

CRUZ BATTERY METALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

April 30, 2022

NOTICE OF NO AUDITOR REVIEW

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended April 30, 2022 and 2021 have not been reviewed by the Company's external auditor.

CRUZ BATTERY METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

ASSETS	April 30, <u>2022</u>	July 31, <u>2021</u>
Current assets		
Cash and cash equivalents – Note 3	\$ 407,649	\$ 1,359,131
Receivables – Note 4	4,688	15,014
Prepaid expenses	12,088	13,072
Total current assets	424,425	1,387,217
Non-current assets		
Property and equipment – Note 5	29,740	35,023
Rent deposit	24,590	24,590
Right-of-use asset – Note 6	270,364	307,799
Security deposits – Note 7	22,827	-
Exploration and evaluation assets – Note 7	3,206,296	2,456,138
Total assets	\$ 3,978,242	\$ 4,210,767
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Notes 8 and 11	\$ 379,225	\$ 247,126
Interest payable	8,350	8,350
Lease liability – Note 6	38,689	38,689
	426,264	294,165
Non-current liabilities		
Lease liability – Note 6	252,908	281,562
Total liabilities	\$ 679,172	\$ 575,727
SHAREHOLDERS' EQUITY		
Share capital – Note 9	21,305,399	20,795,366
Reserves – Note 9	2,612,640	1,773,470
Accumulated deficit	(20,618,969)	(18,933,796)
Total shareholders' equity	3,299,070	3,635,040
Total liabilities and shareholders' equity	\$ 3,978,242	\$ 4,210,767

Nature and Continuance of Operations (Note 1)
Subsequent Events (Notes 7 and 9)

APPROVED BY THE DIRECTORS:

<i>"Seth Kay"</i> Seth Kay	Director	<i>"James Nelson"</i> James Nelson	Director
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CRUZ BATTERY METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
Operating expenses				
Consulting	\$ 21,000	\$ 21,000	\$ 63,000	\$ 63,000
Corporate branding	42,419	9,000	113,582	18,913
Depreciation – Notes 5 and 6	14,239	14,239	42,718	33,225
Management fees – Note 11	26,400	26,400	79,200	100,200
Office and miscellaneous	30,010	29,928	60,355	79,568
Professional fees – Note 11	20,580	19,010	53,165	71,868
Shareholder information	8,139	6,430	18,908	8,861
Share-based payments – Notes 9 and 11	-	-	969,145	167,709
Transfer agent and filing fees	6,034	5,630	22,267	18,258
Travel	1,166	4,529	2,279	7,168
	(169,987)	(136,166)	(1,424,619)	(568,770)
Interest income	458	1,076	1,711	11,457
Write-down of exploration and evaluation assets – Note 7	(201,665)	(157,812)	(262,265)	(157,812)
	(261,207)	(156,736)	(260,554)	(146,355)
Net loss and comprehensive loss for the period	\$ (431,194)	\$ (292,902)	\$ (1,685,173)	\$ (715,125)
Loss per share – basic and diluted – Note 10	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Weighted average number of shares outstanding – basic and diluted – Note 10	112,723,785	96,503,850	109,763,357	92,378,995

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

CRUZ BATTERY METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Nine months ended April 30,	
	<u>2022</u>	<u>2021</u>
Operating Activities		
Loss for the period	\$ (1,685,173)	\$ (715,125)
Adjustments for non-cash items:		
Depreciation	42,718	33,225
Interest expense	20,772	17,894
Share-based payments	969,145	167,709
Write-down of exploration and evaluation assets	262,265	157,812
Changes in non-cash working capital items:		
Receivables	10,326	41,771
Prepaid expenses	984	16,760
Rent deposit	-	5,030
Accounts payable and accrued liabilities	(53,823)	(21,248)
Cash used in operating activities	<u>(432,786)</u>	<u>(296,172)</u>
Investing Activities		
Acquisition of property and equipment	-	(40,893)
Exploration and evaluation assets	(826,501)	(34,047)
Security deposits	(22,827)	-
Cash used in investing activities	<u>(849,328)</u>	<u>(74,940)</u>
Financing Activities		
Proceeds from issuance of share capital	382,823	244,468
Share issue costs	(2,765)	-
Repayment of lease liability	(49,426)	(38,063)
Cash provided by financing activities	<u>330,632</u>	<u>206,405</u>
Decrease in cash during the period	(951,482)	(164,707)
Cash and cash equivalents, beginning of the period	<u>1,359,131</u>	<u>1,671,731</u>
Cash and cash equivalents, end of the period	<u>\$ 407,649</u>	<u>\$ 1,507,024</u>

Supplemental Disclosure with Respect to Cash Flows (Note 13)

CRUZ BATTERY METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital		Reserves	Accumulated Deficit	Total
	Number of shares	Amount			
Balance, July 31, 2020	83,472,697	\$ 19,235,578	\$ 1,641,081	\$ (18,046,640)	\$ 2,830,019
For exploration and evaluation assets	9,000,000	495,000	-	-	495,000
Share purchase warrants exercised	2,119,355	105,968	-	-	105,968
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 period	-	-	-	(715,125)	(715,125)
Balance, April 30, 2021	96,542,052	20,010,366	1,773,470	(18,761,765)	3,022,071
For exploration and evaluation assets	7,000,000	630,000	-	-	630,000
Share purchase warrants exercised	3,100,000	155,000	-	-	155,000
Loss for the period	-	-	-	(172,031)	(172,031)
Balance, July 31, 2021	106,642,052	20,795,366	1,773,470	(18,933,796)	3,635,040
Share purchase warrants exercised	3,006,452	150,323	-	-	150,323
Share issue costs	-	(2,765)	-	-	(2,765)
Stock options exercised	3,100,000	232,500	-	-	232,500
Stock options issued	-	-	969,145	-	969,145
Transfer of reserves on options exercised	-	129,975	(129,975)	-	-
Loss for the period	-	-	-	(1,685,173)	(1,685,173)
Balance, April 30, 2022	112,748,504	\$ 21,305,399	\$ 2,612,640	\$ (20,618,969)	\$ 3,299,070

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

CRUZ BATTERY METALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

April 30, 2022 – Page 1

1. NATURE AND CONTINUANCE OF OPERATIONS

Cruz Battery Metals Corp. (the “Company”) 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 April 30, 2022, the Company had exploration and evaluation assets located in Canada and the U.S.A.

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 condensed consolidated interim 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 April 30, 2022, the Company had not yet achieved profitable operations, incurred a loss of \$1,685,173 during the nine months ended April 30, 2022 and had an accumulated deficit of \$20,618,969 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 condensed consolidated interim 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 condensed consolidated interim financial statements.

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS34”) as issued by the International Accounting Standards Board (“IASB”). Therefore, these condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s most recently issued audited financial statements for the year ended July 31, 2021, which includes information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies, use of judgements and estimates were presented in Note 2 and Note 3 of these audited financial statements, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 14, 2022.

2. BASIS OF PREPARATION (continued)

b) 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.

c) 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 April 30, 2022 are as follows:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest April 30, 2022	Ownership Interest July 31, 2021
Cobalt Locaters Inc.	Holding company	Canada	100%	100%
1205011 B.C. Ltd.	Holding company	Canada	100%	100%
Cruz Solar Lithium Corp.	Holding company	Canada	100%	100%
Las Vegas Lithium Locaters Corp.	Holding company	USA	100%	100%
Idaho Cobalt Discoveries Corp.	Holding company	USA	100%	100%
Cruz Capital (US) Corp.	Holding company	USA	100%	100%

3. CASH AND CASH EQUIVALENTS

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

	April 30, <u>2022</u>	July 31, <u>2021</u>
Cash at bank	\$ 373,149	\$ 1,324,631
Short-term deposits	34,500	34,500
	<u>\$ 407,649</u>	<u>\$ 1,359,131</u>

4. 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.

	April 30, <u>2022</u>	July 31, <u>2021</u>
Related party receivable (Note 12)	\$ -	\$ 2,295
GST recoverable	4,688	12,719
	<u>4,688</u>	<u>12,719</u>
Total receivables	<u>\$ 4,688</u>	<u>\$ 15,014</u>

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.

5. PROPERTY AND EQUIPMENT

	Leasehold improvements	Computer & office equipment	Total
	\$	\$	\$
Cost, July 31, 2020	-	-	-
Additions	34,599	6,294	40,893
Cost, July 31, 2021 and April 30, 2022	34,599	6,294	40,893
Accumulated depreciation, July 31, 2020	-	-	-
Depreciation for the year	4,120	1,750	5,870
Accumulated depreciation, July 31, 2021	4,120	1,750	5,870
Depreciation for the period	3,708	1,575	5,283
Accumulated depreciation, April 30, 2022	7,828	3,325	11,153
Net book value, July 31, 2020	-	-	-
Net book value, July 31, 2021	30,479	4,544	35,023
Net book value, April 30, 2022	26,771	2,969	29,740

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY

<i>Right-of-Use Assets</i>	
	Office Leases
	\$
Cost:	
At July 31, 2020	-
Additions	349,393
At July 31, 2021	349,393
Depreciation:	
At July 31, 2020	-
Charge for the year	41,594
At July 31, 2021	41,594
Charge for the period	37,435
At April 30, 2022	66,551
Net book value:	
At July 31, 2020	-
At July 31, 2021	307,799
At April 30, 2022	270,364
<i>Lease Liability</i>	
	\$
Lease liability recognized as of July 31, 2020	-
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
Lease payments made	(49,426)
Interest expense on lease liability	20,772
At April 30, 2022	291,597
Less: current portion	(38,689)
Lease liability – long term	252,908

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	16,522
Fiscal 2023	66,781
Fiscal 2024	67,615
Fiscal 2025	68,449
Fiscal 2026	69,283
Fiscal 2027	70,117
Fiscal 2028	11,709

7. 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, 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									
Claim maintenance fees	-	14,165	-	-	26,225	894	2,889	-	44,173
Drilling	-	-	134,927	-	-	-	-	-	134,927
Geological expenses	-	-	30,581	-	-	-	-	-	30,581
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
Acquisition costs									
Staking	-	-	-	-	-	-	-	106,941	106,941
Deferred exploration expenditures									
Assay	1,585	-	8,911	-	-	-	-	14,786	25,282
Claim maintenance fees	-	-	-	210	25,216	855	2,766	90,306	119,353
Drilling	-	-	-	-	-	-	-	606,233	606,233
Geological expenses	7,500	-	700	-	-	-	-	74,802	83,002
Geological report	4,814	-	12,696	-	-	-	-	-	17,510
Reclamation	-	-	-	-	-	-	-	9,288	9,288
Travel and misc	6,091	-	891	-	-	-	-	37,832	44,814
Write-down of exploration and evaluation assets	-	(261,665)	(600)	-	-	-	-	-	(262,265)
Balance, April 30, 2022	\$ 32,080	\$ -	\$ 1,229,224	\$ 16,973	\$ 298,941	\$ 10,330	\$ 48,560	\$ 1,570,188	\$ 3,206,296

7. 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 April 30, 2022, the Company had spent a total of \$30,988 in exploration expenditures on this prospect.

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 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 November 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.

7. EXPLORATION AND EVALUATION ASSETS (continued)

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

In January 2018, the Company acquired a 100% interest in certain mineral claims in Ontario (the “Lorraine Cobalt Prospect”) for staking costs of \$5,600. 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. During the nine months ended April 30, 2022, the Company decided to drop the entire Lorraine Cobalt Prospect and fully wrote off prior carrying costs in the amount of \$600.

As at April 30, 2022, the Company had spent a total of \$791,724 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 April 30, 2022, the Company had spent a total of \$2,337 in exploration expenditures on the remaining Yukon Quartz claims.

Idaho Cobalt Belt Project – 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 Diamonds 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 April 30, 2022, the Company had incurred a total of \$51,441 in claim maintenance fees on the Idaho Cobalt Belt project.

7. EXPLORATION AND EVALUATION ASSETS (continued)

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 April 30, 2022, the Company had spent a total of \$6,697 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 Vendor. 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 April 30, 2022, the Company had incurred a total of \$16,560 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 "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.

During the nine months ended April 30, 2022, the Company acquired a 100% interest in certain mineral claims (the "Helios Claims", the "Sun Claims" and the "Solar South Claims") for staking costs of \$106,941 to expand the size of its Solar Lithium Project; the Company also provided a security deposit of \$22,827 in relation to the Solar Lithium Project.

As at April 30, 2022, the Company had spent a total of \$833,247 in exploration expenditures on this project.

7. EXPLORATION AND EVALUATION ASSETS (continued)

BC Diamonds Projects – Share Purchase Agreement

On September 1, 2020, under the SPA, the Company indirectly acquired a 100% interest in three diamond projects in B.C.

Subsequent to April 30, 2022, the Company decided to drop the BC Diamonds Projects and fully wrote off the previous carrying costs in the amount of \$261,665 as of April 30, 2022.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	April 30, <u>2022</u>	July 31, <u>2021</u>
Trade payables	\$ 212,225	\$ 52,426
Accrued liabilities	167,000	194,700
Total accounts payable and accrued liabilities	<u>\$ 379,225</u>	<u>\$ 247,126</u>

All amounts are short-term.

9. SHARE CAPITAL AND RESERVES

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

(a) Private placements

During the nine months ended April 30, 2022 and 2021, the Company did not close any private placements.

(b) Share purchase warrants

The following is a summary of changes in share purchase warrants from July 31, 2020 to April 30, 2022:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
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	<u>3,006,452</u>	\$0.05
Exercised	(3,006,452)	\$0.05
Balance, April 30, 2022	<u>-</u>	\$0.05

At April 30, 2022, there was Nil share purchase warrants outstanding.

9. SHARE CAPITAL AND RESERVES (continued)

(c) Share-based payments

The Company has an Omnibus Equity Incentive Plan (the “Equity Plan”) effective May 2022, which superseded a previous stock option plan. The Equity Plan provides the grant of stock options, restricted share units (“RSUs”), deferred share units (“DSUs”), and performance share units (“PSUs”). Under the Equity Plan, the maximum number of equity-based awards issued cannot exceed 20% of the Company’s issued and outstanding common shares, as at the date of grant.

Stock options

In accordance with the Equity Plan, the exercise price of each option granted shall not be less than the market price of the Company's stock. Options may be granted for a maximum term of ten years and vesting periods are determined by the Board of Directors.

The following is a summary of changes in share purchase options from July 31, 2020 to April 30, 2022:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
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	<u>3,600,000</u>	\$0.075
Granted	7,000,000	\$0.30
Exercised	(3,100,000)	\$0.075
Forfeited	(500,000)	\$0.075
Outstanding and exercisable, April 30, 2022	<u><u>7,000,000</u></u>	\$0.30

As of April 30, 2022, 7,000,000 share purchase options were outstanding entitling the holders thereof the right to purchase one common share of the Company for each option held as follows:

Number		
Outstanding and Exercisable	Exercise Price	Expiry Date
<u>7,000,000</u>	\$0.30	November 2, 2022

During the nine months ended April 30, 2022, 3,100,000 stock options were exercised at a price of \$0.075 per share for total proceeds of \$232,500 (nine months ended April 30, 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 \$129,975 (nine months ended April 30, 2021: \$35,320).

9. SHARE CAPITAL AND RESERVES (continued)

(c) Share-based payments (continued)

During the nine months ended April 30, 2022, the Company granted 7,000,000 stock options with an exercise price of \$0.30 per share and an expiry date of November 2, 2022 (nine months ended April 30, 2021: 4,000,000 stock options were granted with an exercise price of \$0.075 per share and an expiry date of January 14, 2022). The weighted average fair value of the options issued in the nine months ended April 30, 2022 was estimated at \$0.14 (nine months ended April 30, 2021: \$0.04) per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Nine months ended <u>April 30, 2022</u>	Nine months ended <u>April 30, 2021</u>
Weighted average expected dividend yield	0.0%	0.0%
Weighted average expected volatility *	122.16%	153.99%
Weighted average risk-free interest rate	1.04%	0.16%
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 nine months ended April 30, 2022 were \$969,145 (nine months ended April 30, 2021: \$167,709).

10. LOSS PER SHARE

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

	Nine months ended April 30, <u>2022</u>	Nine months ended April 30, <u>2021</u>
Loss	\$ (1,685,173)	\$ (715,125)
Weighted average number of common shares for the purpose of basic and diluted loss per share	<u>109,763,357</u>	<u>92,378,995</u>

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 9) were anti-dilutive for the nine months ended April 30, 2022 and 2021.

Basic and diluted loss per share for the nine months ended April 30, 2022 was \$(0.02) (nine months ended April 30, 2021: \$(0.01)).

11. 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:

	Nine months ended April 30,	
	<u>2022</u>	<u>2021</u>
Management fees	\$ 79,200	\$ 100,200
Professional fees	44,100	56,600
Share-based payments *	<u>553,798</u>	<u>113,203</u>
	<u>\$ 677,098</u>	<u>\$ 270,003</u>

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

Related party balances

At April 30, 2022, accounts payable and accrued liabilities include \$43,147 (July 31, 2021: \$10,000) payable to two directors of the Company for unpaid office expenses and unpaid exploration and evaluation expenses. These amounts are unsecured, non-interest bearing and payable on demand.

At April 30, 2022, receivables include \$Nil (July 31, 2021: \$2,295) due from related parties for recoverable office expenses.

12. 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:

	April 30, <u>2022</u>	July 31, <u>2021</u>
Canada	\$ 1,278,277	\$ 1,497,144
U.S.A.	<u>1,928,019</u>	<u>958,994</u>
	<u>\$ 3,206,296</u>	<u>\$ 2,456,138</u>

13. 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:

Nine months ended April 30, 2022:

- a) Included in accounts payable and accrued liabilities was \$198,185 for exploration and evaluation assets.

Nine months ended April 30, 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.