Earl Resources Limited

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three and Nine Months Ended September 30, 2021

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3(a)), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Vancouver, B.C.
November 26, 2021

Earl Resources Limited

Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

		As at September 30, 2021		As at December 31, 2020
ASSETS				
Current Assets				
Cash and cash equivalents	$	304,210	$	517,664
Prepaid expenses and deposits		1,250		-
TOTAL ASSETS	$	305,460	$	517,664
LIABILITIES and EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	441	$	225
Due to related parties (Note 6)		140,110		140,110
TOTAL LIABILITIES		140,551		140,335
SHAREHOLDERS' EQUITY				
Share capital (Note 4)		2,526,787		2,526,787
Share-based payments reserve		61,500		61,500
Accumulated deficit		(2,423,378)		(2,210,958)
TOTAL SHAREHOLDERS' EQUITY		164,909		377,329
TOTAL LIABILITIES and EQUITY	$	305,460	$	517,664

Nature of operations and going concern (Note 1)

Approved on behalf of the Board:

"Mischa Zajtmann" Director

"Chris Colborne" Director

See accompanying notes to the financial statements.

Earl Resources Limited

Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
EXPENSES				
Accounting and audit	$ -	$ -	$ 12,358	$ 11,797
Consulting fees	41,759	1,329	141,759	5,807
Filing fees	1,292	253	6,922	253
Legal	-	-	25,114	-
Management fees (Note 6)	-	2,625	-	18,375
Office administration and expenses (Note 6)	8,011	8,242	24,162	24,283
Transfer agent fees	619	1,312	2,105	2,751
Travel and business development	-	1,650	-	1,650
	(51,681)	(15,411)	(212,420)	(64,916)
Other items				
Interest income	-	-	-	135
Net Loss and Comprehensive Loss	$ (51,681)	$ (15,411)	$ (212,420)	$ (64,781)
Basic And Diluted Loss Per Share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)
Weighted Average Number Of Shares Outstanding, Basic and Diluted	38,490,400	32,711,770	38,490,400	32,443,978

See accompanying notes to the financial statements.

Earl Resources Limited

Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	For the Nine Months Ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (212,420)	$ (64,781)
Changes in non-cash working capital items:		
Increase in prepaid expenses and deposits	(1,250)	-
Increase in accounts payable and accrued liabilities	216	3,770
Cash used in operating activities	(213,454)	(61,011)
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placement financing, net of issuance costs	-	497,119
Cash from financing activities	-	497,119
Decrease in cash and cash equivalents during the period	(213,454)	436,108
Cash and cash equivalents, beginning of the period	517,664	94,590
Cash and cash equivalents, end of the period	$ 304,210	$ 530,698
Supplementary cash flow information		
Interest received	$ -	$ 563

See accompanying notes to the financial statements.

Earl Resources Limited

Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Share Capital	Share-based Payments Reserve	Accumulated Deficit	Total Shareholders' Equity
Balance, December 31, 2019	32,308,610	$ 2,029,668	$ 61,500	$ (2,135,632)	$ (44,464)
Private placement financing, net of issuance costs	6,181,790	497,119	-	-	497,119
Net loss and comprehensive loss for the period	-	-	-	(64,781)	(64,781)
Balance, September 30, 2020	38,490,400	2,526,787	61,500	(2,200,413)	387,874
Balance, December 31, 2020	38,490,400	2,526,787	61,500	(2,210,958)	377,329
Net loss and comprehensive loss for the period	-	-	-	(212,420)	(212,420)
Balance, September 30, 2021	38,490,400	$ 2,526,787	$ 61,500	$ (2,423,378)	$ 164,909

See accompanying notes to the financial statements.

1. Nature of Operations and Going Concern

Earl Resources Limited (the "Company") was incorporated under the British Columbia "Companies Act" as a Specialty Limited Company on November 21, 1963. In July 1998, the Company continued to the Cayman Islands. In February 2018, the Company continued back to British Columbia. The Company is currently inactive with limited operations and is in the process of seeking business opportunities. The head office and principal address of the Company is located at Suite 615 – 800 West Pender Street, Vancouver, BC, Canada, V6C 2V6.

The Company's ability to continue as a going concern is dependent upon its ability to continue raising equity financing, to identify, evaluate and negotiate a participation in, or an investment of an interest in a fundamental acquisition. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These unaudited condensed interim financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities, or the impact on the statements of loss and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not appropriate.

At September 30, 2021, the Company has an accumulated deficit of $2,423,378 (December 31, 2020 - $2,210,958) and has incurred recurring losses. There can be no assurance that a viable business opportunity that can be adequately financed will be identified and available to the Company. Additional equity and/or debt financing is subject to the global financial markets and prevailing economic conditions, which have recently been volatile and distressed. These factors will likely make it more challenging to obtain financing for the Company going forward. These matters and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern.

Since March 2020, there has been a global outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the regional economies in which the Company operates and could continue to result in negative impacts on the stock market, including trading prices of the Company's shares, and the ability to raise capital and could impact the Company's operations.

2. Basis of Presentation

a) Statement of Compliance

The unaudited condensed interim 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.

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, using accounting policies consistent with IFRS as issued by the IASB. These condensed interim financial statements have been prepared following the same accounting policies and methods of computation as the annual consolidated financial statements for the year ended December 31, 2020. These condensed interim financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2020.

These unaudited condensed interim financial statements have been approved by the Board of Directors on November 26, 2021.

b) Basis of Preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention and using the accrual basis of accounting, except for cash flow information.

c) Significant Accounting Judgments, Estimates and Assumptions

The preparation of these 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.

2. Basis of Presentation (cont'd…)

c) Significant Accounting Judgments, Estimates and Assumptions (cont'd…)

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below:

Share-based payments

The Company uses the Black-Scholes option pricing model to calculate the fair values of stock options at the date of grant. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Changes in these assumptions can materially affect fair value estimates.

3. Future IFRS Standards and Interpretations Issued But Not Yet Effective

Management has reviewed and determined that new accounting standards and interpretations mandatory after the December 31, 2020 reporting period are not relevant to the Company.

4. Share Capital

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued Share Capital

At September 30, 2021, the issued share capital of the Company was 38,490,400 common shares (December 31, 2020 – 38,490,400 common shares).

There was no financing activity during the nine months ended September 30, 2021.

During the year ended December 31, 2020, the Company closed a non-brokered private placement of 5,881,800 common shares in its capital (the "Common Shares") issued at a price of $0.085 per common for gross proceeds of $499,953 (the "Offering"). In addition, the Company issued an aggregate of 299,990 common shares with a fair value of $25,499 as a finder's fee payable to an eligible finder, Kepis & Pobe Financial Group Inc.

(Unaudited, expressed in Canadian Dollars)

5. Share-Based Payments

The Company has a stock option plan approved by the shareholders on November 10, 2010 that allows it to grant incentive stock options, subject to regulatory terms and approval, to its officers, directors, employees, and service providers. The stock option plan (the "2010 Rolling Option Plan") is based on the maximum number of eligible shares equaling a rolling percentage of up to 10% of the Company's outstanding common shares, calculated from time to time.

Pursuant to the 2010 Rolling Option Plan, if outstanding stock options are exercised, or expired, and/or the number of issued and outstanding common shares of the Company increases, then the options available to grant under the plan increase proportionately. The exercise price of each option is set by the Board of Directors at the time of grant but cannot be less than the Discounted Market Price, as calculated pursuant to the policies of the Exchange, or such other minimum price as may be required by the Exchange.

Stock options can have a maximum term of ten (10) years and typically terminate 90 days following the termination of the optionee’s employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors and determined at the time the options are granted. At September 30, 2021 and December 31, 2020, there were no stock options outstanding. During the nine months ended September 30, 2021 and the year ended December 31, 2020, the Company did not grant any stock options.

6. Related Party Transactions

Certain directors and/or senior officers transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm’s length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	Nine Months Ended September 30,	
	2021	**2020**
Management fees	$ -	$ 18,375
Administration fees	23,939	16,275
Rent	-	7,350
	$ 23,939	$ 42,000

(Unaudited, expressed in Canadian Dollars)

6. Related Party Transactions (cont'd…)

Related party payables	**September 30, 2021**	**December 31, 2020**
New Dawn Holdings Ltd.	$ 140,110	$ 140,110

New Dawn Holdings Ltd. is a private company wholly-owned by Paul Larkin, the President, CEO and a director of the Company. The amount is non-interest bearing, due on demand and unsecured.

7. Capital Risk Management

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 any identified business opportunities and to maintain a flexible capital structure for the benefit of its stakeholders.

The Company includes equity, comprised of issued share capital, reserves and deficit, in the definition of capital.

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

The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable growth. The Company is not subject to externally imposed capital requirements. There has been no change with respect to the overall capital risk management strategy during the nine months ended September 30, 2021 and the year ended December 31, 2020.

8. Financial Instruments and Risk Factors

a) Fair Value

The fair value of cash and cash equivalents, accounts payable and accrued liabilities and due to related parties approximate their carrying amounts due to the short-term nature of these instruments.

8. Financial Instruments and Risk Factors (cont'd…)

a) Fair Value (cont'd…)

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 7 – Financial Instruments – Disclosures:

- Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets. The Company's cash and cash equivalent are measured as level 1 inputs.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs which are supported by little or no market activity.

b) Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents which are held in large Canadian financial institutions. The Company believes this credit risk is insignificant.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2021, the Company had a cash balance of $304,210 (December 31, 2020 - $517,664) to settle current liabilities of $140,551 (December 31, 2020 - $140,335). In general, the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company believes it has no significant interest rate risk.

9. Subsequent Events

a) On November 24, 2021, the Company terminated its previously announced agreement with Kepis & Pobe Financial Group Inc., to acquire an assignment of certain property rights in Northwest Arizona, which was intended to constitute Earl Resources' proposed "Change of Business" as such term is defined in TSX Venture Exchange ("TSXV") Policy 5.2 ("Policy 5.2");

9. Subsequent Events (cont'd…)

b) The Company entered into: (i) a letter of intent with Pomeroon Trading (Holdings) Ltd. ("PTHL") and certain shareholders (that together hold the majority of the issued shares) dated November 24, 2021 to acquire a minimum 60% interest in PTHL (the "Guyana Transaction"); (ii) a letter of intent with Rewilding Maforki Ltd. ("RML") and its sole shareholder Aristeus Projects Limited ("APL") dated November 24, 2021, to acquire the assignment of a minimum 51% of RML's rights and interests to develop and market carbon credits with respect to certain areas in Sierra Leone (the "Sierra Leone Transaction"); and (ii) a definitive agreement with Compania Mexicana de Captacion de Carbono ("CMCC") dated November 24, 2021 to acquire an assignment of all of CMCC's rights and interests to develop and market carbon credits with respect to certain areas in the State of Yucatan in Mexico (the "Yucatan Transaction" and together with the Guyana Transaction and the Sierra Leone Transaction, the "Proposed Transactions"). It is intended that the Proposed Transactions will constitute Earl Resources' "reactivation" under the policies of the TSXV and that upon completion of the Proposed Transactions ("Closing") and satisfaction of all conditions of the TSXV, Earl Resources will have its listing transferred from the NEX board of the TSXV ("NEX") to the TSXV.

In connection with the Proposed Transactions, Earl Resources intends to complete a non-brokered private placement to be completed in conjunction with, or prior to the Closing (the "Concurrent Financing"). It is anticipated, subject to the policies of the TSXV, that the Concurrent Financing will consist of an offering of subscription receipts ("Subscription Receipts") at a price of $0.45 per Subscription Receipt for minimum gross proceeds of $6,100,000. Each Subscription Receipt will be automatically exchanged immediately prior to the completion of the Proposed Transactions (without any further action by the holder of such Subscription Receipt and for no further payment) for one Common Share upon satisfaction of certain escrow release conditions (the "Escrow Release Conditions"). The proceeds from the Concurrent Financing will be used to fund the Proposed Transactions and for working capital and general corporate purposes.

Upon Closing of the Proposed Transactions and completion of the Concurrent Financing, it is anticipated that Earl Resources will carry on the business of developing validated and verified carbon credits from afforestation and reforestation of degraded land areas for sale into international voluntary carbon markets (the "Business") and will meet the Tier 2 Initial Listing Requirements for an Industrial Issuer, such that Earl Resources will be graduated from the NEX to the TSXV. In connection with the Closing, it is anticipated that Earl Resources will change its name to "Carbon8 Ventures Inc." in order to more accurately reflect its operations and the Business.

Pursuant to Section 4.1 of Policy 5.2, Earl Resources will not be obtaining shareholder approval of the Proposed Transactions as: (i) the transactions are not a "Related Party Transaction" and do not involve any Non-Arm's Length Parties (as such terms are defined in the policies of the TSXV); (ii) Earl Resources is without active operations and is currently listed on the NEX; and (iii) Earl Resources is not subject to, and, to the best of its knowledge will not be subject to, a cease trade order on completion of the Proposed Transactions.

9. Subsequent Events (cont'd…)

b) (cont'd…)

Completion of the Proposed Transactions is subject to a number of conditions, including but not limited to, closing conditions customary to transactions of the nature of the Proposed Transactions, approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transactions and approval of the TSXV.

c) In November 2021, the Company granted 3,849,040 incentive stock options to officers, directors, and consultants to purchase common shares of the Company with an exercise price of $0.445 per share that expire on November 26, 2026.