

**SPEARMINT RESOURCES INC.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

July 31, 2022

**NOTICE OF NO AUDITOR REVIEW**

The condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended July 31, 2022 and 2021 have not been reviewed by the Company's external auditor.

**SPEARMINT RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

<u><b>ASSETS</b></u>	July 31, <u>2022</u>	January 31, <u>2022</u>
<b>Current assets</b>		
Cash and cash equivalents – Note 3	\$ 1,323,579	\$ 2,330,214
Receivables	19,595	34,433
Prepaid expenses	2,135	8,945
<b>Total current assets</b>	1,345,309	2,373,592
<b>Non-current assets</b>		
Security deposits – Note 4	16,121	16,121
Exploration and evaluation assets – Note 4	3,583,841	3,153,848
<b>Total assets</b>	\$ 4,945,271	\$ 5,543,561
<u><b>LIABILITIES</b></u>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities – Notes 5 and 9	\$ 124,290	\$ 720,705
Flow-through share premium liability – Note 6	36,229	61,476
<b>Total current liabilities</b>	160,519	782,181
<u><b>SHAREHOLDERS' EQUITY</b></u>		
Share capital – Note 7	10,190,511	9,990,999
Reserves – Note 7	2,012,343	1,593,616
Accumulated deficit	(7,418,102)	(6,823,235)
<b>Total shareholders' equity</b>	4,784,152	4,761,380
<b>Total liabilities and shareholders' equity</b>	\$ 4,945,271	\$ 5,543,561

Nature and Continuation of Operations – Note 1  
Subsequent Events – Notes 4 and 12

APPROVED BY THE DIRECTORS:

“James Nelson” Director  
James Nelson

“Dennis Aalderink” Director  
Dennis Aalderink

**SPEARMINT RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS & COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	Three months ended July 31,		Six months ended July 31,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Operating expenses</b>				
Consulting fees	\$ 16,500	\$ 16,500	\$ 33,000	\$ 33,000
Corporate branding	10,057	138,554	35,353	320,772
Management fees – Note 9	15,000	15,000	30,000	30,000
Office and miscellaneous	8,106	11,472	26,867	29,574
Professional fees – Note 9	18,096	15,183	34,393	31,173
Share-based payments – Notes 7 and 9	425,739	516,455	425,739	516,455
Shareholder information	3,788	7,396	7,326	10,801
Transfer agent and filing fees	10,547	8,756	17,723	17,002
Travel	7,953	1,947	15,309	5,545
	<u>(515,786)</u>	<u>(731,263)</u>	<u>(625,710)</u>	<u>(994,322)</u>
Interest income	3,940	2,282	5,596	3,942
Other income on settlement of flow-through share premium – Note 6	25,247	19,016	25,247	20,758
	<u>29,187</u>	<u>21,298</u>	<u>30,843</u>	<u>24,700</u>
<b>Net loss and comprehensive loss for the period</b>	<u>\$ (486,599)</u>	<u>\$ (709,965)</u>	<u>\$ (594,867)</u>	<u>\$ (969,622)</u>
Loss per share - basic and diluted - Note 8	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of shares outstanding - basic and diluted - Note 8	<u>257,403,583</u>	<u>248,241,953</u>	<u>256,782,589</u>	<u>243,265,256</u>

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

**SPEARMINT RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	Six months ended July 31,	
	<u>2022</u>	<u>2021</u>
<b>Operating Activities</b>		
Loss for the period	\$ (594,867)	\$ (969,622)
Adjustments for non-cash items:		
Other income on settlement of flow-through share premium liability	(25,247)	(20,758)
Share-based payments	425,739	516,455
Changes in non-cash working capital items:		
Receivables	14,838	(5,221)
Prepaid expenses	6,810	(12,131)
Accounts payable and accrued liabilities	(118,485)	(104,016)
<b>Cash used in operating activities</b>	<u>(291,212)</u>	<u>(595,293)</u>
<b>Investing Activities</b>		
Exploration and evaluation assets	<u>(787,923)</u>	<u>(105,083)</u>
<b>Cash used in investing activities</b>	<u>(787,923)</u>	<u>(105,083)</u>
<b>Financing Activities</b>		
Proceeds from issuance of share capital	72,500	1,979,887
Share issue costs	-	(66,612)
<b>Cash provided by financing activities</b>	<u>72,500</u>	<u>1,913,275</u>
Change in cash and cash equivalents during the period	(1,006,635)	1,212,899
Cash and cash equivalents, beginning of the period	<u>2,330,214</u>	<u>1,962,170</u>
<b>Cash and cash equivalents, end of the period</b>	<u>\$ 1,323,579</u>	<u>\$ 3,175,069</u>

Supplemental Disclosure with Respect to Cash Flows (Note 11)

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

**SPEARMINT RESOURCES INC.**  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(Expressed in Canadian Dollars)

	No. of shares	Amounts	Reserves	Accumulated deficit	Total
<b>Balance, January 31, 2021</b>	224,950,852	\$ 7,669,335	\$ 942,496	\$ (4,909,570)	\$ 3,702,261
Shares issued for private placement	5,000,000	1,000,000	-	-	1,000,000
Share issue costs	-	(66,612)	-	-	(66,612)
Share purchase warrants exercised	14,797,731	781,223	(41,336)	-	739,887
Stock options exercised	4,800,000	240,000	-	-	240,000
Transfer of reserve on options exercised	-	147,176	(147,176)	-	-
Stock options issued	-	-	516,455	-	516,455
Flow-through share premium liability	-	(250,000)	-	-	(250,000)
Loss for the period	-	-	-	(969,622)	(969,622)
<b>Balance, July 31, 2021</b>	249,548,583	9,521,122	1,270,439	(5,879,192)	4,912,369
Share purchase warrants exercised	2,405,000	121,023	(773)	-	120,250
Stock options exercised	1,000,000	92,500	-	-	92,500
Transfer of reserve on options exercised	-	26,354	(26,354)	-	-
For exploration and evaluation assets	2,000,000	230,000	-	-	230,000
Stock options issued	-	-	350,304	-	350,304
Loss for the period	-	-	-	(944,043)	(944,043)
<b>Balance, January 31, 2022</b>	254,953,583	9,990,999	1,593,616	(6,823,235)	4,761,380
Share purchase warrants exercised	1,200,000	60,000	-	-	60,000
Stock options exercised	250,000	12,500	-	-	12,500
Transfer of reserve on options exercised	-	7,012	(7,012)	-	-
For exploration and evaluation assets	1,000,000	120,000	-	-	120,000
Stock options issued	-	-	425,739	-	425,739
Loss for the period	-	-	-	(594,867)	(594,867)
<b>Balance, July 31, 2022</b>	257,403,583	\$10,190,511	\$ 2,012,343	\$ (7,418,102)	\$ 4,784,752

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

**SPEARMINT RESOURCES INC.**  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
July 31, 2022

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Spearmint Resources Inc. (the “Company”) was incorporated under the Business Corporations Act of British Columbia, Canada on September 23, 2009. The Company is an exploration stage public company and is listed on the Canadian Securities Exchange (the “CSE”) under the symbol “SPMT”. The Company’s principal business activities include acquiring and exploring exploration and evaluation assets. At July 31, 2022, the Company had exploration and evaluation assets located in Canada and the United States.

The Company’s head office and principal business address is located at 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 July 31, 2022, the Company had not yet achieved profitable operations, incurred a net loss of \$594,867 during the six months ended July 31, 2022 and has an accumulated deficit of \$7,418,102 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 interim consolidated 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 interim consolidated 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 January 31, 2022, 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 interim consolidated financial statement.

**2. BASIS OF PREPARATION (continued)**

**a) Statement of Compliance (continued)**

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on September 28, 2022.

**b) Basis of Consolidation**

These condensed consolidated interim 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 condensed consolidated interim 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, 2022 are as follows:

<b>Name of subsidiary</b>	<b>Place of Incorporation</b>	<b>Ownership Interest July 31, 2022</b>	<b>Ownership Interest January 31, 2022</b>
1177905 B.C. Ltd.	Canada	100%	100%
Mathers Lithium Corp.	U.S.A.	100%	100%

**3. CASH AND CASH EQUIVALENTS**

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

	July 31, <u>2022</u>	January 31, <u>2022</u>
Cash at bank	\$ 1,289,079	\$ 2,295,714
Short-term deposits	34,500	34,500
	<u>\$ 1,323,579</u>	<u>\$ 2,330,214</u>

SPEARMINT RESOURCES INC.  
Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)  
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**4. EXPLORATION AND EVALUATION ASSETS**

	BC EL N. Nickel- Copper Prospects	BC NEBA Copper Gold Prospects	BC Safari Copper Gold Property	BC Hammerose Gold Property	BC Gold Triangle Prospects	NL Goose Gold Propert	On Carscallen W Gold Project	ON Case Lake South Cesium Prospect	ON Escape Lake North PGM Prospect	ON River Valley E. Platinum Palladium Prospect	QC Chibougama Vanadium Prospects	QC Perron E.Gold Prospect	NV Elon and McGee Lithium Properties	NV Green Clay Lithium	Total
Balance, January 31, 2021	\$ 3,547	\$ 31,949	\$ 30,751	\$ 40,247	\$ 234,050	\$ 149,978	\$ 2,450	\$ 7,050	\$ 3,950	\$ 4,850	\$ 96,651	\$ 125,828	\$ 1,266,826	\$ -	\$ 1,998,127
Acquisition costs															
Staking costs & Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	260,000	260,000
Deferred exploration expenditures															
Assay	-	-	-	-	-	-	-	-	-	-	-	4,219	2,474	-	6,693
Claim maintenance fees	-	-	-	-	-	-	-	-	-	-	-	-	13,002	22,205	35,207
Drilling	-	-	-	-	-	-	-	-	-	-	635,106	-	289,596	-	924,702
Geological consulting	-	-	-	-	-	-	-	-	9,600	-	8,656	-	35,442	-	53,698
Geological report	-	-	-	-	-	4,140	-	-	485	-	-	-	45,873	-	50,498
Survey	-	-	-	-	-	25,571	-	-	-	-	-	103,496	-	-	129,067
Testing	-	-	-	-	-	-	-	-	-	-	-	-	8,561	-	8,561
Travel	-	-	-	-	2,500	-	-	-	5,646	-	212	18,102	22,010	-	48,470
Write-down of exploration & evaluation assets	(3,547)	(31,949)	(30,751)	(40,247)	(236,550)	-	(2,450)	(7,050)	-	(4,850)	(3,781)	-	-	-	(361,175)
Balance, January 31, 2022	-	-	-	-	-	179,689	-	-	19,681	-	93,082	895,407	1,683,784	282,205	3,153,848
Acquisition costs															
Staking costs & Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	16,490	150,000	166,490
Deferred exploration expenditures															
Assay	-	-	-	-	-	-	-	-	-	-	-	-	25,896	-	25,896
Claim maintenance fees	-	-	-	-	-	-	-	-	-	-	-	-	11,815	-	11,815
Drilling	-	-	-	-	-	58,295	-	-	-	-	-	-	14,569	-	72,864
Geological consulting	-	-	-	-	-	-	-	-	-	-	-	-	1,211	-	1,211
Geological report	-	-	-	-	-	-	-	-	421	-	-	-	46,863	-	47,284
Reclamation	-	-	-	-	-	-	-	-	-	-	-	-	12,080	-	12,080
Travel	-	-	-	-	-	-	-	-	-	-	-	-	9,591	-	9,591
Advance for exploration	-	-	-	-	-	82,762	-	-	-	-	-	-	-	-	82,762
Balance, July 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,746	\$ -	\$ -	\$ 20,102	\$ -	\$ 93,082	\$ 895,407	\$ 1,822,299	\$ 432,205	\$ 3,583,841

**4. EXPLORATION AND EVALUATION ASSETS (continued)**

ON Escape Lake North PGM Project - Staking

In May 2020, the Company acquired a 100% interest in certain mineral claims (the “Escape Lake North PGM Project”) located north of Thunder Bay, Ontario, for staking costs of \$3,950.

As at July 31, 2022, the Company had incurred a total of \$16,152 in exploration costs on this property.

NL Goose Gold Property - Purchase Agreement

On August 10, 2020, the Company entered into a purchase agreement with arm’s length vendors to acquire a 100% interest in certain mineral claims (the “Goose Gold Project”) located in Newfoundland, Canada. In consideration, the Company issued 2,000,000 shares (issued at a value of \$130,000) to the vendors. The vendors will retain a 2.5% NSR Royalty on this property. The Company will have the right to purchase 0.25% of the royalty for \$250,000 any time prior to the commencement of commercial production.

As at July 31, 2022, the Company had incurred a total of \$190,746 in exploration costs on this property.

QC Chibougamau Vanadium Prospects - Staking

In June 2017, the Company acquired a 100% interest in certain mineral claims (the “Chibougamau Vanadium Prospects”), all located in the direct vicinity of Lac Chibougamau, Quebec for staking costs of \$4,550. During the year ended January 31, 2020, the Company decided not to continue with certain mineral claims and allowed them to lapse when they became due. Accordingly, prior acquisition costs of \$769 and exploration costs of \$14,710 associated with these claims had been written off during the period. Subsequent to January 31, 2022, the Company decided to drop certain mineral claims and fully wrote off staking costs of \$3,781 associated with these claims.

In December 2018 and January 2019, the Company acquired a 100% interest in certain mineral claims to increase the holdings in its Chibougamau Vanadium Prospects for aggregate staking costs of \$3,031. In February 2019, the Company acquired a 100% interest in certain mineral claims to increase the acreage in the Chibougamau Vanadium district in Quebec for staking costs of \$457.

As at July 31, 2022, the Company had incurred a total of \$89,594 in exploration costs on the remaining claims of this property.

**4. EXPLORATION AND EVALUATION ASSETS (continued)**

QC Perron-East Gold Prospects - Staking

In September 2019, the Company acquired a 100% interest in certain mineral claims (the “Perron-East Gold Prospects”), all located in the Abitibi greenstone belt of northwestern Quebec for staking costs of \$1,372.

In February and June 2020, the Company acquired a 100% interest in certain mineral claims in Quebec to increase the holdings in its Perron East Gold Prospects for staking costs of \$4,543.

As at July 31, 2022, the Company had incurred a total of \$889,492 in exploration costs on this property.

Nevada Elon and McGee Properties - Purchase Agreement

On July 12, 2016, the Company entered into a share purchase agreement (the “Agreement”) with five arm’s length vendors (the “Vendors”) to purchase 100% of the issued and outstanding common shares of 1074942 B.C. Ltd., which through its wholly-owned subsidiary Mathers Lithium Corp. (a Nevada corporation) holds a 100% interest in certain lithium mineral claims (the “Elon claims” and the “McGee claims”) in Nevada. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company issued 12,700,000 common shares at a value of \$444,500 to the Vendors pursuant to the Agreement. The Company issued 912,000 common shares at a value of \$31,920 as a finder’s fee and paid \$20,000 for land acquisition and \$3,903 in filing fees in connection with this transaction. The above acquisition costs were allocated to the Elon Property and the McGee Property proportionately, being \$175,113 and \$325,210, respectively.

On June 14, 2017, the Company assumed an additional US\$30,000 payment owed to the vendors for the McGee claims as follows: US\$10,000 by September 1, 2017 (paid) and US\$20,000 by December 31, 2017 (paid). The vendors retain an NSR of 3.75% on the McGee claims.

During the years ended January 31, 2018, 2020, 2021 and 2022, the Company provided a security deposit of \$11,098, \$631, \$938 and \$3,454, respectively, in relation to its McGee Property.

During the six months ended July 31, 2022, the Company incurred a total of \$16,490 in staking costs to secure the placer and lode claims on the McGee Property.

As at July 31, 2022, the Company had incurred a total of \$20,156 in claim maintenance fees on the Elon Property and \$1,246,392 in exploration costs on the McGee Property, respectively.

**4. EXPLORATION AND EVALUATION ASSETS (continued)**

Nevada Green Clay Lithium Project - Option Agreement

On August 31, 2021, the Company entered into an option agreement (the “Green Clay Agreement”) with an arm’s length vendor (the “Seller”), whereby the Seller granted an option to the Company to acquire a 100% interest in certain mineral claims (the “Green Clay Lithium Project”) located in the Clayton Valley of Nevada, USA. In consideration, the Company is required to the following:

- Pay \$30,000 and issue 2,000,000 common shares (paid & issued at a value of \$230,000) to the Seller on signing the Green Clay Agreement;
- Pay \$30,000 and issue 1,000,000 common shares (paid & issued at a value of \$120,000) to the Seller within six months of signing; and
- Issue 1,000,000 common shares (issued subsequent to July 31, 2022) to the Seller within the first anniversary of signing.

The Seller will retain a 1.5% NSR Royalty on this property. The Company will have the right to purchase 0.75% NSR Royalty for \$500,000 at any time up to the commencement of production.

As at July 31, 2022, the Company had incurred a total of \$22,205 in claim maintenance fees on the Green Clay Lithium Project.

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities recognized in the statements of financial position consist of the following:

	July 31, <u>2022</u>	January 31, <u>2022</u>
Trade payables	\$ 124,290	\$ 701,205
Accrued liabilities	-	19,500
Total payables	<u>\$ 124,290</u>	<u>\$ 720,705</u>

All amounts are short-term.

**6. FLOW-THROUGH SHARE PREMIUM LIABILITY**

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Balance at January 31, 2021	\$ 9,204
Liability incurred on flow-through shares issued	250,000
Liability derecognized due to exploration expenditures renounced to shareholders	<u>(197,728)</u>
Balance at January 31, 2022	61,476
Liability derecognized due to exploration expenditures renounced to shareholders	<u>(25,247)</u>
Balance at July 31, 2022	<u>\$ 36,229</u>

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**6. FLOW-THROUGH SHARE PREMIUM LIABILITY (continued)**

In May 2021, the Company issued 5,000,000 flow-through units (the “FT Units”) at \$0.20 per FT Unit for gross proceeds of \$1,000,000. Each FT Unit consisted of one flow-through common share and one-half of one share purchase warrant. The premium received on the flow-through shares issued was determined to be \$250,000 and was recorded as a share capital reduction. An equivalent premium liability was also recorded.

During the year ended January 31, 2022, the Company renounced and incurred the exploration expenditures. Accordingly, the Company derecognized the flow-through share premium liability of \$197,728 and recognized it as other income.

During the six months ended July 31, 2022, the Company renounced and incurred the exploration expenditures. Accordingly, the Company derecognized the flow-through share premium liability of \$25,247 and recognized it as other income.

**7. SHARE CAPITAL AND RESERVES**

**Authorized:** Unlimited common shares, without par value

Issued and outstanding as at July 31, 2022 – 257,403,583 (January 31, 2022: 254,953,583)

**Private placement**

*Six months ended July 31, 2022:*

During the six months ended July 31, 2022, the Company did not close any private placement.

*Six months ended July 31, 2021:*

In May 2021, the Company closed a non-brokered private placement consisting of 5,000,000 flow-through units (the “FT Units”) at \$0.20 per FT Unit for gross proceeds of \$1,000,000. Each FT Unit consisted of one flow-through common share and one-half of one share purchase warrant (each, a “Warrant”). Each whole Warrant entitles the holder to purchase one additional non flow-through common share of the Company at a price of \$0.30 per share until May 12, 2023. The Company paid legal and filing fees of \$6,612, and finders' fees of \$60,000 in connection with this private placement.

**7. SHARE CAPITAL AND RESERVES (continued)**

**Share purchase warrants**

The following is a summary of changes in share purchase warrants from January 31, 2021 to July 31, 2022:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2021	24,130,049	\$0.05
Issued	2,500,000	\$0.30
Exercised	(17,202,731)	\$0.05
Expired	(200,000)	\$0.05
Balance, January 31, 2022	9,227,318	\$0.12
Exercised	(1,200,000)	\$0.05
Balance, July 31, 2022	8,027,318	\$0.13

As of July 31, 2022, the Company had 8,027,318 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
2,500,000	\$0.30	May 12, 2023
<u>5,527,318</u>	\$0.05	July 29, 2025
<u>8,027,318</u>		

**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.

**7. SHARE CAPITAL AND RESERVES (continued)**

**Share-based payments (continued)**

The following is a summary of changes in share purchase options from January 31, 2021 to July 31, 2022:

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2021	7,050,000	\$0.06
Granted	16,000,000	\$0.16
Exercised	(5,800,000)	\$0.06
Expired	(1,100,000)	\$0.09
Forfeited	(600,000)	\$0.16
Balance, January 31, 2022	15,550,000	\$0.15
Granted	17,500,000	\$0.08
Exercised	(250,000)	\$0.05
Expired	(9,400,000)	\$0.16
Balance, July 31, 2022	23,400,000	\$0.10

As of July 31, 2022, 23,400,000 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
5,900,000	\$0.15	October 19, 2022
17,500,000	\$0.08	July 22, 2023
23,400,000		

During the six months ended July 31, 2022, 250,000 stock options were exercised at a price of \$0.05 per share for total proceeds of \$12,500 (six months ended July 31, 2021: 4,800,000 stock options were exercised at a price of \$0.05 per share for total proceeds of \$240,000). 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 \$7,012 (six months ended July 31, 2021: \$147,176).

During the six months ended July 31, 2022, the Company granted 17,500,000 stock options with an exercise price of \$0.08 per share and an expiry date of July 22, 2023 (six months ended July 31, 2021: 10,000,000 options were granted with an exercise price of \$0.16 per share and an expiry date of July 21, 2022). The weighted average fair value of the options issued in the six months ended July 31, 2022 was estimated at \$0.02 per option (six months ended July 31, 2021: \$0.05) at the grant date using the Black-Scholes option pricing model with the following assumptions:

**7. SHARE CAPITAL AND RESERVES (continued)**

**Share-based payments (continued)**

	Six months ended July 31,	
	<u>2022</u>	<u>2021</u>
Weighted average expected dividend yield	0.00%	0.00%
Weighted average expected volatility*	86.76%	127.59%
Weighted average risk-free interest rate	3.07%	0.46%
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 six months ended July 31, 2022 was \$425,739 (six months ended July 31, 2021: \$516,455).

**8. LOSS PER SHARE**

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

	Six months ended July 31,	
	<u>2022</u>	<u>2021</u>
Net loss	\$ 594,867	\$ 969,622
Weighted average number of common shares for the purpose of basic and diluted loss per share	256,782,589	243,265,256

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 7) were anti-dilutive for the six months ended July 31, 2022 and 2021.

Basic and diluted loss per share for the six months ended July 31, 2022 was \$(0.00) (six months ended July 31, 2021: \$(0.00)).

**9. 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:

	Six months ended July 31,	
	2022	2021
Management fees	\$ 30,000	\$ 30,000
Professional fees	30,000	30,000
Share-based payments*	291,936	289,215
	<u>\$ 351,936</u>	<u>\$ 349,215</u>

\*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, 2022, accounts payable and accrued liabilities include \$12,500 (January 31, 2022: \$52,363) payable to four directors and one former director of the Company for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

**10. 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 locations as below:

	July 31, <u>2022</u>	January 31, <u>2022</u>
Canada	\$ 1,329,337	\$ 1,187,859
U.S.A.	2,254,504	1,965,989
	<u>\$ 3,583,841</u>	<u>\$ 3,153,848</u>

**11. 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.

*During the six months ended July 31, 2022:*

- Included in accounts payable and accrued liabilities was \$52,866 for exploration and evaluation assets.
- The Company issued 1,000,000 common shares valued at \$120,000 pursuant to the Green Clay Agreement for the acquisition of the Green Clay Lithium Project.

*During six months ended July 31 2021:*

- Included in accounts payable and accrued liabilities was \$77,624 for exploration and evaluation assets.

**12. SUBSEQUENT EVENTS**

Subsequent to July 31, 2022, the Company issued 1,000,000 common shares pursuant to the Green Clay Agreement for the acquisition of the Green Clay Lithium Project.