation presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is determined by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Corporation. In years where a loss is reported, diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be anti-dilutive.

Financial instruments

Under IFRS 9, the Corporation recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Corporation measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

1844 Resources Inc.
Notes to the Financial Statements
April 30, 2022 and 2021

2. Significant accounting policies (continued)

Financial assets

The Corporation will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

- a) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:
 - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b) Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- c) Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, the Corporation changes its business model for managing financial assets it must reclassify all affected financial assets.

The Corporation's financial assets comprise of cash and other receivables. Cash is measured at fair value and other receivables are measured at amortized cost.

Financial liabilities

The Corporation's liabilities include accounts payable and accrued liabilities which are all measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability.

Impairment of financial assets

The Corporation assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For GST receivables, the Corporation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Provision for environmental rehabilitation

The Corporation recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Corporation's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

As at April 30, 2022 and 2021, the Corporation does not have any known rehabilitation obligations.

1844 Resources Inc.
Notes to the Financial Statements
April 30, 2022 and 2021

2. Significant accounting policies (continued)

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:

Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- determination of the CGU and the recoverable amounts of the CGU used in impairment testing of long-lived assets including estimates of reserves and resources, future commodity prices, production costs, foreign exchange rates, discount rates, inflation and income tax rates;
- the fair value of share-based compensation determined using the Black-Scholes option pricing model using estimates for expected forfeitures, useful life and stock volatility;
- a portion of the provision for deferred income taxes based on estimated tax bases using enacted or substantively enacted tax rates expected to apply to taxable income during the years in which the differences are expected to be recovered or settled; and
- the determination that CGUs are at the claims group level or areas within each claims group.

3. Exploration and evaluation assets

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

Year ended April 30,	2022		2021	
Geology, technical reports, data compilation and maps	\$	143,622	\$	690,745
Geophysical		159,688		-
Miscellaneous expenses		30,855		-
Property acquisition and rent		118,404		10,252
Resource tax credit refund		(56,871)		-
	\$	395,698	\$	700,997

1844 Resources Inc.
Notes to the Financial Statements
April 30, 2022 and 2021

3. Exploration and evaluation assets (continued)

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 Arsenaault	9,132	663,751	-	672,883
	\$ 122,912	\$ 700,997	\$ -	\$ 823,909

	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 Arsenaault	672,883	57,558	-	730,441
Lac Crystal	-	56,881	-	56,881
	\$ 823,909	\$ 395,698	\$ -	\$ 1,219,607

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.

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
April 30, 2022 and 2021

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.

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, 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 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.

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4. Common shares and contributed surplus (continued)

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.

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 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.

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.
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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:

	April 30, 2022		April 30, 2021	
	Options	Price	Options	Price
Outstanding and exercisable,				
beginning of year	2,000,000	\$ 0.08	-	\$ -
Options granted	3,000,000	0.10	2,000,000	0.08
Outstanding and exercisable, end of year	5,000,000	\$ 0.09	2,000,000	\$ 0.08

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.

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4. Common shares and contributed surplus (continued)

Warrants

A summary of the outstanding warrants is as follows:

	April 30, 2022		April 30, 2021	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	25,622,833	\$ 0.09	5,246,167	\$ 0.13
Expired	(1,938,333)	\$ 0.30	(73,333)	\$ 0.50
Expired	(3,234,500)	\$ 0.10	-	\$ -
Issued	1,130,000	0.075	20,000,000	0.075
Issued	-		450,000	0.120
Exercised	(350,000)	0.08	-	-
Outstanding, end of year	21,230,000	\$ 0.08	25,622,833	\$ 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%.

Broker warrants

A summary of the outstanding broker warrants is as follows:

	April 30, 2022		April 30, 2021	
	Warrants	Price	Warrants	Price
Outstanding, beginning of year	1,364,380	\$ 0.09	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	(115,000)	0.10	(32,000)	0.30
Outstanding, end of year	1,389,380	\$ 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 expired 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.

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

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.

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:

	April 30, 2022	April 30, 2021
Balance, beginning of year	\$ 2,242,779	\$ 1,448,738
Private placements - warrants	31,900	550,000
Private placements - broker warrants	5,320	88,041
Warrants exercised	(9,310)	-
Share-based compensation	186,000	156,000
Balance, end of year	\$ 2,456,689	\$ 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 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.

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Notes to the Financial Statements
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5. Income taxes

The provision for income tax, both current and deferred, differs from the amount calculated by applying the combined expected federal and provincial rate to profit before taxes. The reasons for these differences are as follows:

	2022	2021
Loss for the year before taxes	\$ (751,352)	\$ (478,385)
Expected income tax recovery	(201,000)	(128,000)
Impact of flow through shares	-	20,000
Change in statutory, foreign exchange rates and other	9,000	(24,000)
Permanent differences	47,000	42,000
Share issue costs	(15,000)	(38,000)
Adjustment to prior years provision versus statutory returns and expiry of non-capital losses	116,000	-
Change in unrecognized deductible temporary differences	44,000	128,000
Total income tax expense (recovery)	\$ -	\$ -
Current income tax expense	\$ -	\$ -
Deferred tax expense	\$ -	\$ -

The significant components of the Corporation's deferred tax assets (liabilities) are as follows:

	2022	2021
Exploration and evaluation assets	\$ 904,000	\$ 1,048,000
Share issue costs	38,000	37,000
Non-capital losses available for future period	1,245,000	1,059,000
	2,187,000	2,144,000
Unrecognized deferred tax assets	(2,187,000)	(2,144,000)
Net deferred tax asset	\$ -	\$ -

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.

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6. General and administrative

For the years ended April 30,	2022	2021
Investor relations	\$ 161,569	\$ 143,576
Insurance	7,722	5,667
Office and other expenses	62,218	43,636
	\$ 231,509	\$ 192,879

7. Related party transactions

Compensation of key executive personnel

	April 30, 2022	April 30, 2021
Consulting fees to officers	\$ 142,500	\$ 92,500
Share-based compensation for directors and officers	93,000	101,400
	\$ 235,500	\$ 193,900

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

During the year ended April 30, 2022, \$142,500 (2021 - \$92,500) was recorded for consulting services provided by a companies controlled by directors and officers of the Corporation. As at April 30, 2022 the Corporation owed \$18,014 (April 30, 2021 - \$44,693) 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.

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 April 30, 2022, the Corporation had a cash balance of \$49,756 to settle accounts payable and accrued liabilities of \$344,909.

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.

10. Events after the reporting period

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 (not 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.

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10. Events after the reporting period (continued)

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.

On August 26, 2022, the Corporation filed the amended and revised, final short form Prospectus for a financing consisting of up to 15,000,000 common shares at \$0.05 to raise up to \$750,000.