

# **Level 14 Ventures Ltd.**

## **UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the three months ended March 31, 2023 and 2022**

**Reader's Note:**

These unaudited condensed consolidated interim financial statements of Level 14 Ventures Ltd. have been prepared by management and have not been reviewed by the Company's auditor.

**LEVEL 14 VENTURES LTD.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2023 AND DECEMBER 31, 2022

(Expressed in Canadian dollars)

(Unaudited)

	Note	March 31, 2023 \$	December 31, 2022 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		1,350,112	1,664,243
Receivables		39,085	33,114
Prepaid expenses	5	9,075	-
<b>Total current assets</b>		<b>1,398,272</b>	<b>1,697,357</b>
<b>Non-current assets</b>			
Exploration and evaluation asset	4	229,657	229,657
Deferred acquisition costs	5	9,655,681	9,550,391
<b>Total assets</b>		<b>11,283,610</b>	<b>11,477,405</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	53,851	103,884
<b>Total liabilities</b>		<b>53,851</b>	<b>103,884</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	11,751,273	11,751,273
Share-based compensation reserve	6 (c)	459,308	304,267
Warrant reserve	7	581,802	581,802
Deficit		(1,562,624)	(1,263,821)
<b>Total shareholders' equity</b>		<b>11,229,759</b>	<b>11,373,521</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,283,610</b>	<b>11,477,405</b>

Nature of operations and going concern (note 1)

Approved by the Board of Directors on May 18, 2023

"Hayley Thomasen"

Director

"Christopher Cooper"

Director

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

**LEVEL 14 VENTURES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Expressed in Canadian dollars)

(Unaudited)

	Note	March 31, 2023 \$	March 31, 2022 \$
<b>Expenses</b>			
Exploration expenses	4	21,497	-
Foreign exchange loss		11,227	10,891
General and administrative	8	19,731	13,515
Insurance expense		3,025	3,025
Listing and filing fees		5,200	6,028
Management fees	8	9,000	9,000
Marketing fees		30,000	-
Professional fees		29,082	18,547
Salaries and wages	8	15,000	7,225
Share-based compensation	6(c), 8	155,041	-
<b>Loss and Comprehensive loss for the period</b>		<b>(298,803)</b>	<b>(68,231)</b>
<b>Loss per share</b>			
Basic and diluted		<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding (basic and diluted)</b>		<b>91,515,501</b>	<b>39,080,501</b>

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

**LEVEL 14 VENTURES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Expressed in Canadian dollars)

(Unaudited)

	Note	Common shares Number	Share capital \$	Warrants reserve \$	Share-based compensation reserve \$	Deficit \$	Total \$
<b>Balance, December 31, 2021</b>		<b>39,080,501</b>	<b>1,323,692</b>	<b>581,802</b>	<b>54,861</b>	<b>(591,821)</b>	<b>1,368,534</b>
Loss and comprehensive loss for the period		-	-	-	-	(68,231)	(68,231)
<b>Balance, March 31, 2022</b>		<b>39,080,501</b>	<b>1,323,692</b>	<b>581,802</b>	<b>54,861</b>	<b>(660,052)</b>	<b>1,300,303</b>
Balance, December 31, 2022		91,515,501	11,751,273	581,802	304,267	(1,263,821)	11,373,521
Share based compensation	6(c)	-	-	-	155,041	-	155,041
Loss and comprehensive loss for the period		-	-	-	-	(298,803)	(298,803)
<b>Balance, December 31, 2022</b>		<b>91,515,501</b>	<b>11,751,273</b>	<b>581,802</b>	<b>459,308</b>	<b>(1,562,624)</b>	<b>11,229,759</b>

The accompanying notes form an integral part of these unaudited condensed consolidated financial statements.

**LEVEL 14 VENTURES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Expressed in Canadian dollars)

(Unaudited)

		March 31, 2023	March 31, 2022
		\$	\$
	Note		
<b>Cash flows provided by (used in)</b>			
<b>Operating Activities</b>			
Loss for the period		(298,803)	(68,231)
Items not affecting cash:			
Unrealized foreign exchange loss		-	10,891
Share-based compensation		155,041	-
Changes in non-cash working capital:			
Accounts payable and accrued liabilities	8	(50,033)	5,885
Receivables		(5,971)	7,818
Prepaid expenses		(9,075)	(9,092)
		(208,841)	(52,729)
<b>Investing Activities</b>			
Advance to Bridle Capital Ltd.	5	-	(383,268)
Deferred acquisition costs	5	(105,290)	-
		(105,290)	(383,268)
<b>Decrease in cash for the period</b>		(314,131)	(435,997)
Cash - beginning of period		1,664,243	748,423
<b>Cash - end of period</b>		1,350,112	312,426

The accompanying notes form an integral part of these unaudited condensed consolidated financial statements.

## **LEVEL 14 VENTURES LTD.**

CONDENSED CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

Expressed in Canadian dollars unless otherwise stated  
(Unaudited)

### **1. Nature of operations and going concern**

#### *Nature of operations and Going Concern*

Level 14 Ventures Ltd. (the “Company” or “Level 14”) was incorporated under the British Columbia *Business Corporations Act* on November 7, 2018. Level 14 has three wholly-owned subsidiaries, 1246931 B.C. Ltd (“1246931”), Bridle Capital Ltd (“Bridle”) and Kobe Resources Ltd. (“Kobe”) which are consolidated with the Company in these statements. The Company is publicly traded and listed on the Canadian Securities Exchange (the “Exchange”) under the symbol “LVL”.

The Company is an exploration stage mining company with one exploration property held through 1246931; the Green Mountain Property (note 4), located in British Columbia, Canada.

In addition to the Green Mountain Property, the Company has an option agreement, through its subsidiary Bridle, to acquire Colpayoc SAC (“Colpayoc”) which owns the Jose IV, Jose V, and El Ferrol properties in Cajamarca, Peru (note 5).

These unaudited condensed consolidated interim financial statements (the “Financial Statements”) have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business. Level 14 is an exploration stage mining company which incurred a loss of \$298,803 for the three months ended March 31, 2023, and as at March 31, 2023 had an accumulated deficit of \$1,562,624. Level 14 is expected to incur operating losses for the foreseeable future. Level 14’s ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. Level 14 estimates it has sufficient funds to operate for the next 12 months. These Financial Statements do not include adjustments that may be necessary if the going concern principal is not appropriate.

The head office & principal address of the Company is located at Suite 1400, 400 Burrard Street, Vancouver, BC, V6C 3A6.

### **2. Basis of presentation and significant accounting policies**

#### *Statement of Compliance*

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed consolidated interim financial statements do not include all the necessary annual disclosures in accordance with IFRS, and should be read in conjunction with the Company’s audited annual financial statements for the year ended December 31, 2022.

The accounting policies followed in these unaudited condensed consolidated interim financial statements are the same as those applied in the Company’s most recent audited annual financial statements for the year ended December 31, 2022.

#### *Basis of Presentation*

These financial statements have been prepared on a historical cost basis, except for any financial assets and liabilities held at fair value, as explained in the accounting policies set out below. The financial statements are presented in Canadian Dollars, which is the functional currency of the Company and its subsidiaries.

## LEVEL 14 VENTURES LTD.

CONDENSED CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS  
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### *Changes in accounting standards*

There are no upcoming changes in accounting standards which will impact the Company.

### 3. Significant Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in these unaudited condensed consolidated interim financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

Significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the annual financial statements as at and for the year ended December 31, 2022.

### 4. Exploration and Evaluation Asset

#### *Green Mountain Property*

On October 7, 2020 the Company acquired 1246931 B.C. Ltd at a cost of \$229,657 from a related party. 1246931 B.C. Ltd. owns the mineral rights of the Green Mountain Property, located in British Columbia, Canada. The property is subject to a net smelter returns royalty ("NSR") of 1.5% in favor of the vendor.

#### *Exploration expenditures*

During the three months ended March 31, 2023 and 2022 the Company incurred the following exploration expenditures, which were expensed as incurred:

	Three months ended March 31, 2023	Three months ended March 31, 2022
<b>Green Mountain</b>		
Field office costs	643	-
	643	-
<b>Project investigation costs</b>		
Geological	20,854	-
	20,854	-
<b>Total</b>	<b>21,497</b>	<b>-</b>

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CONDENSED CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS  
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### 5. Deferred Acquisition Costs

	<b>Deferred acquisition costs</b>
<b>Balance as of December 31, 2021</b>	-
Fair value allocated per Bridle acquisition	8,731,210
Paid to optionors per agreements post Bridle acquisition	68,643
Advances to Colpayoc	750,538
<b>Balance as of December 31, 2022</b>	9,550,391
Advances to Colpayoc	105,290
<b>Balance as of March 31, 2023</b>	9,655,681

#### *Bridle Acquisition*

On April 27, 2022 the Company acquired a 100% interest in Bridle from vendors that included a related party (note 8) for 36,000,000 common shares of the Company valued at \$7,200,000. Bridle holds an option agreement to acquire Colpayoc, which owns interests in the Jose IV, Jose V and El Ferrol properties. In addition, the Company agreed to repay a US\$624,431 (C\$799,084) shareholder loan held by Bridle. The Company incurred \$3,000 in legal costs relating to the transaction. The properties are subject to a 2% NSR on the Jose properties and a 1% NSR on the El Ferrol property in favor of the vendors.

The acquisition was treated as an acquisition of assets and the consideration allocated to the acquired assets and liabilities based on estimated fair values at the time of acquisition. Any residual value has been allocated to deferred acquisition costs.

Allocation of the purchase price to the estimated fair value of assets and liabilities:

Purchase price:

Common shares issued	\$7,200,000
<u>Legal costs</u>	<u>\$3,000</u>
Total purchase price	\$7,203,000

Net assets acquired:

Cash	\$76,477
Accounts receivable	\$13,090
Accounts payable and accrued liabilities	(\$77,526)
Loan payable to Level 14	(\$741,166)
Loan payable to shareholder	(\$799,084)
<u>Deferred acquisition costs</u>	<u>\$8,731,209</u>
Total net assets acquired	\$7,203,000

At the time of the acquisition there was an outstanding shareholder loan payable held by Bridle of US\$624,431 (C\$799,084) due to the vendor of Bridle. The loan payable was paid in full on June 23, 2022 for C\$814,820. In addition, the Company had advanced \$424,317 (US\$335,000) to Bridle as at December 31, 2021 and with further advances of \$316,849 (US\$249,500) was owed \$741,166 (US\$584,500) at the time of acquisition.

#### *Colpayoc*

Through the acquisition of Bridle, the Company assumed its option agreement with Colpayoc to earn up to 100% of Colpayoc, which holds the Jose IV and V mineral claims located in Cajamarca, Peru. In addition, the Company has an option



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agreement with Sociedad Minera Chetilla S.R.L. to acquire 100% of the El Ferrol mineral claims, also located in Cajamarca, Peru. The Company is the operator of the program and is solely funding Colpayoc.

### *Jose IV and V*

The Company may earn a 75% interest in Colpayoc upon completion of US\$3 million in expenditures within two years of the Approvals date (the date in which all approvals required to perform full exploration of the property including all permits is granted, this date has not yet been determined due to instability in the region) and a US\$1,500,000 payment to the optionors . After earning the 75% interest, the Company can acquire the remaining 25% upon completion of an additional US\$2,000,000 in expenditures within four years of the Approvals date and a US\$1,500,000 payment to the optionors. A payment of \$689,386 (US\$500,000) has been made to the optionors towards this agreement and \$1,290,996 (US\$953,961) (inclusive of pre-acquisition costs) towards expenditures as of March 31, 2023. These amounts are included in deferred acquisition costs.

### *El Ferrol*

The Company may earn a 100% interest in the El Ferrol property through payments of US\$250,000 to the optionors by July 7, 2024. The Company paid \$143,331 (US\$100,000) towards this agreement as at March 31, 2023 and is included in deferred acquisition costs.

## **6. Share Capital and Reserves**

### a) Authorized:

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

### b) Issued and Outstanding:

#### *Share transactions during the year ended December 31, 2022*

On April 27, 2022, the Company completed its acquisition of Bridle Capital Ltd (note 5 and 8) through the issuance of 36,000,000 common shares valued at \$7,200,000.

In connection with the acquisition, the Company completed a non-brokered private placement financing and issued 16,435,000 common shares at a price of \$0.20 per share for total gross proceeds of \$3,287,000. The Company paid finder's fees of \$59,419 in connection with a portion of the financing.

### c) Stock Options

Pursuant to the Company's stock option plan (the "Stock Option Plan"), the Company's board of directors may, from time to time, grant directors, officers, employees and consultants non-transferable options to purchase common shares, provided that the number of common shares served for issuance will not exceed 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to 5 years from the date of the grant. The exercise price of any option granted pursuant to the Stock Option Plan shall be determined by the board of directors when granted, but shall not be less than the market price.

On September 1, 2022, the Company issued 6,175,000 stock options with an exercise price of \$0.20. All stock options issued are under a semi-annual vesting schedule with 25% of the shares vesting every 6 months starting on March 1, 2023. The options

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expire five years from the grant date. The value of the options granted was \$716,328 (2021 - \$nil) or \$0.12 (2021 - \$nil) per option.

The following weighted average assumptions were used to estimate the grant date fair value using the Black Scholes model:

	September 1, 2022
Expected dividend yield	0.00%
Expected stock price volatility	105%
Risk-free interest rate	3.32%
Expected life of the options	5.00 years
Grant date fair value per option	\$0.116

During the three months ended March 31 2023, the total share-based compensation recognized by the Company was \$155,041 (2022 - \$nil).

A continuity schedule for stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as of December 31, 2021	1,700,000	\$0.10
Granted	6,175,000	\$0.20
Outstanding as of December 31, 2022	<b>7,875,000</b>	<b>\$0.18</b>
Granted	-	-
Outstanding as of March 31, 2023	<b>7,875,000</b>	<b>\$0.18</b>

As at March 31, 2023, the Company had the following options outstanding:

Number outstanding	Exercisable	Exercise Price per Share	Expiry Date	Life remaining
700,000	700,000	\$0.10	December 14, 2023	0.71 years
1,000,000	1,000,000	\$0.10	September 18, 2025	2.47 years
4,631,250	1,543,750	\$0.20	September 1, 2027	4.43 years
6,331,250	3,243,750			

#### d) Shares in Escrow

As at March 31, 2023, 4,982,100 (2022 – 9,964,201) of the Company's shares were held in escrow. Such shares are to be released based on a predetermined schedule from as early as the Listing Date to a maximum of 36 months after the Listing Date.

## 7. Warrants

A continuity schedule for the Company's warrants is as follows:

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CONDENSED CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

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	<b>Number of warrants</b>
Outstanding as of December 31, 2021	27,166,000
Granted	-
Outstanding as of December 31, 2022	<b>27,166,000</b>
Granted	-
Outstanding as of March 31, 2023	<b>27,166,000</b>

As at March 31, 2023 the Company had the following warrants outstanding:

<b>Number outstanding</b>	<b>Exercisable</b>	<b>Exercise Price per Share</b>	<b>Expiry Date</b>	<b>Life remaining</b>
8,620,000	8,620,000	\$0.10	September 30, 2025	2.50 years
18,546,000	18,546,000	\$0.10	April 30, 2026	3.08 years

### 8. Related party transactions

Related parties are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. Related parties of the Company include the members of the Board of Directors, officers of the Company, close family members of these individuals, and any companies controlled by these individuals. Pathway Capital Ltd (“Pathway”) is considered a related party of the Company as it is controlled by the Chief Executive Officer and a director of the Company.

On November 26, 2018, the Company entered into an administrative services agreement with Pathway to pay for rent and other administrative services. On September 1, 2020, this agreement was modified to include management fees in addition to the services already provided by Pathway. During the three months ended March 31, 2023, Level 14 paid or accrued \$15,000 to Pathway under the agreement (2022 - \$15,000), these expenses are included under general and administrative expenses and management fees in the consolidated statement of loss and comprehensive loss. As at March 31, 2023, the Company had an accounts payable balance of \$35,326 owing to Pathway (December 31, 2022 - \$28,739).

On April 27, 2022, the Company acquired Bridle and issued 30,000,000 common shares valued at \$6,000,000 to a significant shareholder. The Company also granted a 1% NSR on the Jose IV, Jose V and El Ferrol properties, and repaid the \$814,820 (US\$624,431) shareholder loan of Bridle (note 5).

#### *Compensation of key management personnel:*

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company considers its Board of Directors, as well as the CEO and CFO to be key management personnel.

During the three months ended March 31, 2023 and 2022, the Company’s compensation cost for key management personnel was as follows:

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(Unaudited)

	Three months ended March 31, 2023	Three months ended March 31, 2022
	\$	\$
Salaries and Wages <sup>1</sup>	24,000	16,225
Share-based compensation	119,262	-
Total	143,262	16,225

<sup>1</sup>Included in Salaries and Wages are management fees relating to the Pathway agreement of \$9,000 for the three months ended March 31, 2023 (2022 - \$9,000)

### 9. Segmented Information

The Company's business consists of only one reportable segment being exploration and evaluation of mineral properties. Non-current assets by country are as follows:

	March 31, 2023			December 31, 2022		
	Canada	Peru	Total	Canada	Peru	Total
Exploration and evaluation asset	\$229,657	\$ -	\$229,657	\$229,657	\$ -	\$ 229,657
Deferred acquisition costs	-	9,655,681	\$9,655,681	-	9,550,391	9,550,391
	\$229,657	\$9,655,681	\$9,885,338	\$229,657	\$9,550,391	\$9,780,048

### 10. Financial Instruments

As at March 31, 2023, the Company's financial instruments consist of cash, receivables, cash advances and accounts payable. The Company classifies cash, cash advances and receivables as financial assets held at amortized cost. The Company classifies accounts payable as financial liabilities, and these are held at amortized cost. The fair value of all of the Company's financial instruments approximates their carrying value.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during the three months ended March 31, 2023 or 2022.

The risk exposure arising from these financial instruments is summarized as follows:

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial assets are cash and receivables. The Company holds its cash in bank accounts with highly rated financial institutions, therefore minimizing the Company's credit risk. Receivables are due from government agencies.

(b) Liquidity risk

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Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company has sufficient funds as of March 31, 2023 to cover its liabilities. The Company's ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on future support of shareholders through public or private equity offerings.

### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments.

As at March 31, 2023, the Company is exposed to currency risk through its assets and liabilities denominated in US dollars and Peruvian nuevo soles. A significant change in these exchange rates could have an effect on the Company's results of operations, financial position, or cash flows. The Company has not hedged its exposure to currency fluctuations.

Based on the balances held in foreign currencies as at March 31, 2023, and assuming all other variables remain constant, a 10% change in the value of the Canadian dollar against the US dollar and Peruvian nuevo soles would result in an increase/decrease of approximately \$2,445 in assets.

The Company carries no interest-bearing debt and so is not at risk of interest rate movements at present.

## **11. Capital Management**

In the management of capital, the Company includes the components of shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral projects for the benefit of its stakeholders. As the Company is in the exploration stage, it has no income from operations, and its principal source of funds is from the issuance of its common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, or dispose of assets.

The Company's investment practice is to invest its excess cash in highly liquid short-term interest-bearing investments selected with regards to expected timing of its expenditures. The Company is not subject to any externally imposed capital requirements. The Company's approach to capital management has not changed in the years presented.