ACME LITHIUM INC.

(FORMERLY HAPUNA VENTURES INC.)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of:
ACME Lithium Inc. (formerly Hapuna Ventures Inc.)

Opinion

We have audited the financial statements of ACME Lithium Inc. (formerly Hapuna Ventures Inc.) (the "Company"), which comprise the statements of financial position as at September 30, 2020 and 2019, and the statements of loss and comprehensive loss, changes in shareholder's deficiency and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020 and 2019, 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 audits 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 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 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company had a deficit of $1,274,815 at September 30, 2020 and a working capital deficiency of $1,004,819. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 comprises the Management Discussion and Analysis. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Melyssa Charlton.

"Charlton & Company"

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

December 15, 2020

ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)

STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020 AND 2019

(Expressed in Canadian dollars)

	Notes	2020	2019
Assets			
Current Assets			
Cash		$ 2,907	$ -
Amounts receivable	4	2,035	9,144
Due from ACT360	9	45,658	40,670
		50,600	49,814
Intangible assets	5	1	1
		$ 50,601	**$ 49,815**
Liabilities			
Current Liabilities			
Bank indebtedness		$ -	$ 471
Accounts payable and accrued liabilities		437,633	287,922
Shareholder loan	9	12,800	-
Due to Kona Bay	9	225,385	143,484
Promissory note payable	6	379,601	-
		1,055,419	431,877
Promissory note payable	6	-	360,048
		1,055,419	791,925
Shareholders' Deficiency			
Share capital	7	269,997	269,997
Deficit		(1,274,815)	(1,012,107)
		(1,004,818)	(742,110)
Total Liabilities and Shareholders' Deficiency		**$ 50,601**	**$ 49,815**

Nature and continuance of operations (Note 1)
Commitment (Note 11)
Events after the reporting period (Note 15)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON DECEMBER 15, 2020

Stephen Hanson"	***"Vincent Wong"***
Director	Director

The accompanying notes are an integral part of these financial statements.

ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(Expressed in Canadian dollars)

	Note		2020		2019
Sales	14	$	41,188	$	54,160
Expenses					
Accounting and legal	9	$	33,001	$	56,172
Advertising and promotion			30,477		44,124
Consulting fees	9,11		150,000		240,000
Interest expense	6		20,129		19,854
Management fees	9		60,000		60,000
Regulator and filing fees			4,729		8,680
Selling office and general			209		13,352
Wages and benefits	9		5,351		9,470
			303,896		451,652
Loss and comprehensive loss for the year		$	(262,708)	$	(397,492)
Basic and diluted loss per share		$	(0.43)	$	(0.67)
Weighted average number of common shares outstanding			613,628		590,951

The accompanying notes are an integral part of these financial statements.

ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(Expressed in Canadian dollars)

	2020	2019
Operating Activities		
Loss for the year	$ (262,708)	$ (397,492)
Items not involving cash		
Interest on promissory note payable	19,553	19,501
Changes in assets and liabilities		
Amounts receivable	7,109	1,007
Accounts payable and accrued liabilities	149,711	272,750
Due to Kona Bay	81,901	67,334
Due from ACT360	(4,988)	(7,498)
Cash used in operating activities	(9,422)	(44,398)
Financing Activities		
Issuance of common stock	-	31,333
Share issue costs	-	(837)
Shareholder loans	12,800	-
Cash provided by financing activities	**12,800**	**30,496**
Net change in cash	3,378	(13,902)
Cash (bank indebtedness), beginning balance	(471)	13,431
Cash (bank indebtedness), ending balance	**$ 2,907**	**$ (471)**

The accompanying notes are an integral part of these financial statements.

ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)

STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

FOR THE YEARS ENDED SEPEMBER 30, 2020 AND 2019

(Expressed in Canadian dollars)

		Share Capital				
	Note	Number of shares	Amount	Share subscriptions	Deficit	Total shareholders' deficiency
Balance at September 30, 2018		**483,152**	**$ 179,501**	**$ 60,000**	**$ (614,615)**	**$ (375,114)**
Private placement	7	130,476	91,333	(60,000)	-	31,333
Share issuance costs	7	-	(837)	-	-	(837)
Loss for the year		-	-	-	(397,492)	(397,492)
Balance at September 30, 2019		**613,628**	**$ 269,997**	**$ -**	**$ (1,012,107)**	**$ (742,110)**
Loss for the year		-	-	-	(262,708)	(262,708)
Balance at September 30, 2020		**613,628**	**$ 269,997**	**$ -**	**$ (1,274,815)**	**$ (1,004,818)**

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

ACME Lithium Inc. (formerly Hapuna Ventures Inc.) (the "Company") was incorporated under the provisions of the Business Corporations Act of British Columbia on January 31, 2017, as a wholly-owned subsidiary of Kona Bay Technologies Inc. ("Kona Bay").

The Company is a technology company specializing in digital customer acquisition. Its customers are primarily higher education institutions that promote campus and online degree programs to consumers through digital media such as websites, mobile apps, social media networks and direct e-mail. The address of the Company's corporate office and its principal place of business is 300 – 2015 Burrard Street Vancouver BC Canada V6J 3H4.

On February 28, 2017, the Company entered into an Arrangement Agreement (the "Agreement") with Kona Bay, ACT360 Media Ltd. ("ACT360") and Bexar Ventures Inc. ("Bexar") for the purposes of carrying out a corporate restructuring by way of a Plan of Arrangement (the "Arrangement" or the "POA") pursuant to Section 288 of the Business Corporations Act (British Columbia).

On December 13, 2017, the POA closed and the online advertising assets were transferred to the Company by Kona Bay and ACT360, and 4,761,199 common shares of the Company were issued to Kona Bay.

On December 14, 2017, Kona Bay exchanged the 4,761,199 common shares of the Company for the Class A shares outstanding as of December 13, 2017. Kona Bay distributed the Company shares to the shareholders of Kona Bay on a pro-rata basis, and the Company consolidated its common shares on the basis of one post-consolidation common share for every three pre-consolidation common shares. The Company is a reporting issuer under applicable Canadian Securities regulations. However, it has not yet obtained a listing on a Canadian stock exchange.

These financial statements have been prepared on a going concern basis, assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As at September 30, 2020, the Company had a deficit of $1,274,815 (2019 - $1,012,107) and a working capital deficiency of $1,004,819 (2019 - $382,063). The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating commitments as they come due and generating profitable operations in the future. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. These financial statements do not include any adjustments relating to the recoverability and classification of the recoded asset amounts and classifications of liabilities that might be necessary should the Company be unable to continue in existence.

To the date of this report, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19.

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are set out in Note 3. The financial statements are presented in Canadian dollars unless otherwise stated.

c) Presentation and Functional Currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Critical accounting judgments, estimates and assumptions – The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Critical judgments in applying accounting policies:

Critical Judgments

Going concern of operations

Management has made the determination that the Company will continue as a going concern for the next year.

Intangible assets

The application of the Company’s accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an intangible asset is capitalized, information becomes available suggesting that the recovery of the value of the asset is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

Allocation of expenses

Kona Bay and ACT360 incur, either directly or indirectly, wages, benefits and other costs on behalf of the Company. Judgement is required in determining the amounts that are allocated to the Company.

Deferred income taxes

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Foreign currency translation – The functional and presentation currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Revenues and expenses are translated at the exchange rates prevailing on the dates of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Cash and cash equivalents - The Company considers deposits with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents. The Company did not have any cash equivalents at September 30, 2020 and 2019.

Intangible assets - Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of operations and comprehensive loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of operations and comprehensive loss when the asset is derecognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A summary of the policies applied to the Company's intangible assets is as follows:

	Customer Relationships – Online Advertising	Online Advertising Leads Database
Useful lives	Finite	Finite
Amortization method used	Amortized on a straight-line basis over three years	Amortized on a straight-line basis over three years

Share issuance costs - Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

Income taxes - Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

The Company provides for income taxes using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse. Deferred income tax assets are recognized to the extent that management has determined it is probable to be realized.

Revenue recognition - The Company uses a single model for recognizing revenue from contracts with customers. Revenue is recognized at a point in time or over time in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. The Company currently sells marketing information to higher education institutions. These services typically result in a single deliverable product. Revenues are recorded when the customer accepts the marketing information and collection is probable.

Share-based payments - The Company records all share-based payments at their fair value. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is charged to reserves. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments. The share-based payments costs are charged to operations over the stock option vesting period.

Agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings (Loss) per share - The Company uses the treasury stock method in computing earnings (loss) per share. Under this method, basic earnings (loss) per share is computed by dividing earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding using the treasury stock method, to reflect the potential dilution of securities that could result from the exercise of in-the-money stock options and warrants. For the years presented, the existence of stock options affects the calculation of loss per share on a fully diluted basis.

Development costs – Development costs are expensed as incurred, except in cases where development costs meet certain identifiable criteria for deferral. The Company has not capitalized any product development costs during the year.

Financial instruments – The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

i. those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,
ii. those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial instruments are classified and measured at either:

i. amortized cost;
ii. FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
iii. FVTOCI, when the change in fair value is attributable to changes in the Company’s credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified. Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

Classification

The Company’s financial assets consists of cash, which is classified and measured at FVTPL, and amounts receivable and due from related party which are measured at amortized cost using the effective interest method. The Company’s financial liabilities consist of accounts payable and accrued liabilities, shareholder loan, due to related party and promissory note payable, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Application of new and revised accounting standards effective October 1, 2019

The following new accounting standards and amendments which the Company adopted and are effective for the Company's annual financial statements commencing October 1, 2019:

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16") which replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low-value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019.

Effective October 1, 2019, the Company adopted IFRS 16. The Company went through the process and identified no contracts that might be relevant under the new standard and the Company determined that the adoption of this standard did not have a significant impact on its financial statements.

(Expressed in Canadian dollars)

4. AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

	September 30, 2020	September 30, 2019
Recoverable goods and services / harmonized sales tax	$ 2,035	$ 9,144

5. INTANGIBLE ASSETS

	Customer Relationships – Online Advertising	Online Advertising Leads Database	Total
Cost			
September 30, 2018, 2019, and 2020	$ 108,000	$ 217,000	$ 325,000
Accumulated amortization and impairment			
September 30, 2018, 2019, and 2020	108,000	216,999	324,999
Net book value			
September 30, 2019	$ -	$ 1	$ 1
September 30, 2020	$ -	$ 1	$ 1

The Company acquired relationships with online advertising customers and an online advertising leads database from ACT360 upon closing of an arrangement on December 13, 2017 for a $325,000 promissory note payable to ACT360 bearing interest at 6% per annum and due on the third anniversary of the promissory note.

Customer Relationships

Customer relationships consist of relationships with various post-secondary education institutions, with online advertising services provided by the Company to recruit students to these institutions.

Online Advertising Leads Database

The Company's online advertising leads database consists of personal information collected from potential student leads during the online advertising process.

Revenue relating to these assets has decreased significantly over the last three years and the Company is economically dependent on two customers. Given that management is not in a position to be able to estimate the future cash flows attributable to the customer relationships and online advertising leads database with any degree of certainty, the value of the intangible assets was written down to a nominal amount of $1 at September 30, 2018. There were no changes during the years ended September 30, 2020 and 2019.

(Expressed in Canadian dollars)

6. PROMISSORY NOTE PAYABLE

The Company has outstanding a promissory note in favour of ACT360 in the principal amount of $325,000 with a maturity date of December 13, 2020. Interest is calculating and accruing daily at 6% per annum from the date of issue, payable on a semi-annual basis commencing on June 13, 2018. The promissory note may be negotiated, assigned, discounted or pledged by ACT360. ACT360 has assigned the promissory note to Kona Bay retrospectively during June 2020. The amount payable consists of the following:

		September 30, 2020		**September 30, 2019**
Principal	$	325,000	$	325,000
Accrued interest		54,601		35,048
Total	$	379,601	$	360,048

Accrued interest payable accumulated since June 13, 2018 has not ben paid.

As at September 30, 2020, the fair value of the promissory note payable was $379,601 (2019 – $360,048). Fair value was determined using an income approach. An income approach is a present value technique that takes into account the future cash flows that would be expected to be received from holding the promissory note as an asset. Present value was calculated using the following attributes – semi-annual interest payments of $9,750, repayment of $325,000 principal at maturity, 27 months to maturity and a discount rate of 6% discounted annually.

7. SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common shares and preferred shares without par value. Common and/or preferred shares are entitled to receive dividends if and when they are declared by the Board of Directors.

On November 23, 2020, the Company completed a 7:1 share consolidation of its common shares. All common share and per share amounts in these financial statements are retroactively presented on a post-share consolidation basis, including the number and exercise price of all share warrants.

Private Placement Financing

During the year ended September 30, 2020, the Company did not completed any private placements.

During the year ended September 30, 2019, the Company completed the following:

- On November 2, 2018 and August 7, 2019, the Company closed two private placements consisting of 116,190 (813,330 pre-consolidated) and 14,286 (100,000 pre-consolidated) units, respectively, for total gross proceeds of $91,333. Each unit consisted of one common share of the company and one common share purchase warrant entitling the holder to purchase one additional share at $0.70 ($0.10 pre-consolidated) per share for a period of one year from the date of the issue. Share offering costs of $837 were incurred in connection with this private placement. Subscriptions received of $60,000 was reclassified to share capital.

(Expressed in Canadian dollars)

8. WARRANTS

Warrant transactions related to the private placement completed during the year are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, September 30, 2018	142,857	$ 0.70
Issued in the year	130,476	0.70
Outstanding, September 30, 2019	273,333	0.70
Expired on November 2, 2019	(116,190)	0.70
Expired on August 7, 2020	(14,286)	0.70
Outstanding, September 30, 2020	142,857	$ 0.70

The following table summarizes information about warrants outstanding at September 30, 2020:

Expiry Date	Exercise Price Per Share	Outstanding
February 21, 2023	$0.70	142,857
		142,857

9. RELATED PARTY TRANSACTIONS

The Company has identified its directors and certain senior officers as its key personnel and the compensation costs for key personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties.

The remuneration of the Company's directors and other key management was as follows during the periods ended September 30, 2020 and 2019:

		2020	2019
Consulting fees	(a)	$ 75,000	$ 120,000
Management salary	(b)	2,953	4,783
Accounting fees	(c)	18,000	17,500
		$ 95,953	$ 142,283

(a) Consulting fees of $75,000 (2019 - $120,000) were paid or accrued to a director and CEO of the Company.

(b) Management salary of $2,953 (2019 - $4,783) was allocated by ACT360 with respect to the Company's VP of Development.

(c) Accounting fees of $18,000 (September 30, 2019 - $17,500) were paid or accrued to a company controlled by the Chief Financial Officer of the Company.

As at September 30, 2020, $204,750 (2019 - $126,000) were owing to key management personnel for fees and expenses and the amounts were included in accounts payable. As at September 30, 2020 the same key management personnel advanced $12,800 (September 30, 2019 - $Nil) to the Company as a shareholder loan. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (continued)

On December 15, 2017, the Company entered into a Management Administrative Services Agreement (the "MASA") with Kona Bay for the purpose of providing certain management and administrative services to the Company. Pursuant to the MASA:

- The Company will pay a monthly service fee that will be reviewed and mutually agreed upon prior to the start of each fiscal year on October 1st;
- The MASA terminated on September 30, 2019. The arrangement is currently in effect on a month-to-month basis;
- For the years ended September 30, 2020 and 2019, the monthly service fee would range from $4,000 to $8,000 commensurate with corporate activity.
- $95,000 would be paid as reimbursement for the arrangement spin-out expenses.

As at September 30, 2020, the Company owed $225,385 (2019 - $143,484) to Kona Bay. The balance due to Kona Bay consists of expenses incurred by Kona Bay on behalf of the Company.

The balance due from ACT360 at September 30, 2020 of $45,658 (2019 - $40,670) consists of revenue collected by ACT360 from the Company's clients on the Company's behalf, net of expenses incurred by ACT360 on the Company's behalf. These balances are unsecured, non-interest bearing and have no specific terms of repayment.

10. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian and United States federal and provincial income tax rates:

	2020	2019
Loss for the year	$ (262,708)	$ (397,492)
Statutory income tax rate	27.00%	27.00%
Expected income tax recovery	(71,000)	(107,000)
Change in statutory, foreign tax, foreign exchange rates and other	-	3,000
Change in unrecognized deductible temporary differences	71,000	(104,000)
Income tax recovery	$ -	$ -

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

Deferred income tax assets:		
Non-capital losses available for future period	$ 234,000	$ 163,000
Intangible assets and others	113,000	110,000
	347,000	273,000
Unrecognized deferred income tax assets	(347,000)	(273,000)
Net deferred income tax assets	$ -	$ -

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized.

(Expressed in Canadian dollars)

10. INCOME TAXES (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Deductible temporary differences:		
Non-capital loss carry-forwards	$ 868,000	$ 605,000
Intangible assets and others	419,000	419,000
Deductible temporary differences	$ 1,287,000	$ 1,024,000

Based upon the level of historical taxable income and projections for future taxable income over the years in which the potential deferred tax assets are deductible, management has not recognized any deferred income tax assets.

Subject to certain restrictions, the Company has non-capital losses of $1,276,000 available to reduce future Canadian taxable income. The non-capital losses expire as follows:

Year	
2037	$ 4,000
2038	204,000
2039	397,000
2040	263,000
	$868,000

The application of non-capital losses against future taxable income is subject to final determination of the respective amounts by the Canada Revenue Agency.

11. COMMITMENT

On December 15, 2017, the Company entered into a Consulting Agreement (the "CA") with a consultant for the purpose of serving as the Company's special projects advisor to assist the CEO with corporate development, M&A and finance as the Company executes its growth by acquisition program. Pursuant to the CA:

- The Company will pay a monthly retainer to be mutually agreed upon; and
- Either party may terminate the CA with 30 days written notice.

During the year ended September 30, 2020, the Company incurred $75,000 (2019 - $120,000) in consulting fees.

12. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares of $269,997. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, meet financial obligations, have sufficient capital to achieve and maintain profitable operations and to provide returns for shareholders and benefits for other stakeholders. As at September 30, 2020, the Company had a working capital deficiency of $1,004,819 (2019 - $382,063) and requires additional capital. Management expects to raise additional capital as part of the process of obtaining a listing on a major Canadian stock exchange, or pursuant to a private placement of securities.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies, and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar or other foreign currencies will affect the Company's operations and financial results. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company holds no balances in United States dollars which could give rise to exposure to foreign exchange risk. The Company did not have any trade accounts receivable balances in United States dollars as of September 30, 2020 and 2019 and has no sensitivity to a plus or minus 10% change in the foreign exchange rate of the United States dollar to the Canadian dollar that would affect the reported loss and comprehensive loss.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal during 2020 and as of September 30, 2020.

(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

The Company has no gross credit exposure and no credit risk at September 30, 2020 relating to trade accounts receivable.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. They key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company will prepare annual capital expenditure budgets which will be regularly monitored and updated as necessary.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Up to 3 months	Between 3 & 12 months	Between 1 & 3 years	Total
September 30, 2020				
Accounts payable and accrued liabilities	$ 437,633	$ -	$ -	$ 437,633
Shareholder loan	12,800	-	-	12,800
Due to Kona Bay	225,385	-	-	225,385
Promissory note payable	379,601	-	-	379,601
	$ 1,055,419	$ -	$ -	$ 1,055,419
September 30, 2019				
Bank overdraft	$ 471	$ -	$ -	$ 471
Accounts payable and accrued liabilities	287,922	-	-	287,922
Due to Kona Bay	143,484	-	-	143,484
Promissory note payable	30,133	4,915	325,000	360,048
	$ 462,010	$ 4,915	$ 325,000	$791,925

14. ECONOMIC DEPENDENCE

During the year ended September 30, 2020, approximately 100% (2019 – 100%) of the Company's revenue was generated from two (2019 - two) customers. The loss of a material amount of revenue from these customers could have a material adverse effect on operations.

15. EVENTS AFTER THE REPORTING PERIOD

The Company has evaluated its activities subsequent to September 30, 2020 and has determined as follows:

- On October 26, 2020, the Company entered into a promissory note agreement with 1266291 BC Ltd., whereby the Company received an advance of $42,000. The promissory note does not accrue interest, is unsecured and is due within 7 days from written notice of demand.

- On October 15, 2020, the Company entered into debt settlement agreements whereby the Company and two parties have agreed to settle $418,950 in debt, which is currently recorded as accounts payable and accrued liabilities and shareholder loan, for a total payment of $86,350. The Company paid $40,000 within two days of the effective date of the agreements and the remaining $46,350 was paid on December 9, 2020.

- On November 6, 2020, Stephen Hanson and Vivian Katsuris were appointed to the Company's board of directors, replacing Frank Harley and Charles Jenkins.

- On November 9, 2020, the Company entered into an asset purchase agreement with Bearing Lithium Corp. ("Bearing") of Vancouver BC, whereby the Company agreed to purchase from Bearing, certain mining claims located in Esmeralda County, Nevada USA for consideration of $50,000 and the issuance of 100,000 common shares of the Company (the "Transaction").

- On November 23, 2020, the Company announced that it had changed its name to ACME Lithium Inc., and had completed a share consolidation of its issued and outstanding common shares on the basis of one post-consolidated share for every seven pre-consolidated common shares. As a result of the consolidation, the number of outstanding common shares of the Company was reduced to approximately 613,628 shares.

- On November 27, 2020, the Company closed a private placement of 10,300,000 units at a price of $0.03 per unit for gross proceeds of $309,000. Each unit consisted of one post consolidated share and one-half warrant. Each full warrant is exercisable at $0.10 per one post consolidated share until November 27, 2022. In connection with the financing, the Company issued 490,000 common shares as finders fees.