ACME Lithium Inc

ACME LITHIUM INC.

(FORMERLY HAPUNA VENTURES INC.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020

Notice of No Auditor Review of Interim Condensed Financial Statements

The accompanying unaudited interim condensed financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these interim condensed financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

May 25, 2021

ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2020 AND SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Notes	March 31, 2021		September 30, 2020	
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**359,309**	$	2,907
Amounts receivable	4		**4,189**		2,035
Due from ACT360	11		**-**		45,658
Prepaid expenses	7		**34,625**		-
			398,123		50,600
Intangible assets	5		**-**		1
Exploration and evaluation properties	6		**53,000**		-
Total assets		**$**	**451,123**	$	50,601
					50,600
SHAREHOLDERS' EQUITY AND LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	12	**$**	**1,128**	$	437,633
Due to related parties	11, 12		**3,500**		225,385
Shareholder loan	11, 12		**-**		12,800
Promissory note payable	8, 11, 12		**-**		379,601
Total liabilities			**4,628**		1,055,419
Shareholders' equity					
Share capital	9,10		**1,029,838**		269,997
Reserves	10		**959**		
Deficit			**(584,302)**		(1,274,815)
Total equity			**446,495**		(1,004,818)
Total shareholders' equity and liabilities		**$**	**451,123**	$	50,601

Nature and continuation of operations (Note 1)
Commitments (Note 16)
Subsequent events (Note 17)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON MAY 25, 2021

/s/ Vivian Katsuris — Vivian Katsuris, Director

/s/ Ioannis Tsitos — Ioannis Tsitos, Director

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

(Expressed in Canadian dollars)

		Three months ended		Six months ended	
	Notes	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020
Sales		**$ -**	$ 12,948	**$ -**	$ 26,359
Expenses					
Accounting and legal		**-**	12,409	**22,577**	17,909
Advertising and promotion		**-**	9,467	**5,050**	20,728
Consulting	11	**-**	60,000	**6,244**	120,000
Insurance		**250**	-	**250**	-
Interest expense		**413**	5,016	**4,462**	10,046
Management fees	11	**15,000**	15,000	**15,000**	30,000
Regulatory and filing fees	9	**-**	4,679	**23,140**	4,679
Selling, office and general		**867**	102	**3,835**	154
Wages and benefits		**-**	3,428	**-**	4,351
Rent		**1,089**	-	**1,089**	-
Net loss before other income (expense)		**(17,619)**	(97,153)	**(81,647)**	(181,508)
Other income (expense)					
Amalgamation expense	9	**-**	-	**(48,300)**	-
Gain on settlement of debt	12	**-**	-	**874,435**	-
Write-off of due from ACT360	12	**-**	-	**(45,658)**	-
Write-off of GST receivable	12	**-**	-	**(8,316)**	-
Net loss and comprehensive loss for the period		**$ (17,619)**	$ (97,153)	**$690,514**	$ (181,508)
Weighted average number of shares – basic		**22,292,536**	613,646	**13,349,690**	613,646
Weighted average number of shares – diluted		**22,292,536**	613,646	**20,339,663**	613,646
<u>Earnings (loss) per common share</u>					
Basic		**$ (0.00)**	$ (0.12)	**$ 0.05**	$ (0.30)
Diluted		**$ (0.00)**	$ (0.12)	**$ 0.03**	$ (0.30)

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

ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND FOR THE YEAR ENDED SEPTEMBER 30, 2020

(Unaudited – Expressed by Management)

(Expressed in Canadian dollars)

	Note	Number of shares[1]	Share capital	Reserves	Deficit	Total
Balances, September 30, 2019		613,646	269,997	-	(1,012,107)	(742,110)
Net loss and comprehensive loss for the year		-	-	-	(181,508)	(181,508)
Balances, March 31, 2020		**613,646**	**$ 269,997**	**$ -**	**$(1,193,615)**	**$ (923,618)**
				-		
Balances, September 30, 2020		613,646	269,997	-	(1,274,816)	(1,004,819)
Shares issued for cash:						
Private placement	9	10,300,000	309,000	-	-	309,000
Shares issued for amalgamation	9	14,960,001	448,800			448,800
Shares issued for mineral properties	6, 9	100,000	3,000	-	-	3,000
Finders' warrants	9, 10		(959)	959		-
Shares issued to finders	9	490,000	14,700	-	-	14,700
Share Issuance costs	9	-	(14,700)		-	(14,700)
Net loss and comprehensive loss for the period		-	-	-	690,514	690,514
Balances, March 31, 2021		**26,463,647**	**$ 1,029,838**	**$ 959**	**$ (584,302)**	**$ 446,495**

[1]Shares were adjusted to reflect the share consolidation of 7:1 on November 23, 2020

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

ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Six months ended March 31,	
	2021	2020
OPERATING ACTIVITIES		
Net income/(loss) for the period	**$ 690,514**	$ (181,508)
Adjustments for:		
Interest on note payable	**4,049**	9,776
Gain on settlement of debt	**(874,434)**	-
Amalgamation expense	**48,300**	-
Changes in non-cash working capital items		
Increase in amounts receivable	**(2,154)**	3,580
Increase (Decrease) in trade payables and accrued liabilities	**(134,748)**	160,630
Decrease (Increase) in prepaid expenses	**(34,625)**	-
Cash used in operating activities	**(303,098)**	(7,522)
INVESTING ACTIVITIES		
Exploration and evaluation property expenditures	**(50,000)**	-
Cash used in investing activities	**(50,000)**	-
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	**309,000**	-
Amalgamation	**400,500**	
Shareholder loan	**-**	14,800
Cash provided by financing activities	**709,500**	14,800
Increase (decrease) in cash and cash equivalents	**356,402**	7,278
Cash and cash equivalents (bank indebtedness), beginning of period	**2,907**	(471)
Cash and cash equivalents, end of period	**$ 359,309**	$ 6,807

Supplemental cash flow information (Note 15)

The accompanying notes are an integral part of these condensed interim consolidated 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").

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 shareholders.

On November 23, 2020, the Company changed its name to ACME Lithium Inc. and changed its principal business from technology to the identification of exploration and evaluation assets. The change in business is subject to acceptance of listing with the Canadian Securities Exchange. The Company is domiciled in Canada and commenced trading of its common shares on the Canadian Securities Exchange (the "CSE") on April 28, 2021. The address of the Company's corporate office and its principal place of business is 300 - 2015 Burrard Street, Vancouver British Columbia, Canada V6J 3H4.

On December 29, 2020, the Company entered into an Amalgamation Agreement (the "Amalgamation Agreement") with 1281524 B.C. Ltd. ("Subco") and 1266291 B.C. Ltd. ("Fundco") which closed on December 30, 2020. Pursuant to the Amalgamation Agreement, the following occurred:

(i) Subco and Fundco amalgamated;
(ii) the unit holders of Fundco received an equivalent number of units of the Company; and
(iii) the amalgamated company became a wholly owned subsidiary of the Company.

Each unit consists of one common share and one half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at $0.10 for a period of 24 months. The shares and warrants were issued on January 24, 2021.

As at March 31, 2021 the Company has not yet determined if its exploration and evaluation asset is economically recoverable. The recoverability of amounts shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

These condensed interim consolidated 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 March 31, 2021, the Company had a deficit of $584,302 (September 30, 2020 - $1,274,815) and a working capital of $393,495 (September 30, 2020 – deficiency of $1,004,819).

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.

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

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. As a result, global stock markets have also experienced great volatility. 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. 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 condensed interim consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with the same accounting policies and methods of computation as compared with the most recent annual financial statements, being for the year ended September 30, 2020.

These financial statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on May 25, 2021.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, classified as financial instruments at fair value through profit or loss which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) Basis of consolidation

These financial statements include the accounts of the Company, which is incorporated under the laws of British Columbia, and its wholly owned subsidiaries, 1281524 B.C. Ltd. and 1266291 B.C. Ltd. All significant intercompany balances and transactions have been eliminated upon consolidation.

d) Presentation and Functional Currency

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

2. BASIS OF PREPARATION (continued)

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:

<u>Critical Judgments</u>

Going concern of operations

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

<u>Estimates</u>

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of these financial statements is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at September 30, 2020. These unaudited condensed interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2020.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. At December 31, 2020 the Company had amounts held in trust classified as cash equivalent.

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.

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

Exploration and evaluation properties - All expenditures related to acquisition, exploration and development of exploration and evaluation properties ("E&E assets") are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units of production method over estimated recoverable reserves. Management annually assesses carrying values of properties for which events and circumstances may indicate possible impairment.

Impairment of a property is generally considered to have occurred if (1) the property has been abandoned; (2) there are unfavorable changes in the property economics; (3) there are restrictions on development; or (4) when there has been an undue delay in development. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to its estimated recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The recoverability of exploration and evaluation properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether its future exploration and evaluation property contains economically recoverable reserves. Amounts capitalized to exploration and evaluation properties as exploration and development costs do not necessarily reflect present or future values.

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 used a single model for recognizing revenue from contracts with customers. Revenue was recognized at a point in time or over time in a manner that depicts the transfer of promise 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 did not recognize any revenue during the period ended December 31, 2020.

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 period. 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 period.

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.

New accounting policies adopted in the period

Exploration and evaluation assets- All expenditures related to acquisition, exploration and development of exploration and evaluation properties ("E&E assets") are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units of production method over estimated recoverable reserves. Management annually assesses carrying values of properties for which events and circumstances may indicate possible impairment.

Impairment of a property is generally considered to have occurred if (1) the property has been abandoned; (2) there are unfavorable changes in the property economics; (3) there are restrictions on development; or (4) when there has been an undue delay in development. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to its estimated recoverable amount.

The recoverability of exploration and evaluation properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether its future exploration and evaluation property contains economically recoverable reserves. Amounts capitalized to exploration and evaluation properties as exploration and development costs do not necessarily reflect present or future values.

(Expressed in Canadian dollars)

4. AMOUNTS RECEIVABLE

The Company's accounts receivable at March 31, 2021 and September 30, 2020 arises from Goods and Services Tax ("GST") due from Canada Revenue Agency.

5. INTANGIBLE ASSETS

The Company was formerly a technology company specializing in digital customer acquisition. Its customers were primarily higher education institutions that promoted campus and online degree programs to consumers through digital media such as websites, mobile apps, social media networks and direct e-mail. The Company utilized an online advertising leads database which was acquired during the year ended September 30, 2018. The database was subsequently impaired and written down to $1.

On December 19, 2020, the Company disposed of its digital customer acquisition business to an arm's length purchaser in consideration of the sum of $1 and the purchaser assuming all outstanding obligations.

6. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation asset expenditures for the three months ended March 31, 2021 are as follows:

	FLV Property	Total
ACQUISITION COSTS		
Balance, September 30, 2020	$ -	$ -
Additions	**53,000**	**53,000**
Balance, March 31, 2021	**$ 53,000**	**$ 53,000**

FLV Property

On November 9, 2020 the Company entered into a mineral property purchase and sale agreement (the "FLV agreement") with an arm's length party whereby it acquired 81 lode mining claims located in Esmeralda County, Nevada, USA totaling approximately 1,620 acres. Under the terms of the FLV agreement, the vendor's right, title and interest in the FLV claims was purchased by paying consideration of $50,000 (paid) and by issuing 100,000 common shares.

On January 14, 2021, the Company issued 100,000 common shares with a fair value of $3,000 to the arm's length party (Note 9).

(Expressed in Canadian dollars)

7. PREPAID EXPENSES

The Company's prepaid expenses as at March 31, 2021 and September 30, 2020 are composed of the following:

	March 31, 2021	September 30, 2020
Exploration	**$ 27,000**	$ -
Management fees	**5,000**	-
Rent	**2,625**	-
Total	**$ 34,625**	$ -

The management fees of $5,000 (2020 – $Nil) are paid to a company controlled by the CFO (Note 11).

8. PROMISSORY NOTE PAYABLE

	March 31, 2021	September 30, 2020
Principal	**$ 325,000**	$ 325,000
Accrued interest	**58,650**	54,601
Settlement of debt	**(383,650)**	-
Total	**$ -**	$ 379,601

The Company had a promissory note payable to ACT360 in the principal amount of $325,000 with an original maturity date of December 13, 2020. Interest was 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 assigned the promissory note to Kona Bay retrospectively during June 2020. Accrued interest payable accumulated since June 13, 2018 had not been paid.

The fair value of the promissory note 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, number of months to maturity and a discount rate of 6% discounted annually. During the period ended March 31, 2021, the Company recognized interest expense of $4,049 (2019 - $5,030) on the promissory note.

On October 15, 2020, the Company entered into a debt settlement agreement with Kona Bay whereby the principal and interest amounts of the promissory note payable were forgiven by Kona Bay (Note 12).

(Expressed in Canadian dollars)

9. 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

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 common share and one half-warrant. Each full warrant is exercisable at $0.10 for one common share until November 27, 2022. In connection with the private placement, the Company issued 490,000 common shares with a fair value of $14,700 as finders fees and paid $1,438 in filing fees.

Amalgamation

On December 30, 2020 the Company closed the Amalgamation Agreement (Note 1). As per the Amalgamation Agreement, the Company issued 13,350,001 units in exchange for the issued and outstanding common share of Fundco at a price of $0.03 per unit. Each unit consists of one common share and one-half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at $0.10 for a period of 24 months. In connection with the transaction, the Company also issued 1,610,000 common shares as finder's fees with a fair value of $48,300 ($0.03 per share). A breakdown of the transaction is as follows:

		March 31, 2021
Consideration		
Common shares (13,350,001 units – issued on January 24, 2021)	$	400,500
Finders fees (1,610,000 common shares)		48,300
		448,800
Assets acquired		
Cash		358,500
Loan receivable		42,000
		400,500
Amalgamation expense	**$**	**48,300**

During the period ended March 31, 2021, the Company received a working capital advance of $42,000 from Fundco in advance of closing the Amalgamation Agreement. On the closing of the transaction, the loan payable balance on the Company's books was offset with the loan receivable acquired.

On January 14, 2021, the Company issued 100,000 shares to an arm's length party in connection with the FLV Mineral Property (Note 5).

During the year ended September 30, 2020, the Company did not have any capital transactions.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Shares held in escrow

Pursuant to an escrow agreement dated March 25, 2021, (the "Escrow Agreement"), a total of 3,242,244 common shares, held by principals of the Company, are held in escrow and shall be released from escrow on the following dates:

Number of Common Shares	% of Outstanding Common Shares	Release Schedule
3,242,244	12.25%	1/4 of all escrowed securities released on the date the Company's shares are listed on the CSE; 1/3 of the remaining escrowed securities will be released 6 months from Listing (listing to the CSE); 1/2 of the remaining escrowed securities will be released 12 months from Listing; all of the remaining escrowed securities released 18 months from Listing.

10. WARRANTS

A summary of changes in the Company's share purchase warrants outstanding as at March 31, 2021 and September 30, 2020 is as follows:

	March 31, 2021		September 30, 2020	
	Number of warrants[1]	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	**142,857**	**$ 0.70**	273,333	$ 0.70
Granted	**11,825,000**	**0.10**	-	-
Expired	**-**	**-**	(130,476)	0.70
Outstanding, end of period	**11,967,857**	**$ 0.11**	142,857	$ 0.70

The following table summarizes information regarding share purchase warrants outstanding as at March 31, 2021:

Date issued	**Number of warrants***	**Exercise price ($)**	**Expiry date**	**Weighted average remaining life**
September 25, 2018	142,857	$ 0.70	February 21, 2023	0.02
November 27, 2020	5,150,000	0.10	November 27, 2022	0.71
December 29, 2020	150,000	0.10	October 9, 2022	0.02
December 30, 2020	6,525,000	0.10	November 27, 2022	0.91
	11,967,857	**$ 0.11**		**1.66**

(Expressed in Canadian dollars)

10. WARRANTS (continued)

Warrants held in escrow

Pursuant to an escrow agreement dated March 25, 2021, (the "Escrow Agreement"), a total of 882,000 warrants, held by principals of the Company, are held in escrow and shall be released from escrow on the following dates:

Number of Warrants	% of Outstanding Warrants	Release Schedule
882,000	7.37%	1/4 of all escrowed securities released on the date the Company's shares are listed on the CSE; 1/3 of the remaining escrowed securities will be released 6 months from Listing (listing to the CSE); 1/2 of the remaining escrowed securities will be released 12 months from Listing; all of the remaining escrowed securities released 18 months from Listing.

11. 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 March 31, 2021 and 2020:

Six months ended	March 31, 2021	March 31, 2020
Consulting fees	$ -	$ 60,000
Management fees	15,000	30,000
Management salary	-	1,953
Accounting fees	9,649	9,000
Total related party expenses by type	**$ 24,649**	$ 100,953

(a) Consulting fees of $Nil (2020 - $60,000) were paid or accrued to the former CEO of the Company.

(b) Management fees of $15,000 in the current year were paid to a company controlled by the CFO. Last year, management fees of $30,000 was paid to a company controlled by the former CEO.

(c) Management salary of $Nil (2020 – $923) was allocated by ACT360 (a company controlled by the former CEO) with respect to the Company's former VP of Development.

(d) Accounting fees of $9,649 were paid or accrued to a company controlled by the CFO. Last year, $9,000 were allocated from Kona Bay with respect to fees paid or accrued to a company controlled by the Former CFO of the Company.

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (continued)

Due to related parties	**March 31, 2021**	September 30, 2020
CFO	**$ 3,500**	$ -
Kona Bay	**-**	225,385
Total	**$ 3,500**	$ 225,385

As at March 31, 2021, there was a $626 balance owing (September 30, 2020 - $204,750) to key management personnel for fees and expenses and the amounts were included in accounts payable. The balance on year end September 30, 2020 was extinguished by a debt settlement agreement that occurred during the three months ended March 31, 2021 in which a total of $1,040,785 of debt was settled (Note 12). As at September 30, 2020 the same key management personnel advanced $12,800 (September 30, 2019 - $Nil) to the Company as a shareholder loan.

As at March 31, 2021, the Company owed $3,500 to a company controlled by the CFO. As at September 30, 2020, $225,385 was owed to Kona Bay (a company controlled by the former CEO). The balance due to Kona Bay consisted of expenses incurred by Kona Bay on behalf of the Company.

The balance due from ACT360 (a company controlled by the former CEO) at March 31, 2021 was $Nil (September 30, 2020 - $45,658). Previously, this balance 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 were unsecured, non-interest bearing and had no specific terms of repayment. This balance was settled in accordance with the debt settlement agreement. ACT360 is a company related through common control.

12. SETTLEMENT OF DEBT

During the period ended March 31, 2021 the Company entered into a series of debt settlement agreements to extinguish certain of the Company's accounts payable and accrued liabilities and loan balances with related parties. The Company paid a total of $166,350 to settle: (1) $418,950 in accounts payables and accrued liabilities; (2) $225,385 due to Kona Bay; (3) the $12,800 shareholder loan; and (4) the $383,650 promissory note payable, resulting in a gain on settlement of $874,435. The total debt and settlement for each party is as follows:

	Total Debt	**Settlement Amount**	**Gain on Settlement**
Former CEO	$ 217,550	$ 43,510	$ 174,040
Former Consultant	214,200	42,840	171,360
Kona Bay	609,035	80,000	529,035
	$ 1,040,785	**$ 166,350**	**$ 874,435**

Concurrent with the debt settlement, the Company wrote-off the balance due from ACT360 of $45,658 and GST receivables of $8,316 related to certain accrued expenditures.

13. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares of $1,030,797. 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 March 31, 2021, the Company had a working capital of $393,495 (September 30, 2020 – deficiency of $1,004,818). 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.

14. 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.

Fair value of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

- Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The fair value of the Company's financial instruments approximates their carrying values due to their short term to maturity. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk Management

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 March 31, 2021 and September 30, 2020 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 consists of cash. Cash is maintained with a financial institution with reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal as of March 31, 2021.

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.

(Expressed in Canadian dollars)

15. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash financing and operating transactions during the three months ended March 31, 2021 and 2020:

Six months ended	**March 31, 2021**	March 31, 2020
Non-cash financing activities:		
Fair value of warrants issued	**$ 63,000**	-
Non-cash investing activities:		
Shares issued for exploration and evaluations assets	**3,000**	-

16. COMMITMENTS

On March 1, 2021, the Company entered into an agreement with an arm's length party for professional geoscience consulting services relating to mineral exploration in Canada. As at March 31, 2021, the Company has prepaid $27,000 for these services. The Company will be billed based on agreed hourly service along with reimbursable out-of-pocket expenses plus 10% that are related to the performance of those services.

17. SUBSEQUENT EVENTS

On May 12, 2021, the Company entered into an agreement with an arm's length party to acquire a 100% interest in 64 claims encompassing approximately 1,280 acres, comprising the CC, CCP and SX placer lithium claims (the "Project Claims"), located in Clayton Valley, Esmeralda County, Nevada - the center of lithium development in the United States. The Company may exercise the Option by paying a total of US$278,500 (~CA$336,837 of which US$5,000 or CA$6,416 is already paid as of report date), issuing a total of 5,250,000 common shares (750,000 shares issued at $0.40 market price as of report date), and incurring an approximately total of US$2,750,000 (~CA$3,568,000) in exploration and development expenditures over a four-year period.

Date for Completion	**Cash Payment**	**Common Shares**	**Exploration and Development Expenditures**
Initial Payment	$ 78,500	750,000	-
First year	50,000	750,000	US$ 250,000
Second year	50,000	750,000	US$ 500,000
Third year	50,000	1,000,000	US$ 1,000,000
Fourth year	50,000	2,000,000	US$ 2,000,000
Total	**$ 278,500**	**5,250,000**	**US$ 2,750,000**

On May 18, 2021, the Company announced a non-brokered private placement financing up to 8,000,000 units (the "Units") at $0.40 CAD per Unit for aggregate gross proceeds of up to $3,200,000 CAD (the "Offering"). Each Unit will be comprised of one (1) common share and one-half of one (1/2) transferable common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.60 CAD for two (2) years from closing of the Offering. The Company may pay a cash finder's fee of up to 7% of the gross proceeds raised under the Offering, at the discretion of the Company.