CRUZ BATTERY METALS CORP.

(formerly Cruz Cobalt Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

July 31, 2021 and 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Cruz Battery Metals Corp. (formerly Cruz Cobalt Corp.)

Opinion

We have audited the accompanying consolidated financial statements of Cruz Battery Metals Corp. (formerly Cruz Cobalt Corp.) (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2021 and 2020, and its financial performance and its cash flows for the year 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 Consolidated 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 consolidated 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 consolidated financial statements, which indicates that the Company incurred a net loss of $887,156 during the year ended July 31, 2021 and has an accumulated deficit of $18,933,796 since its inception. 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 consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Carmen Newnham.

Davidson & Company LLP

Vancouver, Canada Chartered Professional Accountants

November 5, 2021

CRUZ BATTERY METALS CORP.
(formerly Cruz Cobalt Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	July 31, 2021	July 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents – Note 4	$ 1,359,131	$ 1,671,731
Receivables – Note 5	15,014	47,605
Rent deposit	-	29,620
Prepaid expenses – Note 6	13,072	37,151
Total current assets	1,387,217	1,786,107
Non-current assets		
Property and equipment – Note 7	35,023	-
Rent deposit	24,590	-
Right-of-use asset – Note 8	307,799	-
Exploration and evaluation assets – Note 9	2,456,138	1,248,556
Total assets	$ 4,210,767	$ 3,034,663
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Notes 10 and 13	$ 247,126	$ 204,644
Interest payable	8,350	-
Lease liability – Note 8	38,689	-
	294,165	204,644
Non-current liabilities		
Lease liability – Note 8	281,562	-
Total liabilities	$ 575,727	$ 204,644
SHAREHOLDERS' EQUITY		
Share capital – Note 11	20,795,366	19,235,578
Reserves – Note 11	1,773,470	1,641,081
Accumulated deficit	(18,933,796)	(18,046,640)
Total shareholders' equity	3,635,040	2,830,019
Total liabilities and shareholders' equity	$ 4,210,767	$ 3,034,663

Nature and Continuance of Operations (Note 1)
Subsequent Events (Notes 1, 9 and 19)

APPROVED BY THE DIRECTORS:

"Seth Kay"	Director	*"James Nelson"*	Director
Seth Kay		James Nelson	

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

CRUZ BATTERY METALS CORP.
(formerly Cruz Cobalt Corp.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Years ended July 31, 2021	2020
Operating expenses		
Consulting	$ 84,000	$ 91,750
Corporate branding	41,413	33,554
Depreciation – Notes 7 and 8	47,464	-
Management and directors' fees – Note 13	134,100	133,100
Office and miscellaneous	89,112	101,648
Professional fees – Note 13	126,187	99,723
Shareholder information	17,024	7,930
Share-based payments – Notes 11 and 13	167,709	59,832
Transfer agent and filing fees	22,480	16,834
Travel	10,930	11,502
	(740,419)	(555,873)
Interest income	12,678	23,795
Interest expense	(8,350)	-
Flow-through indemnification provision	-	(135,000)
Part XII.6 tax	-	(32,000)
Write-down of exploration and evaluation assets – Note 9	(151,065)	(15,290)
	(146,737)	(158,495)
Net loss and comprehensive loss for the year	$ (887,156)	$ (714,368)
Loss per share – basic and diluted – Note 12	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding – basic and diluted – Note 12	94,014,890	81,191,646

CRUZ BATTERY METALS CORP.
(formerly Cruz Cobalt Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended July 31, 2021	2020
Operating Activities		
Loss for the year	$ (887,156)	$ (714,368)
Adjustments for non-cash items:		
Depreciation	47,464	-
Accrued interest on flow-through tax	8,350	-
Interest expense	25,235	
Share-based payments	167,709	59,832
Write-down of exploration and evaluation assets	151,065	15,290
Changes in non-cash working capital items:		
Receivables	32,591	(22,265)
Prepaid expenses	24,079	(19,379)
Rent deposit	5,030	-
Accounts payable and accrued liabilities	30,219	155,344
Cash used in operating activities	(395,414)	(525,546)
Investing Activities		
Acquisition of property and equipment	(40,893)	-
Exploration and evaluation assets	(221,384)	(17,976)
Recovery of exploration and evaluation assets	-	5,000
Cash used in investing activities	(262,277)	(12,976)
Financing Activities		
Proceeds from issuance of share capital	399,468	149,600
Share issue costs	-	(1,894)
Repayment of lease liability	(54,377)	-
Cash provided by financing activities	345,091	147,706
Decrease in cash during the year	(312,600)	(390,816)
Cash and cash equivalents, beginning of the year	1,671,731	2,062,547
Cash and cash equivalents, end of the year	$ 1,359,131	$ 1,671,731

Supplemental Disclosure with Respect to Cash Flows (Note 18)

CRUZ BATTERY METALS CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Share Capital								
	Number of shares		Amount		Reserves		Accumulated Deficit		Total
Balance, July 31, 2019	78,646,890	$	19,087,872	$	1,581,249	$	(17,332,272)	$	3,336,849
Shares issued for private placement	4,825,807		149,600		-		-		149,600
Share issue costs	-		(1,894)		-		-		(1,894)
Stock options issued	-		-		59,832		-		59,832
Loss for the year	-		-		-		(714,368)		(714,368)
Balance, July 31, 2020	83,472,697		19,235,578		1,641,081		(18,046,640)		2,830,019
For exploration and evaluation assets	16,000,000		1,125,000		-		-		1,125,000
Share purchase warrants exercised	5,219,355		260,968		-		-		260,968
Stock options exercised	1,950,000		138,500		-		-		138,500
Stock options issued	-		-		167,709		-		167,709
Transfer of reserves on options exercised	-		35,320		(35,320)		-		-
Loss for the year	-		-		-		(887,156)		(887,156)
Balance, July 31, 2021	106,642,052	$	20,795,366	$	1,773,470	$	(18,933,796)	$	3,635,040

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Cruz Battery Metals Corp. (the "Company"; formerly Cruz Cobalt Corp.) is an exploration stage public company and is listed on the Canadian Securities Exchange (the "CSE ") under the symbol "CRUZ". The Company's principal business activities include acquiring and exploring exploration and evaluation assets. At July 31, 2021, the Company had exploration and evaluation assets located in Canada and the U.S.A. Subsequent to July 31, 2021, the Company changed its name to Cruz Battery Metals Corp.

The Company's head office and principal business address is Suite 2905, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1K8. The Company's registered and records office is located at 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At July 31, 2021, the Company had not yet achieved profitable operations, incurred a loss of $887,156 during the year ended July 31, 2021 and had an accumulated deficit of $18,933,796 since its inception. The Company expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company may require additional financing in order to conduct the planned work programs on its exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

2. BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance 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 consolidated financial statements were authorized for issue by the Board of Directors on November 5, 2021.

b) Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at fair value.

2. BASIS OF PREPARATION (continued)

b) Basis of Measurement (continued)

These consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency.

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Whether or not an impairment has occurred in its exploration and evaluation assets;
- The inputs used in the accounting for share-based payments expense; and
- The inputs used in the accounting for finders' warrants and compensation options in share capital and equity reserves.

Judgments

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. The preparation of these consolidated financial statements requires management to make judgements regarding the going concern of the Company, as discussed in Note 1.

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

d) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiaries of the Company as of July 31, 2021 are as follows:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest July 31, 2021	Ownership Interest July 31, 2020
Cobalt Locaters Inc.	Holding company	Canada	100%	100%
1205011 B.C. Ltd.	Holding company	Canada	100%	-
Cruz Solar Lithium Corp.	Holding company	Canada	100%	-
Las Vegas Lithium Locators Corp.	Holding company	USA	100%	-
Idaho Cobalt Discoveries Corp.	Holding company	USA	100%	-
Cruz Capital (US) Corp.	Holding company	USA	100%	100%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Foreign currency transactions

Foreign currency accounts are translated into Canadian dollars, the presentation and functional currency of the Company and its subsidiaries, as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars using the exchange rate in effect at that date. At the reporting period end date, unsettled monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at that date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Exploration and evaluation assets

Pre-exploration costs

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed as incurred.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

c) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Impairment of tangible and intangible assets (continued)

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

d) Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

e) Financial instruments

Classification

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss (“FVTPL”), or fair value through other comprehensive income ("FVOCI"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified as measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity instruments that are held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

Under IFRS 9, the Company classifies its financial instruments as follows:

Cash and cash equivalents	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost
These assets are subsequently measured at amortized costs using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Impairment of financial instruments

The Company assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss impairment model. On adoption of the expected credit loss model there was no material adjustment.

An expected credit loss impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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 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 tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred 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 tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital.

Upon expenses being renounced and incurred, the Company derecognizes the liability and the premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

i) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to expense the cost of equipment, less its estimated residual value, over the following expected useful lives:

Computer and office equipment	Straight-line over 3 years
Leasehold improvements	Straight-line over life of underlying contract

Items of property and equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate.

j) Investment tax credit

Investment tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of loss and comprehensive loss depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the Canada Revenue Agency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Leases

Lease definition

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset may be implicitly specified in a contract, but must be physically distinct, and must not have the ability for substitution by a lessor. The Company has the right to control an identified asset if it obtains substantially all of its economic benefits and either pre-determines or directs how and for what purpose the asset is used.

Measure of right-of-use ("ROU") assets and lease obligations

At lease commencement, the Company recognizes a ROU asset and a lease obligation. The ROU asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The ROU asset is subsequently amortized on a straight-line basis over the shorter of the term of the lease, or the useful life of the asset determined on the same basis as the Company's property and equipment. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

The lease obligation is initially measured at the present value of lease payments remaining at the lease commencement date, discounted at either the rate implicit in the lease or using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease obligation, when applicable, may comprise fixed payments, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase, extension or termination option that the Company is reasonably certain to exercise.

The lease obligation is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset.

Recognition exemptions

The Company has elected not to recognize ROU assets and lease obligations for short-term leases that have a lease term of twelve months or less or for leases of low-value assets. Payments associated with these leases are recognized as an operating expense on a straight-line basis over the lease term within costs and expenses on the consolidated statement of loss and comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

m) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment, using the Black-Scholes option pricing model.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in Canadian Dollars and include the following components:

	July 31, 2021	July 31, 2020
Cash at bank	$ 1,324,631	$ 17,231
Short-term deposits	34,500	1,654,500
	$ 1,359,131	$ 1,671,731

(Expressed in Canadian Dollars)

5. RECEIVABLES

The Company's receivables comprise of goods and services tax ("GST") receivable due from Canadian government taxation authorities, accrued interest on short-term deposits, and reimbursements from two public companies with directors in common for recoverable office expenses.

	July 31, 2021	July 31, 2020
Related party receivable (Note 12)	$ 2,295	$ 20,608
Other receivable	-	8,580
Accrued interest on short-term deposits	-	13,377
GST recoverable	12,719	5,040
Total receivables	$ 15,014	$ 47,605

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

6. PREPAIDS

The Company's prepaids are comprised of fees prepaid to vendors of the Company and include the following components:

	July 31, 2021	July 31, 2020
Corporate branding	$ 9,068	$ 7,619
Other prepaids	4,004	29,532
Total prepaids	$ 13,072	$ 37,151

7. PROPERTY AND EQUIPMENT

	Leasehold improvements	**Computer & office equipment**	**Total**
	$	$	$
Cost, July 31, 2020 and 2019	-	-	-
Additions	34,599	6,294	40,893
Cost, July 31, 2021	34,599	6,294	40,893
Accumulated depreciation, July 31, 2020 and 2019	-	-	-
Depreciation for the year	4,120	1,750	5,870
Accumulated depreciation, July 31, 2021	4,120	1,750	5,870
Net book value, July 31, 2020 and 2019	-	-	-
Net book value, July 31, 2021	**30,479**	**4,544**	**35,023**

(Expressed in Canadian Dollars)

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Right-of-Use Assets

	Office Leases
Cost:	$
At July 31, 2020 and 2019	-
Additions	349,393
At July 31, 2021	349,393
Depreciation:	
At July 31, 2020 and 2019	-
Charge for the year	41,594
At July 31, 2021	41,594
Net book value:	
At July 31, 2020 and 2019	-
At July 31, 2021	**307,799**

Lease Liability

	$
Lease liability recognized as of July 31, 2020 and 2019	-
Lease liability recognized for the year	349,393
Lease payments made	(54,377)
Interest expense on lease liability	25,235
At July 31, 2021	**320,251**
Less: current portion	(38,689)
Lease liability – long term	281,562

The remaining minimum future lease payments, excluding estimated operating costs, for the terms of the lease including assumed renewal periods are as follows:

	$
Fiscal 2022	65,947
Fiscal 2023	66,781
Fiscal 2024	67,615
Fiscal 2025	68,449
Fiscal 2026	69,283
Fiscal 2027	70,117
Fiscal 2028	11,709

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets consist of the following mineral properties:

	BC War Eagle Cobalt	BC Diamond Projects	ON Cobalt Prospects	Yukon Quartz Claims	Idaho Cobalt Belt Project	Idaho Star Cobalt Prospect	Nevada Clayton Valley W. Lithium Property	Nevada Solar Lithium Project	Total
Balance, July 31, 2019	$ 9,950	$ -	$ 1,188,507	$ 16,553	$ -	$ 7,678	$ 39,996	$ -	$ 1,262,324
Acquisition costs									
Recovery of acquisition costs	-	-	(5,000)	-	-	-	-	-	(5,000)
Deferred exploration expenditures									
Geological report	2,500	-	-	-	-	-	-	-	2,500
Claim maintenance fees	-	-	-	210	-	903	2,909	-	4,022
Write-down of exploration and evaluation assets	-	-	(15,290)	-	-	-	-	-	(15,290)
Balance, July 31, 2020	12,090	-	1,168,217	16,763	-	8,581	42,905	-	1,248,556
Acquisition costs									
Share issuance	-	247,500	-	-	247,500	-	-	630,000	1,125,000
Deferred exploration expenditures									
Geological expenses	-	-	30,581	-	-	-	-	-	30,581
Claim maintenance fees	-	14,165	-	-	26,225	894	2,889	-	44,173
Drilling	-	-	134,927	-	-	-	-	-	134,927
Travel and misc	-	-	23,966	-	-	-	-	-	23,966
Write-down of exploration and evaluation assets	-	-	(151,065)	-	-	-	-	-	(151,065)
Balance, July 31, 2021	$ 12,090	$ 261,665	$ 1,206,626	$ 16,763	$ 273,725	$ 9,475	$ 45,794	$ 630,000	$ 2,456,138

9. EXPLORATION AND EVALUATION ASSETS (continued)

Title to Interests in Exploration and Evaluation Assets

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

BC War Eagle Cobalt Prospect – Staking

In June 2016, the Company acquired a 100% interest in certain mineral claims in British Columbia for staking costs of $3,496.

During the year ended July 31, 2019, the Company decided to reduce the size of certain War Eagle claims. Accordingly, prior acquisition costs of $2,404 and exploration costs of $18,705 were written off.

As at July 31, 2021, the Company had spent a total of $10,998 in exploration expenditures on this prospect.

BC Diamonds Projects – Share Purchase Agreement

On September 1, 2020, the Company entered into a share purchase agreement (the “SPA”) with two arm’s length vendors to purchase 100% of the issued and outstanding shares of 1205011 B.C. Ltd. (“1205011”), which through its wholly-owned subsidiary, Idaho Cobalt Discoveries Corp., holds a 100% interest in one cobalt prospect in Idaho, U.S.A. (the “Idaho Cobalt Belt Project”) and three diamond projects in B.C. (the “BC Diamond Projects”). The acquisition has been accounted for as an asset acquisition. In September 2020, the Company issued 9,000,000 shares (issued at a value of $495,000) to the vendors pursuant to the SPA. 1205011 became a wholly-owned subsidiary of the Company. The acquisition costs had been split evenly between the BC and Idaho properties.

As of July 31, 2021, the Company had incurred a total of $14,165 in claim maintenance fees on this project.

ON Cobalt Prospects – Share Purchase Agreement and Staking

On July 22, 2016, the Company entered into a share purchase agreement (the “Cobalt Locaters SPA”) with four arm’s length vendors (the “Vendors”) to purchase 100% of the issued and outstanding shares of Cobalt Locaters Inc., which holds a 100% interest in two cobalt prospects in B.C. (the "Purcell Cobalt Prospect") and a 50% interest in four cobalt prospects in Ontario (the "Coleman Cobalt Prospect", the "Bucke Cobalt Prospect", the "Hector Cobalt Prospect", and the "Johnson Cobalt Prospect"). The acquisition was accounted for as an asset acquisition. In August 2016, the Company paid $20,000 cash and issued 4,800,000 shares (issued at a value of $816,000) to the Vendors pursuant to the Cobalt Locaters SPA. Cobalt Locaters Inc. became a wholly-owned subsidiary of the Company. The acquisition costs had been split evenly between these six cobalt properties. During the year ended July 31, 2019, the Company acquired the remaining 50% interest in the above four Ontario cobalt prospects from an arm's

9. EXPLORATION AND EVALUATION ASSETS (continued)

ON Cobalt Prospects – Share Purchase Agreement and Staking (continued)

length vendor at no costs. As of today, the Company holds a 100% interest in the above four Ontario cobalt prospects.

In September 2016, the Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Johnson Cobalt Prospect, Bucke Cobalt Prospect and Hector Cobalt Prospect for staking costs of $19,500.

In June 2017, the Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Coleman Cobalt Prospect for staking costs of $1,268.

In January 2018, the Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Lorraine Cobalt Prospect for staking costs of $5,600.

In April 2018, the Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Lorraine Cobalt Prospect for staking costs of $15,290. During the year ended July 31, 2020, the Company decided to drop these claims and allowed them to lapse when they became due. Accordingly, prior staking costs of $15,290 were written off.

On November 6, 2019, the Company entered into an agreement with RJK Explorations Ltd. (“RJK”), an arm’s length party. Pursuant to the agreement, RJK paid $5,000 to the Company in exchange for the exclusive right for a period of 30 days from the date of such payment, at RJK’s own risk and expense, to enter on the Lorraine claims to conduct mineral sampling activities and geophysical surveys. Accordingly, $5,000 were used to offset prior acquisition costs of the Lorraine claims. The agreement had been mutually terminated by the Company and RJK on December 21, 2020 with no liability or remaining obligation of any of the parties to the other except for the confidentiality obligations.

Subsequent to July 31, 2021, the Company decided to drop certain mineral claims for the Coleman Cobalt Prospect and fully wrote off prior acquisition and exploration costs on the Coleman Cobalt Prospect totaling $151,065 as of July 31, 2021.

As at July 31, 2021, the Company had spent a total of $778,989 in exploration expenditures on the ON Cobalt Prospects.

Yukon Quartz Claims – Purchase Agreement

During the year ended July 31, 2010, the Company acquired a 100% interest in certain quartz mineral claims located in the Yukon Territory.

During the years ended July 31, 2013, 2015 and 2016, the Company decided not to continue with certain claims and allowed these claims to lapse when they became due. Accordingly, prior acquisition costs of $670,862 and exploration costs of $34,838 associated with these lapsed claims were written off.

As at July 31, 2021, the Company had spent a total of $2,127 in exploration expenditures on the remaining Yukon Quartz claims.

9. EXPLORATION AND EVALUATION ASSETS (continued)

Idaho Cobalt Belt Project – Share Purchase Agreement

On September 1, 2020, under the SPA, the Company indirectly acquired a 100% interest in one cobalt prospect in Idaho, U.S.A.

As of July 31, 2021, the Company had incurred a total of $26,225 in claim maintenance fees on the Idaho Cobalt Belt project.

Idaho Star Cobalt Prospect – Staking

In October 2016, the Company acquired a 100% interest in the Idaho Star Cobalt Prospect in Idaho, U.S.A. for staking costs of $39,964.

In August 2018, the Company decided to drop certain Idaho claims and allowed them to lapse when they became due. Prior acquisition costs of $36,330 and exploration costs of $32,122 were written down as of July 31, 2018.

As at July 31, 2021, the Company had spent a total of $5,842 in exploration expenditures on this prospect.

Nevada Clayton Valley West Lithium Prospect – Purchase Agreement

On September 15, 2015, the Company entered into a purchase agreement with an arm's length vendor (the "Vendor") to acquire a 100% interest in certain mineral claims in the Clayton Valley in Nevada, U.S.A. In consideration, the Company was to issue 1,200,000 common shares to the Vendor.

On October 7, 2015, the Company amended the purchase agreement with the Vendor at no additional cost or share issuance, to acquire a 100% interest in additional mineral claims.

On October 21, 2015, the Company further amended the purchase agreement and the amendment dated October 7, 2015 with the Vender. The new terms are for the Company to issue 900,000 common shares to the Vendor. During the year ended July 31, 2016, these shares were issued to the Vendor valued at $30,000.

As of July 31, 2021, the Company had incurred a total of $13,794 in claim maintenance fees on this prospect.

Nevada Solar Lithium Project – Share Purchase Agreement

On July 16, 2021, the Company entered into a share purchase agreement (the "Solar SPA") with two arm's length vendors to purchase 100% of the issued and outstanding shares of Cruz Solar Lithium Corp. ("Cruz Solar"), which through its wholly-owned subsidiary, Las Vegas Lithium Locators Corp., holds a 100% interest in one lithium prospect in Nevada, U.S.A. (the "Nevada Solar Lithium Project"). The acquisition has been accounted for as an asset acquisition. In July 2021, the Company issued 7,000,000 shares (issued at a value of $630,000) to the vendors pursuant to the Solar SPA. Cruz Solar became a wholly-owned subsidiary of the Company.

(Expressed in Canadian Dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statement of financial position can be analyzed as follows:

	July 31, 2021	July 31, 2020
Trade payables	$ 52,426	$ 15,344
Accrued liabilities	194,700	189,300
Total accounts payable and accrued liabilities	$ 247,126	$ 204,644

All amounts are short-term.

11. SHARE CAPITAL AND RESERVES

Authorized: An unlimited number of common shares, without par value

(a) Private placements

Year ended July 31, 2021

During the year ended July 31, 2021, the Company did not close any private placements.

Year ended July 31, 2020

In January 2020, the Company closed a non-brokered private placement consisting of 4,825,807 units at $0.031 per share for gross proceeds of $149,600. Each unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.05 per share until January 17, 2025. The Company incurred filing and legal fees totalling $1,894 in connection with the financing.

(b) Share purchase warrants

The following is a summary of changes in share purchase warrants from July 31, 2019 to July 31, 2021:

	Number	Weighted Average Exercise Price
Balance, July 31, 2019	17,171,848	$0.20
Issued	4,825,807	$0.05
Expired	(12,483,515)	$0.26
Balance, July 31, 2020	9,514,140	$0.05
Exercised	(5,219,355)	$0.05
Expired	(1,288,333)	$0.07
Balance, July 31, 2021	3,006,452	$0.05

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (continued)

(b) Share purchase warrants (continued)

At July 31, 2021, the Company had 3,006,452 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
3,006,452	$0.05	January 17, 2025

(c) Share-based payments

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The exercise price of each option granted under the plan may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount, subject to a minimum exercise price of $0.05. Options may be granted for a maximum term of five years and vesting periods are determined by the Board of Directors. Pursuant to the regulations of the CSE, stock options may be granted outside of the stock option plan.

The following is a summary of changes in share purchase options from July 31, 2019 to July 31, 2021:

	Number	Weighted Average Exercise Price
Outstanding and exercisable, July 31, 2019	-	$Nil
Granted	5,000,000	$0.07
Outstanding and exercisable, July 31, 2020	5,000,000	$0.07
Granted	4,000,000	$0.075
Exercised	(1,950,000)	$0.07
Expired	(3,450,000)	$0.07
Outstanding and exercisable, July 31, 2021	3,600,000	$0.075

As of July 31, 2021, 3,600,000 share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held at an exercise price of $0.075 per share until January 14, 2022.

During the year ended July 31, 2021, 1,550,000 stock options were exercised at a price of $0.07 per share and 400,000 stock options were exercised at a price of $0.075 per share for total proceeds of $138,500. The previously recognized share-based payment expense relating to these stock options were reclassified from share-based payment reserve to share capital in the amount of $35,320.

During the year ended July 31, 2020, Nil stock options were exercised.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (continued)

(c) Share-based payments (continued)

During the year ended July 31, 2021, the Company granted 4,000,000 stock options with an exercise price of $0.075 per share and an expiry date of January 14, 2022 (year ended July 31, 2020: 5,000,000 stock options were granted with an exercise price of $0.07 per share and an expiry date of January 20, 2021). The weighted average fair value of the options issued in the year ended July 31, 2021 was estimated at $0.04 (year ended July 31, 2020: $0.01) per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Year ended July 31, 2021	Year ended July 31, 2020
Weighted average expected dividend yield	0.0%	0.0%
Weighted average expected volatility *	153.99%	118.05%
Weighted average risk-free interest rate	0.16%	1.67%
Weighted average expected term	1 year	1 year

* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

Total expenses arising from share-based payment transactions recognized during the year ended July 31, 2021 were $167,709 (year ended July 31, 2020: $59,832).

12. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Year ended July 31, 2021	Year ended July 31, 2020
Loss	$ (887,156)	$ (714,368)
Weighted average number of common shares for the purpose of basic and diluted loss per share	94,014,890	81,191,646

Basic loss per share is computed by dividing loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 11) were anti-dilutive for the year ended July 31, 2021 and 2020.

Basic and diluted loss per share for the year ended July 31, 2021 was $(0.01) (year ended July 31, 2020: $(0.01)).

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

	Year ended July 31, 2021	2020
Management and directors' fees	$ 134,100	$ 133,100
Professional fees	73,800	73,300
Share-based payments *	113,203	53,848
	$ 321,103	$ 260,248

* Share-based payments are the fair value of options granted to key management personnel as at the grant date.

Related party balances

At July 31, 2021, accounts payable and accrued liabilities include $10,000 (July 31, 2020: $7,500) payable to three directors and one officer of the Company for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

At July 31, 2021, receivables include $2,295 (July 31, 2020: $20,608) due from two public companies with common directors for recoverable office expenses.

14. SEGMENTAL REPORTING

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's exploration and evaluation assets are distributed by geographic location as follows:

	July 31, 2021	July 31, 2020
Canada	$ 1,497,144	$ 1,197,070
U.S.A.	958,994	51,486
	$ 2,456,138	$ 1,248,556

(Expressed in Canadian Dollars)

15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Years ended July 31, 2021	2020
Loss before income taxes	$ (887,156)	$ (714,368)
Expected income tax (recovery)	$ (239,000)	$ (193,000)
Change in statutory rate and other	-	(1,000)
Permanent difference	47,000	63,000
Share issue costs	-	(1,000)
Adjustment to prior year provision versus statutory tax returns	(55,000)	(18,000)
Change in unrecognized deductible temporary differences	247,000	150,000
Total income tax expense (recovery)	$ -	$ -

The significant components of the Company's unrecognized deferred tax assets are as follows:

	2021	2020
Exploration and evaluation assets	$ 1,379,000	$ 1,306,000
Property and equipment	3,000	3,000
Share issue costs	11,000	12,000
Non-capital losses	2,767,000	2,592,000
Net unrecognized deferred tax assets	$ 4,160,000	$ 3,913,000

No net deferred tax asset has been recognized in respect of the above for the years ended July 31, 2021 and 2020 because the amount of future taxable profit that will be available to realize such assets is not probable.

The Company has non-capital losses for Canadian income tax purposes of approximately $9,563,821 (2020: $8,969,000) which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2041.

16. CAPITAL DISCLOSURE

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, which at July 31, 2021 was $3,635,040 (July 31, 2020: $2,830,019).

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 its capital structure, the Company may issue new shares, issue new debt and acquire or dispose of assets. As at July 31, 2021, the Company has not entered into any debt financing with any financial institution.

16. CAPITAL DISCLOSURE (continued)

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended July 31, 2021.

17. FINANCIAL INSTRUMENTS AND RISK

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 Company's receivables, and accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of the financial instruments. The Company's cash and cash equivalents are measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at July 31, 2021, the Company has a minimal exposure to the US$ that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents, and receivables are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. As at July 31, 2021, the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has non-interest bearing debt instruments and is therefore not exposed to risk in the event of interest rate fluctuations. As at July 31, 2021, the Company is not exposed to any significant interest rate risk.

17. FINANCIAL INSTRUMENTS AND RISK (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk and price risk.

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transactions were excluded from the statements of cash flows:

Year ended July 31, 2021:

a) The Company issued 9,000,000 common shares valued at $495,000 pursuant to the SPA for the acquisition of the BC Diamond Projects and the Idaho Cobalt Belt Project.

b) The Company issued 7,000,000 common shares valued at $630,000 pursuant to the Solar SPA for the acquisition of the Nevada Solar Lithium Project.

c) Included in accounts payable and accrued liabilities was $12,263 for exploration and evaluation assets.

Year ended July 31, 2020:

a) There were no significant non-cash investing and financing activities.

19. SUBSEQUENT EVENTS

Subsequent to July 31, 2021, the following occurred:

a) The Company acquired a 100% interest in certain mineral claims (the "Nevada Helios Claims") for staking costs of $83,966 to expand the size of the Nevada Solar Lithium Project;

b) The Company acquired a 100% interest in certain mineral claims (the "Nevada Sun Claims") for staking costs of $7,908 to further expand the size of the Nevada Solar Lithium Project;

c) The Company granted 7,000,000 stock options to its directors, officers and consultants at an exercise price of $0.30 per share for a period of 12 months;

d) 500,000 share purchase warrants were exercised into common shares at an exercise price of $0.05 per share;

e) 600,000 stock options were exercised into common shares at an exercise price of $0.075 per share; and

f) 500,000 stock options were forfeited due to resignation of one director.