ACME LITHIUM INC.

(FORMERLY HAPUNA VENTURES INC.)

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED SEPTEMBER 30, 2021, AND 2020

(In Canadian dollars)

charlton

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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 accompanying consolidated financial statements of ACME Lithium Inc. (formerly Hapuna Ventures Inc.) (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2021 and 2020 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020, and its financial performance and its cash flows for the years 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Melyssa Charlton.

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
January 19, 2022

ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021 AND 2020
(Expressed in Canadian dollars)

	Notes	September 30, 2021	September 30, 2020,
ASSETS			
Current assets			
Cash and cash equivalents		**$ 2,802,252**	$ 2,907
GST receivable		**16,122**	2,035
Due from ACT360	*10/11*	**-**	45,658
Prepaid expenses		**178,707**	-
		2,997,081	50,600
Intangible asset	*4*	**-**	1
Exploration and evaluation assets	*5*	**945,699**	-
Total assets		**$ 3,942,780**	$ 50,601
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities		**$ 202,334**	$ 232,883
Shareholder loan	*11*	**-**	12,800
Due to Kona Bay	*10/11*	**-**	225,385
Due to related parties	*10/11*	**47,923**	204,750
Promissory note payable	*6/11*	**-**	379,601
Total liabilities		**250,257**	1,055,419
Shareholders' equity (deficiency)			
Share capital	*7*	**4,810,051**	269,997
Subscription receivable	*7*	**(48,000)**	-
Reserves	*8*	**822,744**	-
Deficit		**(1,892,272)**	(1,274,815)
Total shareholders' equity (deficiency)		**3,692,523**	(1,004,818)
Total liabilities and shareholders' equity (deficiency)		**$ 3,942,780**	$ 50,601

Nature and continuation of operations *(Note 1)*
Commitments *(Note 16)*
Subsequent events *(Note 18)*
APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON JANUARY 19, 2022

/s/ Vivian Katsuris ***/s/ Ioannis Tsitos***

Vivian Katsuris, Director Ioannis Tsitos, Director

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

ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in Canadian dollars)

	Notes	September 30, 2021	September 30, 2020
		$	$
Operating expenses			
Accounting and legal	*10*	**131,251**	33,001
Advertising and corporate development		**138,163**	30,477
Consulting fees	*10*	**-**	150,000
Interest expense	*6*	**6,824**	20,129
Management fees	*10*	**94,500**	60,000
Regulatory and filing fees		**121,732**	4,729
Rent	*3*	**23,500**	-
Selling, office and general		**27,594**	209
Share-based compensation	*8/10*	**822,744**	-
Travel		**4,797**	-
		(1,371,105)	(298,545)
Amalgamation expense	*7*	**(63,300)**	-
Foreign exchange gain or loss		**(5,508)**	-
Interest income		**1,995**	-
Loss from continuing operations		**(1,437,918)**	(298,545)
Income from discontinued operations	*17*	**820,461**	35,837
Loss and comprehensive loss for the year		**(617,457)**	(262,708)
Weighted average number of shares – basic		**22,646,320**	613,628
Weighted average number of shares – diluted		**36,024,305**	613,628
Loss per share from continuing operations – basic and diluted		**(0.06)**	(0.49)
Earnings per share from discontinued operations - basic		**0.04**	0.06
Earnings per share from discontinued operations - diluted		**0.02**	0.06

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

ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in Canadian dollars)

	Note	SHARE CAPITAL Number of shares	SHARE CAPITAL Amount	Reserves	Subscription receivable	Deficit	Total
			$	$	$	$	$
Balance, September 30, 2019		**613,646**	**269,997**	**-**	**-**	**(1,012,107)**	**(742,110)**
Loss for the year		-	-	-	-	(262,708)	(262,708)
Balance, September 30, 2020		**613,646**	**269,997**	**-**	**-**	**(1,274,815)**	**(1,004,818)**
Shares issued for cash: Private placement	*7*	19,334,167	3,922,667	-	-	-	3,922,667
Shares issued for amalgamation	*7*	14,960,001	448,800	-	-	-	448,800
Shares issued for acquisition costs	*5/7*	850,000	303,000	-	-	-	303,000
Shares issued to finders	*7*	490,000	14,700	-	-	-	14,700
Share issuance costs	*7*	-	(197,113)	-	-	-	(197,113)
Share-based compensation	*8/10*	-	-	822,744	-	-	822,744
Warrants exercised	*7/9*	80,000	48,000	-	(48,000)	-	-
Loss for the year		-	-	-	-	(617,457)	(617,457)
Balance, September 30, 2021		**36,327,814**	**4,810,051**	**822,744**	**(48,000)**	**(1,892,272)**	**3,692,523**

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

(Expressed in Canadian dollars)

	September 30, 2021	September 30, 2020
OPERATING ACTIVITIES		
Loss for the year from continuing operations	$ (1,437,918)	$ (298,545)
Adjustments for:		
Amalgamation Expense	63,300	-
Interest on promissory note payable	4,049	19,553
Share-based compensation	822,744	-
Changes in assets and liabilities		
Amounts receivable	(14,087)	7,109
Accounts payable and accrued liabilities	149,708	149,711
Due to Kona Bay	-	81,901
Prepaid expenses	(178,707)	(4,988)
Cash used in operating activities – continuing operations	(590,911)	(45,259)
Cash used in operating activities – discontinued operations	-	35,837
Cash used in operating activities	(590,911)	(9,422)
INVESTING ACTIVITIES		
Acquisition costs	(303,947)	-
Sale of intangible asset	1	-
Exploration and evaluation expenditures	(338,752)	-
Transaction costs	(15,000)	-
Cash acquired from amalgamation	358,500	-
Cash used in investing activities	(299,198)	-
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	3,922,667	-
Proceeds from loan	42,000	-
Share issuance costs	(182,413)	-
Repayment of due to Kona Bay	(80,000)	-
Shareholder loan (repayment) advance	(12,800)	12,800
Cash provided by financing activities	3,689,454	12,800
Increase in cash and cash equivalents	2,799,345	3,378
Cash and cash equivalents (bank indebtedness), beginning of year	2,907	(471)
Cash and cash equivalents, end of year	$ 2,802,252	$ 2,907
Cash	2,719,145	2,907
Cash equivalents	83,107	-

Supplemental cash flow information *(Note 15)*

The accompanying notes are an integral part of these 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. On November 23, 2020, the Company changed its name to ACME Lithium Inc. and changed its principal business from technology to mineral exploration company.

The Company's corporate office is located at 300 – 2015 Burrard Street, Vancouver, British Columbia, Canada, V6J 3H4 and its registered and records office address is at 2900, 595 Burrard Street, Vancouver, British Columbia, Canada V7X 1J5. The Company's common shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "ACME" and on the OTCQB Venture Market ("OTCQB") under the symbol "ACLHF".

The Company is a mineral exploration company engaged in the acquisition, exploration and evaluation of natural resource properties located in the state of Nevada, USA and Manitoba, Canada. To date, no mineral development projects have been completed and no commercial development or production has commenced.

As at September 30, 2021, the Company has not yet determined whether the properties are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties 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.

The Company is a reporting issuer in the Province of British Columbia. All public filings for the Company can be found on the SEDAR website www.sedar.com

Background

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") whose line of business was in technology. By December 19, 2020, the Company had disposed of all of its digital business and related outstanding obligations to an arm-length purchaser.

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, "Amalco" became a wholly owned subsidiary of the Company.

Going concern

These consolidated financial statements (the "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, 2021, the Company had a deficit of $1,892,272 (2020 - $1,274,815) and a working capital surplus of $2,746,824 (2020 – deficiency of $1,004,819).

As the Company is in early-stage exploration and no longer generates revenues, 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. As at September 30, 2021, the Company had sufficient working capital to cover its expenditures over the next 12 months.

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

COVID-19

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 as the Company's operations are identification of exploration and evaluation assets and this sector was not impacted the COVID-19 significantly. 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

The financial statements of the Company have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") and International Accounting Standards issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on January 19, 2022.

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 and its consolidated subsidiaries, 1266291 B.C Ltd. ("Amalco") and ACME Lithium US Inc. ("ACME US"). The financial statements of the Company's subsidiaries have been consolidated from the date that control commenced. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain the benefits from its activities. All intercompany balance and transactions and income and expenses have been eliminated upon consolidation.

2. BASIS OF PREPARATION (continued)

d) Presentation and Functional Currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company and Amalco. The functional currency of the Company's wholly owned US subsidiary, ACME US, is in US dollars.

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.

For the purpose of presenting financial statements, the assets and liabilities of ACME US are expressed in Canadian dollars using the exchange rates prevailing at the end of each reporting period. The assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case exchange rates at the dates of the transactions are used. Exchange differences are recognized in other comprehensive income and reported as a currency translation adjustment in equity. There were no transactions in ACME US in the year.

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:

<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.

Title to exploration assets - Although the Company has taken steps to verify title to its exploration properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

<u>Estimates</u>

Share-based compensation - Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates (continued)

Impairment of exploration and evaluation assets - The application of the Company's accounting policy for exploration and evaluation expenditure 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.

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.

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. As at year ended September 30, 2021, the Company had a total of $83,107 held in trust classified as cash equivalents (2020 – $Nil).

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. The Company's online advertising leads database had a finite life. 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 loss and comprehensive loss in the expense category consistent with the function of the intangible assets. The Company amortized its intangible assets on a straight line over three years.

Exploration and evaluation assets – Once the legal right to explore a property has been acquired, all expenditures related to acquisition, exploration and evaluation of the properties ("E&E assets") (including option payments and annual fees to maintain the property in good standing) are capitalized and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production. Costs not directly attributable to exploration and evaluation activities, are expensed in the period in which they occur. 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 assesses carrying values of properties for which events and circumstances may indicate possible impairment on an annual basis. Impairment of a property is generally considered to have occurred if (1) the period for which the entity has the right to explore the area has expired or is not expected to be renewed; (2) substantive expenditures on further exploration is neither budgeted nor planned; (3) exploration has not led to discovery of commercially viable quantities; or (4) the carrying amount is unlikely to be recovered in full from successful development or sale. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written down to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital- The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates the value to the more easily measurable component based on fair value and then the residual value, if any, to the less measurable component. 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 year ended September 30, 2021 (2020 – $41,188).

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 reserves.

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. Diluted loss per share excludes all dilutive potential equity instruments if their effect is anti-dilutive.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – The Company determines the classification of its financial instruments at initial recognition. 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.

<u>Impairment</u>

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. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

Related party transactions - Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Leases - At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

As at September 30, 2021, the Company recognized $23,500 in short-term leases as rent expense in its statement of loss and comprehensive loss (2020 – $Nil). There are $30,000 in payments remaining over the term of the lease and $3,000 is included in prepaids.

4. 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.

As at September 30, 2021, intangible assets amounted to $Nil (2020 – $1).

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

As at September 30, 2021, the Company has a total of $945,699 (2020 - $Nil) in exploration and evaluation assets as follows:

	Fish Lake Valley, Nevada	Clayton Valley, Nevada	Euclid and Shatford Lakes, Manitoba	Total
	$	$	$	$
Acquisition costs				
Balance, September 30, 2020 and 2019	-	-	-	-
Additions - cash	50,000	133,947	120,000	303,947
Additions - shares	3,000	300,000	-	303,000
Balance, September 30, 2021	**53,000**	**433,947**	**120,000**	**606,947**
Exploration and evaluation costs				
Balance, September 30, 2020 and 2019	-	-	-	-
Consulting	29,361	2,569	-	31,930
Geological	860	221,535	27,000	249,395
Maintenance fees	-	29,886	-	29,886
Staking and claims fees	18,867	-	-	18,867
Travel	4,872	3,802	-	8,674
Balance, September 30, 2021	**53,960**	**257,792**	**27,000**	**338,752**
Total, September 30, 2021	**106,960**	**691,739**	**147,000**	**945,699**

FLV Property (Fish Lake Valley, Nevada)

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. 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 7). As at September 30, 2021, the FLV project has a carrying value of $106,960 (2020 - $Nil).

Clayton Valley, Nevada

On May 12, 2021, the Company entered into an assignment agreement with an arm’s length party to acquire a 100% interest in 64 claims, comprising the CC, CCP and SX placer lithium claims (the "Project Claims"), located in Clayton Valley, Esmeralda County, Nevada. Under the terms of the agreement, the Company needs to undertake the following to exercise its option: pay total cash payments of US$278,500 ($103,629 - US$88,500 paid), issue 5,250,000 common shares (750,000 issued), and incur a total of US$2,750,000 in exploration and development expenditures ($257,792 - US$193,634 incurred). The Company also paid the initial deposit of $6,416 (US$5,000) to reimburse the arm’s length party. The property shall be subject to a 3.0% Gross Overriding Royalty. The Company has the right to buyback one-half of the royalty for US$1,500,000 for a period of 3 years following the commencement of commercial production.

In June 2021, the Company expanded its Clayton Valley property position by 58 claims. Total cost incurred to obtain the claims was $23,902 (US$19,362).

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Clayton Valley, Nevada (continued)

As at September 30, 2021, the Clayton Valley project has a carrying value of $691,739 (2020 - $Nil) with $257,792 (2020 - $Nil) in exploration expenditures. Following are the terms of the agreement:

	Cash Payment	Common Shares	Exploration expenditures
	$ (in USD)	#	$ (in USD)
Earlier of 60 days following execution of the Letter of Intent and the Approval Date (paid and issued)			
March 2, 2021,	78,500	750,000	
On or before the 1st anniversary date of closing			
March 2, 2022	50,000	750,000	250,000
On or before the 2nd anniversary date of closing			
March 2, 2023,	50,000	750,000	500,000
On or before the 3rd anniversary date of closing			
March 2, 2024	50,000	1,000,000	1,000,000
On or before the 4th anniversary date of closing			
March 2, 2025	50,000	2,000,000	1,000,000
Total	**278,500**	**5,250,000**	**2,750,000**

In connection with the option agreement entered with the arm's length party, the Company is required pay the Vendor an advance royalty payment of US$200,000 on the 5th anniversary of the effective date of the agreement, and continuing on each annual anniversary date thereafter, until property is in production. The cash advances will be credited against future royalty payments due.

Manitoba Properties

On September 9, 2021, the Company entered into a staking agreement to acquire mineral rights in Euclid and Shatford Lake areas of Southeast Manitoba. The Euclid groups has 6 claim blocks and the Shatford group has 21 claim blocks. These claims are royalty-free and not subject to any agreement. For year ended September 30, 2021, initial staking, claim fees and geological surveys were incurred for two properties in Manitoba – the Euclid Lake ($49,500) and Shatford Lake ($97,500) Properties.

6. PROMISSORY NOTE PAYABLE

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

As at September 30, 2021, the Company had a promissory note payable of $Nil (2020 – $379,601) due to Kona Bay by way of ACT360. The note payable had a principal balance of $325,000 with an original maturity date of December 13, 2020. The note accrued interest daily at a rate of 6% per annum from the date of issue, payable on a semi-annual basis commencing on June 13, 2018. The promissory note could be negotiated, assigned, discounted or pledged by ACT360.

6. PROMISSORY NOTE PAYABLE (continued)

At the time of issuance, 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.

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 11).

During the year ended September 30, 2021, the Company recognized interest expense of $4,049 (2020 - $19,553) on the promissory note.

7. SHARE CAPITAL

Authorized
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.

Issued and Outstanding Common Shares
As of September 30, 2021, the Company has a total issued and outstanding common shares: 36,327,814 (2020 – 613,646).

Private Placement Financing and Share Issuances

On July 2, 2021, the Company issued 2,388,650 units at a price of $0.40 per unit for gross proceeds of $955,460 from the second tranche of a non-brokered private placement financing. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into one common share at a price of $0.60 per share and expires on July 2, 2023. Finder's fees and other share issuance costs totaling $30,028 in cash were paid to third parties.

On September 2, 2021, the Company issued 80,000 common shares for gross proceeds of $48,000 through the exercise of share purchase warrants. As of September 30, 2021, this amount is still outstanding and accounted for in subscription receivable.

On June 21, 2021, the Company closed a private placement of 6,645,517 units at a price of $0.40 per unit for gross proceeds of $2,658,207. Each unit consisted of one common share and one half-warrant. Each full warrant is exercisable at $0.60 for one common share until June 21, 2023. In connection with the private placement, the Company paid $140,385 in finders' fees.

On May 13, 2021, the company issued 750,000 common shares at a price of $0.40 per share to GeoXplor Corp. for a total value of $300,000 in relation to an option agreement for the acquisition of 100% interest of several mineral claims located in Clayton Valley, Nevada (Note 5).

On January 25, 2021, the Company issued 13,350,001 units in relation to its Amalgamation agreement in exchange for all the outstanding common shares of Fundco at a price of $0.03 per share (see Amalgamation below) for a total value of $400,500. In connection with the Amalgamation, the Company also issued 1,610,000 common shares priced at $0.03 per share for a total value of $48,300 as finder's fee.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

On January 14, 2021, the Company issued 100,000 at a price of $0.03 per share for a total value of $3,000 to an arm's length party in connection with the FLV Mineral Property (Note 5).

On November 27, 2020, the Company closed a private placement of 10,300,000 units at a price of $0.03 per unit for 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 total value of $14,700 as finders' fee. The Company also paid $12,000 in legal fees.

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

During the year ended September 30, 2020, the Company did not complete any private placement financings.

Amalgamation

On December 30, 2020, the Company entered into an Amalgamation Agreement (Note 1). The asset purchase agreement did not meet the definition of a business and therefore, was accounted for as an asset acquisition in accordance with IFRS 2.

Under the terms of the agreement, the Company issued 13,350,001 units in exchange for the issued and outstanding common shares 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, of which 6,525,001 warrants will expire on November 27, 2022, and remaining 150,000 warrants will expire on October 9, 2022. The warrants were assigned a residual value of $nil on the transaction. In connection with the transaction, the Company also issued, 1,610,000 common shares as finder's fees with a total value of $48,300 ($0.03 per share) and paid $15,000 in legal fees. A breakdown of the transaction is as follows:

		September 30, 2021
Consideration		
Common shares (13,350,001 units – issued on January 25, 2021)	$	400,500
Finders' fees (1,610,000 common shares)		48,300
Legal fees		15,000
		463,800
Assets acquired		
Cash		358,500
Loan receivable		42,000
		400,500
Amalgamation expense	**$**	**63,300**

During the year ended September 30, 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.

(Expressed in Canadian dollars)

7. 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 were placed under escrow. Of that number, as of September 30, 2021, a total of 2,918,020 remained in escrow. Of the remaining shares held in escrow, 486,337 will be released every six months with the final shares being released on April 28, 2024.

8. STOCK OPTIONS

The Company has a stock option plan for directors, officers, employees, and consultants. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued and outstanding common shares at the time the options are granted. The number of shares reserved for issuance to any individual director, officer or consultant shall not exceed 5% of the issued and outstanding common shares. The exercise price of each option is determined by the Board.

As at September 30, 2021, the Company has 1,325,000 incentive stock options outstanding (2020 – Nil). A summary of the movements of the stock options for the years ended September 30, 2021 and 2020 is presented below:

Year ended	**September 30, 2021**		September 30, 2020	
	Number of options	**Weighted Average Exercise Price**	Number of options	Weighted Average Exercise Price
Outstanding, beginning	**-**	**$ -**	-	$ -
Granted	**1,325,000**	**0.80**	-	-
Outstanding, end	**1,325,000**	**$ 0.80**	-	$ -

As at September 30, 2021, 1,250,000 options were exercisable.

On July 9, 2021, the Company granted $1,325,000 incentive stock options to directors and a consultant with an exercise price of $0.80 per share for a period of five years from date of grant. A total of 1,250,000 options were vested immediately. The remaining 75,000 options were fully vested by November 9, 2021. The estimated fair value of the options was $845,285, of which $822,744 has been recorded during the year ended September 30, 2021, in connection with the issuance of these options. The options were fair valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate - 0.94%; expected life – 5 years; expected volatility – 100%; forfeiture rate – Nil and expected dividends – Nil.

9. WARRANTS

The following table summarizes information regarding share purchase warrants outstanding as of September 30, 2021:

Date issued	**Number of warrants**	**Exercise Price**	**Expiry date**
September 25, 2018	142,857	$ 0.70	February 21, 2023
November 27, 2020	5,150,000	0.10	November 27, 2022
December 30, 2020	6,525,001	0.10	November 27, 2022
December 30, 2020	150,000	0.10	October 9, 2022
June 21, 2021	3,317,759	0.60	June 21, 2023
July 2, 2021	1,119,325	0.60	July 2, 2023
	16,404,942		

(Expressed in Canadian dollars)

9. WARRANTS (continued)

The weighted average exercise price of the warrants is $0.24 and the remaining life of the warrants is 1.31 years.

A summary of changes in the Company's share purchase warrants outstanding for the years ended September 30, 2021 and 2020, is as follows:

	September 30, 2021		September 30,2020	
	Number of warrants	**Weighted Average Exercise Price**	Number of warrants	Weighted Average Exercise Price
Outstanding, beginning	**142,857**	**$ 0.70**	273,333	$ 0.70
Issued	**16,342,085**	**0.24**	-	-
Exercised	**(80,000)**	**0.60**	-	-
Expired	**-**	**-**	(130,476)	0.70
Outstanding, end	**16,404,942**	**$ 0.24**	142,857	$ 0.70

Warrants held in escrow

Pursuant to an escrow agreement dated March 25, 2021, (the "Escrow Agreement"), a total of 1,575,000 warrants held by principals of the Company were placed under escrow. Of that number, as of September 30, 2021, a total of 1,417,500 remained in escrow. Of the remaining warrants, 236,250 will be released every six months with the final warrants being released on April 28, 2024.

10. 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.

During the years ended September 30, 2021 and 2020, the Company entered into the following transactions with related parties:

Year Ended	**September 30, 2021**	September 30, 2020
Consulting fees	**$ -**	$ 75,000
Management fees	**94,500**	-
Management salary	**-**	2,953
Accounting fees	**21,442**	18,000
Share-based compensation	**797,439**	-
Total	**$ 913,381**	$ 95,953

(a) Consulting fees of $Nil (2020 - $75,000) were paid or accrued to the former CEO of the Company.

(b) Management fees of $94,500 in the current year were paid to companies controlled by the CEO: $45,000 (2020-$Nil); CFO: $45,000 (2020-$Nil); a company controlled by the former CFO: $4,500 (2020 – $Nil).

(c) Management salary of $Nil (2020 – $2,953) was paid to related parties. Last year, $2,953 was paid to a company controlled by the former CEO with respect to the Company's former VP of Development.

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS (continued)

(d) Accounting fees of $21,442 was paid to a company controlled by the Company's current CFO. In the prior year, $18,000 was paid or accrued to a company controlled by the former CFO of the Company.

(e) Share-based compensation were paid or accrued to the following: $318,975 to the CEO (2020 – $Nil); $159,489 to the CFO (2020 - $Nil) and $318,975 to Directors (2020 - $Nil).

The breakdown of expenses by key management personnel is as follows:

Year ended	**September 30, 2021**	September 30, 2020
CEO, Director	**$ 363,975**	$ -
Former CEO	**-**	75,000
CFO	**225,931**	-
Former CFO	**4,500**	18,000
Directors	**318,975**	-
VP, Development	**-**	2,953
Total	**$ 913,381**	$ 95,953

As at September 30, 2021, $47,923 (2020 - $204,750) were owing to companies controlled by key management personnel for fees and expenses and the amounts were included in due to related parties. The balance on year end September 30, 2020 was extinguished by a debt settlement agreement that occurred during the year ended September 30, 2021 (Note 11).

Due to related parties	**September 30, 2021**	September 30, 2020
CEO, Director	**$ 36,767**	$ -
CFO	**11,103**	-
Director	**53**	-
Former CEO	**-**	204,750
Total	**$ 47,923**	$ 204,750

As at September 30, 2021, amounts owed, accounted in promissory notes payable and due to Kona Bay were $Nil (2020 – $379,601 and $225,385, respectively). Amounts owed to Kona Bay and ACT360 Media Inc., companies controlled by the former CEO were settled through a debt settlement agreement (Notes 6 and 11).

The balance due from ACT360, a company controlled by the former CEO, as of September 30, 2021, was $Nil (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.

On July 2, 2021, management and a board member participated in a non-brokered private placement financing of units for gross proceeds of $10,000 at a price of $0.40 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each warrant is exercisable into one common share at a price of $0.60 per share and expires on July 2, 2023.

(Expressed in Canadian dollars)

11. SETTLEMENT OF DEBT

On October 15, 2020, the Company entered into a series of debt settlement agreements to extinguish most 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 $418,950 in accounts payables and accrued liabilities, $225,385 due to Kona Bay, $12,800 in shareholder loan and 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
Total Debt	**$ 1,040,785**	**$ 166,350**	**$ 874,435**

Concurrent with the debt settlement, the Company offset the balance due from ACT360 of $45,658 against the remaining amounts owed to Kona Bay. The Company wrote-off $8,316 of GST receivable related to certain accrued expenditures from related parties.

12. 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:

	2021	**2020**
Loss from continuing operations	$(1,437,918)	(298,545)
Gain from discontinued operations	820,461	35,837
Loss for the year	(617,457)	(262,708)
Expected income tax recovery (27%)	(388,000)	(81,000)
Change in statutory, foreign tax, foreign exchange rates and other	52,000	-
Permanent differences	239,000	-
Change in unrecognized deductible temporary differences	97,000	81,000
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 periods	$ 149,000	$ 244,000
Exploration and evaluation assets	256,000	-
Share issue costs	39,000	-
Intangible assets and others	-	113,000
	444,000	347,000
Unrecognized deferred income tax assets	(444,000)	(347,000)
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)

12. 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	$ 552,000	$ 904,000
Share issue costs	147,000	-
Exploration and evaluation assets	946,000	-
Intangible assets and others	-	419,000

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 $552,000 available to reduce future Canadian taxable income. The non-capital losses expire as follows:

Year	
2041	$ 552,000

13. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares of $4,810,051. 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 of September 30, 2021, the Company had a working capital surplus of $2,746,824 (2020 – deficiency of $1,004,819). Management expects to raise additional capital from the capital markets or from private placements 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.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

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.

(Expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Foreign Currency Risk (continued)

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

September 30,		2021	2020
Cash and cash equivalents	USD$	13,099	-
Accounts payable and accrued liabilities	USD$	47,103	-

Based on the above net exposures and assuming that all other variables remain constant, a 10% change in the value of the foreign currency against the Canadian dollar would result in an increase or decrease of $4,332 (2020: $Nil) in income/loss from operations.

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 and cash equivalents. The majority of the Company's cash and cash equivalents is maintained with a federally regulated financial institution with reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal as of September 30, 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.

15. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash financing and operating transactions during the year ended September 30, 2021, and 2020:

Year ended	**September 30, 2021**	September 30, 2020
Non-cash financing activities:		
Shares issued for finders	**$ 14,700**	-
Non-cash investing activities:		
Shares issued for exploration and evaluation assets	**303,000**	-
Shares issued for amalgamation	**448,800**	-

During the year ended September 30, 2021 and 2020, the Company paid $nil in interest and taxes.

(Expressed in Canadian dollars)

16. COMMITMENTS

On June 23, 2021, the Company entered into a marketing campaign contract with an arm's length party for twelve months for a total amount of $33,840. A partial payment for 6 months was paid in the amount of $16,400.

The Company has certain commitments in connection with its mineral properties (Note 5).

17. DISCONTINUED OPERATION

A discontinued operation is a component of the Company that either has been abandoned, disposed of, or is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operation; (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or (iii) is a subsidiary acquired exclusively with a view to resell.

On November 23, 2021, the Company disposed its technology operations and changed its business to mineral exploration. As a result of the change in operations, the technology segment has been recorded as a discontinued operation on the statement of loss and comprehensive loss and as cash flow from discontinued operations respectively, for each of the years ended September 30, 2021 and 2020.

Net income (loss) from discontinued operations:

	September 30, 2021	September 30, 2020
	$	$
Sales	**-**	41,188
Wages and salaries	**-**	(5,351)
Gain on settlement of debt (Note 11)	**874,435**	-
Write-off of due from ACT360 (Note 11)	**(45,658)**	-
Write-off of GST receivable (Note 11)	**(8,316)**	-
	820,461	35,837

18. SUBSEQUENT EVENTS

Subsequent to September 30, 2021, 5,413,750 warrants were exercised into common shares at $0.10-$0.60 per share for total gross proceeds of $573,250.

On October 9, 2021, the Company staked 63 new claims on its FLV Project located in Fish Lake Valley, Esmeralda County, Nevada (the "FLV new claims") by paying $34,982 (US$ 28,047).

On October 28, 2021, 486,337 and 236,250 common shares and warrants, respectively, were released from escrow.

On December 16, 2021, the Company closed its flow-through financing – a non-brokered private placement – through the issuance of 833,334 units at a price of $1.20 per unit for aggregate proceeds of $1,000,001. Each Unit consists of one flow-through common share and one-half of one non-flow through common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $1.50 per share for two years. Finders' fees totaling $70,000 cash and 58,333 compensation warrants exercisable for two years at an exercise price of $1.20 were paid to an arm's length party.

Effective December 16, 2021, the Company amalgamated with its wholly owned subsidiary, 1266291 BC Ltd. and will continue to act as one company under the name ACME Lithium Inc.