



Ressources  
**1844**  
Resources

**FINANCIAL STATEMENTS**

(Stated in Canadian dollars)

**October 31, 2023 and 2022**

**(Unaudited – Prepared by Management)**

**NOTICE OF NO AUDITOR REVIEW**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim financial statements for the period ended October 31, 2023.

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

**1844 Resources Inc.**

## Statements of Financial Position

(Unaudited – Expressed in Canadian dollars)

As at,	October 31, 2023	April 30, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash (Note 9)	\$ 173,725	\$ 66,597
Other receivables and prepaid expenses	50,463	59,771
	<b>224,188</b>	<b>126,368</b>
<b>Non-current assets</b>		
Shares receivable (Note 3)	500,000	500,000
Equipment	10,393	10,393
Exploration and evaluation assets (Note 3)	821,660	734,599
<b>Total assets</b>	<b>\$ 1,556,241</b>	<b>\$ 1,371,360</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 7 and 9)	\$ 867,934	\$ 411,455
Flow-through premium liability (Note 4)	10,492	44,206
<b>Total liabilities</b>	<b>878,426</b>	<b>455,661</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 4)	13,338,702	13,338,702
Contributed surplus (Note 4)	2,501,962	2,489,762
Deficit	(15,162,849)	(14,912,765)
	<b>677,815</b>	<b>915,699</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,556,241</b>	<b>\$ 1,371,360</b>

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 13, 2023:

"Sylvain Laberge"

"Andrew Davidson"

The accompanying notes are an integral part of these financial statements

**1844 Resources Inc.**Statements of Loss and Comprehensive Loss  
(Unaudited – Expressed in Canadian dollars)

<b>For the three and six months ended October 31,</b>	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>October 31</b>		<b>October 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Operating Expenses</b>				
General and administration	\$ 34,031	\$ 46,386	\$ 76,294	\$ 89,908
Management fees (Note 6)	37,500	37,500	75,000	75,000
Professional fees	60,453	83,786	85,844	119,378
Property investigation costs	24,203	-	24,928	-
Share-based compensation (Note 4)	-	-	12,200	-
Transfer agent and filing fees	7,875	7,816	9,532	20,361
	<b>164,062</b>	<b>175,488</b>	<b>283,798</b>	<b>304,647</b>
<b>Loss from operating expenses</b>	<b>(164,062)</b>	<b>(175,488)</b>	<b>(283,798)</b>	<b>(304,647)</b>
Other income on settlement of flow-through premium liability (Note 4)	32,883	44,365	33,714	44,365
<b>Net loss and comprehensive loss</b>	<b>\$ (131,179)</b>	<b>\$ (131,123)</b>	<b>\$ (250,084)</b>	<b>\$ (260,282)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>79,683,258</b>	<b>69,019,258</b>	<b>79,683,258</b>	<b>67,322,537</b>

The accompanying notes are an integral part of these financial statements

**1844 Resources Inc.**Statements of Changes in Shareholders' Equity  
(Unaudited – Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity (Deficiency)
<b>Balance, May 1, 2022</b>	<b>64,519,258</b>	<b>\$ 12,792,696</b>	<b>\$ 2,456,689</b>	<b>\$ (14,183,429)</b>	<b>\$ 1,065,956</b>
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)
<b>Balance, October 31, 2022</b>	<b>69,519,258</b>	<b>\$ 12,994,529</b>	<b>\$ 2,462,929</b>	<b>\$ (14,443,711)</b>	<b>\$ 1,013,747</b>
	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity (Deficiency)
<b>Balance, May 1, 2023</b>	<b>79,683,258</b>	<b>\$ 13,338,702</b>	<b>\$ 2,489,762</b>	<b>\$ (14,912,765)</b>	<b>\$ 915,699</b>
Share-based compensation	-	-	12,200	-	12,200
Net loss	-	-	-	(250,084)	(250,084)
<b>Balance, October 31, 2023</b>	<b>79,683,258</b>	<b>\$ 13,338,702</b>	<b>\$ 2,501,962</b>	<b>\$ (15,162,849)</b>	<b>\$ 677,815</b>

The accompanying notes are an integral part of these financial statements

**1844 Resources Inc.**

## Statements of Cash Flows

(Unaudited – Expressed in Canadian dollars)

<b>For the six months ended October 31,</b>	2023	2022
<b>Cash flows used in Operating Activities</b>		
Net loss for the period	\$ (252,494)	\$ (260,282)
Items not affecting cash:		
Other income on settlement of flow-through premium liability	(831)	(44,365)
Share-based compensation	12,200	-
Net changes in non-cash working capital items:		
(Decrease) increase in accounts payable and accrued liabilities	345,251	198,648
Decrease (increase) in other receivables and prepaid expenses	3,002	3,132
<b>Cash flows used in Operating Activities</b>	<b>107,128</b>	<b>(102,867)</b>
<b>Cash flows used in Investing Activities</b>		
Exploration and evaluation assets	-	(142,598)
<b>Cash flows used in Investing Activities</b>	<b>-</b>	<b>(142,598)</b>
<b>Cash flows provided by Financing Activities</b>		
Issuance of common shares and units	-	320,000
Share issue costs	-	(5,075)
<b>Cash flows provided by Financing Activities</b>	<b>-</b>	<b>314,925</b>
<b>Net change in cash during the period</b>	<b>107,128</b>	<b>69,460</b>
Cash, beginning of period	66,597	49,756
Cash, end of period	<b>\$ 173,725</b>	<b>\$ 119,216</b>
<b>Non-cash transactions</b>		
Shares issued for exploration and evaluation assets	\$ -	\$ 65,000
Fair value of broker warrants issued in private placements	\$ -	\$ 6,240
Accounts payable related to exploration and evaluation assets	\$ -	\$ 249,970
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 Condensed Interim Financial Statements

As at October 31, 2023 and for the three and six months ended October 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

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### **1. Description of business and going concern**

1844 Resources Inc. (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 4<sup>th</sup> Avenue South, Saskatoon, Saskatchewan S7K 5M5. These financial statements were approved by the Corporation’s board of directors on December 13, 2023.

#### **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, 2023, the Corporation’s current cash resources are insufficient to cover the expected expenditures in fiscal 2024. 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 six months ended October 31, 2023 and fiscal 2023 of \$250,084 and \$729,336 respectively, has an accumulated deficit of \$15,162,849 (2023 - \$14,912,765) and has working capital deficiency of \$654,238 (2023 – working capital deficiency of \$329,293). 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.

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 Condensed Interim Financial Statements

As at October 31, 2023 and for the three and six months ended October 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

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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, 2023. Accordingly, these condensed interim financial statements for the three and six month periods ended October 31, 2023 and 2022 should be read together with the annual financial statements as at and for the year ended April 30, 2023.

#### **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, 2024 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:

<b>Period ended October 31,</b>		<b>2023</b>		<b>2022</b>
Geology, technical reports, data compilation and maps	\$	27,500	\$	108,311
Geophysical		47,661		-
Sample analysis		-		7,246
Miscellaneous expenses		1,900		60,784
Property acquisition and rent		10,000		75,000
	\$	87,061	\$	251,341

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**1844 Resources Inc.**

Notes to the Condensed Interim Financial Statements

As at October 31, 2023 and for the three and six months ended October 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

**3. Exploration and evaluation assets (continued)**

Exploration and evaluation assets by properties are detailed as follows:

	Balance as at May 1, 2022		Additions	Impairment/ Disposals	Balance as at April 30, 2023			
Vortex	\$	21,644	\$	4,625	\$	-	\$	26,269
Davidson		46,781		-		-		46,781
Native Copper		363,860		240,808		-		604,668
Lac Arsenault		730,441		1,810		(732,251)		-
Lac Crystal		56,881		-		-		56,881
	\$	1,219,607	\$	247,243	\$	(732,251)	\$	734,599

	Balance as at May 1, 2023		Additions	Impairment/ Disposals	Balance as at October 31, 2023			
Vortex	\$	26,269	\$	5,500	\$	-	\$	31,769
Davidson		46,781		-		-		46,781
Native Copper		604,668		12,900		-		617,568
KM50		-		68,661		-		68,661
Lac Crystal		56,881		-		-		56,881
	\$	734,599	\$	87,061	\$	-	\$	821,660

**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 is comprised of three main claim groups:

- The Sullipek deposit, situated on the western edge of the project area;
- The Sullipek East property, a skarn/porphyry copper opportunity; and
- 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.

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.

**3. Exploration and evaluation assets (continued)**

## **1844 Resources Inc.**

### Notes to the Condensed Interim Financial Statements

As at October 31, 2023 and for the three and six months ended October 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

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#### **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 grassroots 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 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 (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 (paid), issue 500,000 common shares (issued) and grant a 2% NSR, which 1% can be purchased for \$750,000.

#### **KM50**

On June 12, 2023, the Corporation entered into an agreement to acquire claims to the Native Copper project. As consideration the Corporation must pay \$10,000 cash (not paid), issue 1,000,000 common shares (not issued) and grant a 2% NSR, which 1% can be purchased for \$1,000,000.

- First anniversary – pay \$75,000 in cash or shares
- Second anniversary – pay \$75,000 in cash or shares
- Third anniversary – pay \$90,000 in cash

#### **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), and 625,000 shares will be issued 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 34 claims for a total of 46 claims.

### **3. Exploration and evaluation assets (continued)**

## **1844 Resources Inc.**

Notes to the Condensed Interim Financial Statements

As at October 31, 2023 and for the three and six months ended October 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

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### **Lac Arsenault**

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

- \$100,000 cash on closing (received)
- Shares of Canadian Gold Resources Ltd. having a value of \$500,000
- 1% NSR, which the purchaser will have to right to repurchase for \$500,000

At October 31, 2023, Canadian Gold Resources Ltd. has not completed their public offering and the Corporation has recorded the shares receivable at the value of shares to be received. The number of shares will be determined at the close of their public offering and will be valued quarterly by reference to the closing price traded on the exchange at each reporting date.

#### **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 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. The Corporation paid cash commissions totaling \$19,200, other share issue costs totaling \$5,075, and issued 240,000 broker compensation warrants with a value of \$6,240.

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 commissions totaling \$40,565, other share issue costs totaling \$109,281, and issued 813,120 broker compensation warrants with a value of \$26,833.

#### **4. Common shares and contributed surplus (continued)**

## 1844 Resources Inc.

### Notes to the Condensed Interim Financial Statements

As at October 31, 2023 and for the three and six months ended October 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

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#### Stock option plan

The directors of the Corporation have adopted, and the shareholders have approved an Omnibus equity incentive compensation plan (the “2022 Option Plan”), pursuant to which the directors may from time to time grant options, performance share units, restricted share units and 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, 2023		April 30, 2023	
	Options	Price	Options	Price
<b>Outstanding and exercisable, beginning of period</b>	5,000,000	\$ 0.09	5,000,000	\$ 0.09
Options granted	400,000	0.05	-	-
<b>Outstanding and exercisable, end of period</b>	<b>5,400,000</b>	<b>\$ 0.09</b>	<b>5,000,000</b>	<b>\$ 0.09</b>

#### Stock option plan

On May 16, 2023, the Board of Directors of the Corporation approved the grant of 200,000 stock options pursuant to the Corporation's 2022 Option Plan. 200,000 of the options were granted to consultants of the Corporation.

The options are exercisable at \$0.05 per share, vest immediately and, if not exercised, expire May 16, 2028, subject to earlier expiration in accordance with the 2022 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 \$5,600, 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 3.06%, expected life of options 5 years, annualized volatility 178.54% and dividend rate of nil.

On June 13, 2023, the Board of Directors of the Corporation approved the grant of 200,000 stock options pursuant to the Corporation's 2022 Option Plan. 200,000 of the options were granted to consultants of the Corporation.

The options are exercisable at \$0.05 per share, vest immediately and, if not exercised, expire June 13, 2028, subject to earlier expiration in accordance with the 2022 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 \$6,600, 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 3.52%, expected life of options 5 years, annualized volatility 178.81% and dividend rate of nil.

**1844 Resources Inc.**

Notes to the Condensed Interim Financial Statements

As at October 31, 2023 and for the three and six months ended October 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

**4. Common shares and contributed surplus (continued)****Warrants**

A summary of the outstanding warrants is as follows:

	<b>October 31, 2023</b>		<b>April 30, 2023</b>	
	<b>Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Warrants</b>	<b>Weighted Average Exercise Price</b>
<b>Outstanding, beginning of period</b>	20,780,000	\$ 0.08	21,230,000	\$ 0.08
Expired	(20,780,000)	0.08	(450,000)	0.120
<b>Outstanding, end of period</b>	<b>-</b>	<b>\$ -</b>	<b>20,780,000</b>	<b>\$ 0.08</b>

**Broker warrants**

A summary of the outstanding broker warrants is as follows:

	<b>October 31, 2023</b>		<b>April 30, 2023</b>	
	<b>Warrants</b>	<b>Price</b>	<b>Warrants</b>	<b>Price</b>
<b>Outstanding, beginning of period</b>	2,026,720	\$ 0.07	1,389,380	\$ 0.09
Broker warrants issued	-	-	240,000	0.080
Broker warrants issued	-	-	813,120	0.05
Broker warrants expired	(973,600)	0.08	(140,000)	0.05
Broker warrants expired	-	-	(275,780)	0.15
<b>Outstanding, end of period</b>	<b>1,053,120</b>	<b>\$ 0.05</b>	<b>2,026,720</b>	<b>\$ 0.07</b>

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 expired on June 29, 2022, 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 \$0.08 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.

On November 23, 2022, the Corporation issued 813,120 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 36 months and vest immediately. The fair value of these warrants was estimated at \$26,833 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility of 161.42%, and a risk free interest rate of 3.89%. These warrants expire on November 23, 2025.

## 1844 Resources Inc.

Notes to the Condensed Interim Financial Statements

As at October 31, 2023 and for the three and six months ended October 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

### 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:

	<b>October 31, 2023</b>	<b>April 30, 2023</b>
<b>Balance, beginning of period</b>	<b>\$ 2,489,762</b>	<b>\$ 2,456,689</b>
Private placements - broker warrants	-	33,073
Share-based compensation	12,200	-
<b>Balance, end of period</b>	<b>\$ 2,501,962</b>	<b>\$ 2,489,762</b>

#### Other income on settlement of flow-through premium liability

During the year ended April 30, 2023, 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, 2023, the Corporation reduced the liability to \$10,492 (April 30, 2023 – 44,206) and recognized other income in the amount of \$33,714 (April 30, 2023 - \$95,794) during the period ended October 31, 2023. The Corporation is required to incur \$23,982 in eligible flow-through expenditures by December 31, 2023.

### 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:

	<b>2023</b>	<b>Expiry Date Range</b>	<b>2022</b>	<b>Expiry Date Range</b>
Share issue costs	\$ 235,000	2044 to 2047	\$ 145,000	2043 to 2046
Exploration and evaluation assets	\$ 3,252,000	No expiry date	\$ 3,413,000	No expiry date
Non-capital losses available for future periods	\$ 5,480,000	2031 to 2043	\$ 4,696,000	2031 to 2042

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

## 1844 Resources Inc.

Notes to the Condensed Interim Financial Statements

As at October 31, 2023 and for the three and six months ended October 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

### 6. General and administrative

	three months ended October 31,		six months ended October 31,	
	2023	2022	2023	2022
Investor relations	\$ 25,718	\$ 35,043	\$ 57,798	\$ 61,045
Insurance	-	-	2,810	5,986
Office and other expenses	8,313	11,343	15,686	22,877
	\$ 34,031	\$ 46,386	\$ 76,294	\$ 89,908

### 7. Related party transactions

#### Compensation of key executive personnel

For the six months ended October 31,	2023	2022
Consulting fees to officers	\$ 75,000	\$ 75,000
Share-based compensation for directors and officers	-	-
	\$ 75,000	\$ 75,000

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, 2023, \$75,000 (2022 - \$75,000) was recorded for consulting services provided by a companies controlled by directors and officers of the Corporation. As at October 31, 2023 the Corporation owed \$225,963 (April 30, 2023 - \$147,284) related to such services, which is included in accounts payable and accrued liabilities.

### 8. Capital management

The Corporation's objectives when managing capital are:

- 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;
- to provide sustained growth and value by increasing equity; and
- 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:

- raising capital through equity financings; and
- 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.

## 1844 Resources Inc.

Notes to the Condensed Interim Financial Statements

As at October 31, 2023 and for the three and six months ended October 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

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### 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, 2023, the Corporation had a cash balance of \$173,725 to settle accounts payable and accrued liabilities of \$867,934. During the period ended October 31, 2023, the Corporation had received \$111,245 in proceeds for a financing that has not closed yet and is included in accounts payable and accrued liabilities.

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.

## **1844 Resources Inc.**

Notes to the Condensed Interim Financial Statements

As at October 31, 2023 and for the three and six months ended October 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

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### **10. Events after the reporting period**

On March 6, 2023, the Corporation signed an option agreement to acquire up to 100% of the Hawk Ridge project from Nickel North Exploration Corp. As consideration the Corporation would issue cash payments, share issuances and financings in phases, as follows:

Phase 1 – paying \$1,000,000 and issuing 1,000,000 common shares to earn a 10% undivided interest  
Phase 2 – paying \$1,000,000 and issuing 1,000,000 common shares and incurring \$500,000 of exploration expenditures before the first anniversary date to earn an additional 10% undivided interest  
Phase 3 – paying \$1,000,000 and issuing 2,000,000 common shares and incurring \$500,000 of exploration expenditures before the second anniversary date to earn an additional 20% undivided interest  
Phase 4 – paying \$2,000,000 and issuing 3,000,000 common shares and incurring \$1,000,000 of exploration expenditures before the third anniversary date to earn an additional 40% undivided interest  
Phase 5 – paying \$1,000,000 and issuing 3,000,000 common shares and incurring \$1,000,000 of exploration expenditures before the fourth anniversary date to earn an additional 20% undivided interest

On June 19, 2023, the shareholders of Nickel North Exploration Corp approved the Hawk Ridge project option agreement. The transaction has not closed yet and is subject to the Company completing a financing and paying \$1,000,000, issuing 1,000,000 common shares and receiving TSX venture exchange (“TSXV”) approval.

On December 1, 2023, the Corporation entered into an amended and restated option agreement to acquire up to 100% of the Hawkridge project. The amended consideration is as follows:

Phase 1 – paying \$15,000 cash as a non-refundable deposit, and upon receiving TSXV approval paying \$335,000 cash and issuing 5,000,000 common shares  
Phase 2 – paying \$350,000 and issuing 4,000,000 common shares and incurring \$500,000 of exploration expenditures before the first anniversary date to earn an initial 20% undivided interest  
Phase 3 – paying \$350,000 and issuing 4,000,000 common shares and incurring \$500,000 of exploration expenditures before the second anniversary date to earn an additional 10% undivided interest  
Phase 4 – paying \$750,000 and issuing 3,000,000 common shares and incurring \$1,000,000 of exploration expenditures before the third anniversary date to earn an additional 20% undivided interest  
Phase 5 – paying \$1,000,000 and issuing 3,000,000 common shares and incurring \$2,000,000 of exploration expenditures before the fourth anniversary date to earn an additional 30% undivided interest  
Phase 6 – paying \$2,000,000 before the fifth anniversary date to earn an additional 20% undivided interest