



**ACME LITHIUM INC.**

**(FORMERLY HAPUNA VENTURES INC.)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**AS AT AND FOR THE PERIODS ENDED JUNE 30, 2022, AND 2021**

**(with Comparative AUDITED Figures as at SEPTEMBER 30, 2021)**

*(In Canadian dollars)*

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### **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 auditor.

August 23, 2022

**ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022, AND SEPTEMBER 30, 2021**  
(Expressed in Canadian dollars)

	Notes	June 30, 2022 (Unaudited)	September 30, 2021 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 11,526,051	\$ 2,802,252
GST receivable		9,591	16,122
Prepaid expenses	4	221,087	178,707
		11,756,729	2,997,081
Exploration and evaluation properties	5	2,551,902	945,699
<b>Total assets</b>		<b>\$ 14,308,631</b>	<b>\$ 3,942,780</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 138,705	\$ 202,334
Flow-through premium liability	11	789,048	-
Due to related parties	9	19,232	47,923
Deferred revenue	10,16	833,526	-
<b>Total liabilities</b>		<b>1,780,511</b>	<b>250,257</b>
<b>Shareholders' equity</b>			
Share capital	6	15,222,326	4,810,051
Subscription receivable	6	-	(48,000)
Reserves	7,8	2,634,057	822,744
Accumulated other comprehensive loss		(158)	-
Deficit		(5,328,105)	(1,892,272)
<b>Total equity</b>		<b>12,528,120</b>	<b>3,692,523</b>
<b>Total shareholders' equity and liabilities</b>		<b>\$ 14,308,631</b>	<b>\$ 3,942,780</b>

Nature and continuation of operations (Note 1)

Commitments (Note 15)

Subsequent events (Note 17)

**APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON August 23, 2022**

/s/ Vivian Katsuris

Vivian Katsuris, Director

/s/ Ioannis Tsitos

Ioannis Tsitos, Director

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

**ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE PERIODS ENDED JUNE 30, 2022, AND 2021**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	Notes	Three months ended		Nine months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Expenses</b>					
Accounting and legal	9	\$ 34,867	\$ 12,898	\$ 99,246	\$ 35,475
Advertising and corporate development		458,039	29,609	1,064,039	34,659
Consulting fees		-	-	-	6,244
Insurance		-	-	-	250
Interest expense		189	2,169	573	6,631
Management fees	9	62,250	45,000	144,250	60,000
Property investigation		10,120		10,120	
Regulatory and filing fees		19,690	53,304	65,859	76,444
Selling, office and general		15,892	5,337	31,326	9,172
Rent		9,000	13,911	30,246	15,000
Share-based compensation	7,9	1,721,906	-	1,721,906	-
Travel		22,189	-	37,223	-
<b>Net loss before other income (expense)</b>		<b>(2,354,142)</b>	<b>(162,228)</b>	<b>(3,204,788)</b>	<b>(243,875)</b>
<b>Other income (expense)</b>					
Amalgamation expense	7	-	-	-	(48,300)
Flowthrough Income	11	15,536	-	15,953	-
Forex gain or loss		18,752	(291)	(2,278)	(291)
Impairment loss	5	(253,528)	-	(253,528)	-
Interest income		5,386	-	8,808	-
<b>Loss from continuing operations</b>		<b>(2,567,996)</b>	<b>(162,519)</b>	<b>(3,435,833)</b>	<b>(292,466)</b>
<b>Income from discontinued operations</b>	16	<b>-</b>	<b>-</b>	<b>-</b>	<b>820,461</b>
<b>Net income (loss) for the period</b>		<b>\$ (2,567,996)</b>	<b>\$ (162,519)</b>	<b>\$ (3,435,833)</b>	<b>\$ 527,995</b>
<b>Other comprehensive loss</b>					
Foreign currency translation loss		(158)	-	(158)	-
<b>Comprehensive income (loss) for the period</b>		<b>\$ (2,568,154)</b>	<b>\$ (162,519)</b>	<b>\$ (3,435,991)</b>	<b>\$ 527,995</b>
<b>Weighted average number of shares – basic</b>		<b>49,673,800</b>	27,516,500	<b>44,846,605</b>	18,071,960
<b>Weighted average number of shares – diluted</b>		<b>49,673,800</b>	39,812,982	<b>44,846,605</b>	21,034,218
<b>Earnings (loss) per common share</b>					
Loss per share from continuing operations – basic and diluted		\$ (0.05)	\$ (0.01)	\$ (0.08)	\$ (0.02)
Earnings per share from discontinued operations – basic		\$ -	-	-	0.05
Earnings per share from discontinued operations – diluted		\$ -	-	-	0.04

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

**ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022, AND 2021**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Note	SHARE CAPITAL				Subscriptions receivable	Accumulated other comprehensive loss	Deficit	Total
		Number of shares	Amount	Reserves					
<b>Balances, September 30, 2020</b>		613,646	\$ 269,997	\$ -	\$ -	\$ -	\$(1,274,816)	\$(1,004,819)	
Shares issued for:									
Cash		16,945,517	2,967,207	-	-	-	-	2,967,207	
Amalgamation		14,960,001	448,800	-	-	-	-	448,800	
Mineral Properties		850,000	303,000	-	-	-	-	303,000	
Shares issued to finders		490,000	14,700	-	-	-	-	14,700	
Share issuance costs		-	(155,085)	-	-	-	-	(155,085)	
Finders' warrants		-	(959)	959	-	-	-	-	
Subscriptions received		-	-	-	759,718	-	-	759,718	
Net loss and comprehensive loss for the period		-	-	-	-	-	527,995	527,995	
<b>Balances, June 30, 2021</b>		<b>33,859,164</b>	<b>\$ 3,847,660</b>	<b>\$ 959</b>	<b>\$ 759,718</b>	<b>\$ -</b>	<b>\$ (746,821)</b>	<b>\$ 3,861,516</b>	
<b>Balances, September 30, 2021</b>		<b>36,327,814</b>	<b>\$4,810,051</b>	<b>\$822,744</b>	<b>\$ (48,000)</b>	<b>\$ -</b>	<b>\$(1,892,272)</b>	<b>\$ 3,692,523</b>	
Shares issued for cash:									
Private placement	6	8,772,628	8,884,308	-	48,000	-	-	8,932,308	
Mineral Properties	5,6	750,000	855,000	-	-	-	-	855,000	
Finders' warrants	6,8	-	(89,407)	89,407	-	-	-	-	
Share Issuance costs	6	-	(245,001)	-	-	-	-	(245,001)	
Shares issued for warrants exercised	6,8	6,345,625	1,007,375	-	-	-	-	1,007,375	
Share-based compensation	7,9	-	-	1,721,906	-	-	-	1,721,906	
Net loss and comprehensive loss for the period		-	-	-	-	(158)	(3,435,833)	(3,435,991)	
<b>Balances, June 30, 2022</b>		<b>52,196,067</b>	<b>\$15,222,326</b>	<b>\$2,634,057</b>	<b>\$ -</b>	<b>\$ (158)</b>	<b>\$(5,328,105)</b>	<b>\$12,528,120</b>	

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

**ACME LITHIUM INC. (FORMERLY HAPUNA VENTURES INC.)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022, AND 2021**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	<b>Nine months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES</b>		
Net income(loss) for the period	\$ (3,435,833)	\$ 527,995
Adjustments for:		
Interest on promissory note payable	-	4,049
Impairment loss	253,528	-
Share-based compensation	1,721,906	-
Amalgamation expense (Note 7)	-	48,300
Changes in assets and liabilities		
Increase (decrease) in accounts receivable	6,531	(7,486)
Decrease in accounts payable and accrued liabilities	(92,320)	(93,524)
Increase in prepaid expenses	(42,380)	(68,029)
Cash Flow from deferred revenue	833,526	-
<b>Cash provided by (used in) operating activities – continuing operations</b>	<b>(755,042)</b>	<b>411,305</b>
<b>Cash used in operating activities – discontinued operations</b>	<b>-</b>	<b>(874,434)</b>
<b>Cash used in operating activities</b>	<b>(755,042)</b>	<b>(463,129)</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation property expenditures	(1,004,731)	(185,518)
<b>Cash used in investing activities</b>	<b>(1,004,731)</b>	<b>(185,518)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares	9,939,683	2,967,207
Flowthrough liability	789,048	-
Subscriptions received	-	759,718
Amalgamation	-	400,500
Share issuance costs	(245,001)	(140,385)
<b>Cash provided by financing activities</b>	<b>10,483,730</b>	<b>3,987,040</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>8,723,957</b>	<b>3,338,393</b>
<b>Effect of foreign exchange rate in cash</b>	<b>(158)</b>	<b>-</b>
<b>Cash and cash equivalents (bank indebtedness), beginning of period</b>	<b>2,802,252</b>	<b>2,907</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 11,526,051</b>	<b>\$ 3,341,300</b>

Supplemental cash flow information (Note 14)

The accompanying notes are an integral part of these interim condensed 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 a 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 OTCQX Best Market (“OTCQX”) under the symbol “ACLHF” (Note 17).

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 June 30, 2022, 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](http://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 interim condensed 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 June 30, 2022, the Company had a deficit of \$5,328,105 (September 30, 2021 - \$1,892,272) and a working capital of \$9,976,218 (September 30, 2021 –\$2,746,824).

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 June 30, 2022, 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 by 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

These 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, 2021.

These financial statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on August 23, 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 subsidiary, ACME Lithium US Inc. ("ACME US"). Effective December 16, 2021, the Company amalgamated with its previously wholly owned subsidiary, 1266291 BC Ltd. and will continue to act as one company under the name ACME Lithium Inc. (the "Amalco") 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 the 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.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### Critical Judgments

Going concern of operations - Management has made the determination that the Company will continue as a going concern for the 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.

### Estimates

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 period ended June 30, 2022, the Company had a total of \$Nil held in trust classified as cash equivalents (September 30, 2021 – \$83,107).

**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 period ended June 30, 2022 (2021 – \$Nil).

**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.

#### 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. 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.

For the period ended June 30, 2022, the Company recognized \$30,246 in short-term leases as rent expense in its statement of loss and comprehensive loss (2021 – \$15,000). The company has paid an amount of \$3,000 in excess which is currently a prepaid.

#### 4. PREPAID EXPENSES

The Company's prepaid expenses as at June 30, 2022, and September 30, 2021, are composed of the following:

	<b>June 30, 2021</b>	September 30, 2021
Advertising and Promotions	\$ 48,672	\$ 157,137
Management fees	22,575	-
Exploration costs	90,300	-
Reclamation bond	30,561	-
Rent	3,000	3,313
Others	25,979	18,257
	<b>\$ 221,087</b>	<b>\$ 178,707</b>

On January 24, 2022, the Company paid \$30,561 (US\$24,197) for the reclamation bond for its Nevada properties. This bond can be refunded upon the faithful performance of the conditions and stipulations as set forth in the bond, the plan of operations and the regulations of the State of Nevada.

## 5. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation expenditures for the period ended June 30, 2022, are as follows:

	<b>Fish Lake Valley, Nevada</b>	<b>Clayton Valley, Nevada</b>	<b>Manitoba Properties</b>	<b>Oregon Property</b>	<b>Total</b>
<b>Acquisition costs</b>					
Balance, September 30, 2021	\$ 53,000	\$ 433,947	\$ 120,000	\$ -	606,947
Additions	-	895,132	55,000	100,334	1,050,466
<b>Balance, June 30, 2022</b>	<b>\$ 53,000</b>	<b>\$ 1,329,079</b>	<b>\$ 175,000</b>	<b>\$100,334</b>	<b>\$ 1,657,413</b>
<b>Exploration and evaluation costs</b>					
Balance, September 30, 2021	\$ 53,960	\$ 257,792	\$ 27,000	\$ -	\$338,752
Consulting	57,100	30,973	12,560	-	100,633
Geological surveys	-	83,933	2,174	153,126	239,233
Drilling	-	139,226	-	-	139,226
Staking and claims fees	34,356	23,903	-	-	58,259
Reports and administration	1,714	43,507	-	64	45,285
Travel	582	16,063	-	4	16,649
Advances	-	-	209,980	-	209,980
<b>Balance, June 30, 2022</b>	<b>147,712</b>	<b>595,397</b>	<b>251,714</b>	<b>153,194</b>	<b>1,148,017</b>
<b>Impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253,528)</b>	<b>(253,528)</b>
<b>Total, June 30, 2022</b>	<b>\$200,712</b>	<b>\$ 1,924,476</b>	<b>\$426,714</b>	<b>\$ -</b>	<b>\$ 2,551,902</b>

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

The Company’s exploration and evaluation expenditures for the period ended September 30, 2021, are as follows:

	<b>Fish Lake Valley, Nevada</b>	<b>Clayton Valley, Nevada</b>	<b>Cat- Euclid and Shatford Lakes, Manitoba</b>	<b>Total</b>
<b>Acquisition costs</b>				
Balance, September 30, 2020	\$ -	\$ -	\$ -	\$ -
Additions – cash	50,000	133,947	120,000	303,947
Additions – shares	3,000	300,000	-	303,000
<b>Balance, September 30, 2021</b>	<b>\$ 53,000</b>	<b>\$433,947</b>	<b>\$120,000</b>	<b>\$606,947</b>
<b>Exploration and evaluation costs</b>				
Balance, September 30, 2020	\$ -	\$ -	\$ -	\$ -
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
<b>Balance, September 30, 2021</b>	<b>\$ 53,960</b>	<b>\$ 257,792</b>	<b>\$ 27,000</b>	<b>\$ 338,752</b>
<b>Total, September 30, 2021</b>	<b>\$ 106,960</b>	<b>\$ 691,739</b>	<b>\$ 147,000</b>	<b>\$ 945,699</b>

*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 6). As at June 30, 2022, the FLV project has a carrying value of \$200,712 (September 30, 2021 – \$106,960).

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).

*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.



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

*Clayton Valley, Nevada (continued)*

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). As at June 30, 2022, the Clayton Valley project has a carrying value of \$1,924,476 (September 30, 2021 – \$691,739) with \$595,397 (September 30, 2021 – \$257,792) in exploration expenditures. Following are the terms of the agreement:

	<b>Cash Payment</b>	<b>Common Shares</b>	<b>Exploration expenditures</b>
	\$ (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 1 <sup>st</sup> anniversary date of closing March 2, 2022 (paid and issued)	50,000	750,000	250,000
On or before the 2 <sup>nd</sup> anniversary date of closing March 2, 2023,	50,000	750,000	500,000
On or before the 3 <sup>rd</sup> anniversary date of closing March 2, 2024	50,000	1,000,000	1,000,000
On or before the 4 <sup>th</sup> anniversary date of closing March 2, 2025	50,000	2,000,000	1,000,000
<b>Total</b>	<b>278,500</b>	<b>5,250,000</b>	<b>2,750,000</b>

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 5<sup>th</sup> anniversary of the effective date of the agreement, and continuing on each annual anniversary date thereafter, until he the property is in production. The cash advances will be credited against future royalty payments due.

*Cat-Euclid and Shatford 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 Shatford group has 21 claim blocks. These claims are royalty-free and not subject to any agreement. For period ended June 30, 2022, initial staking, claim fees and geological surveys were incurred for two properties in Manitoba – the Euclid Lake \$162,944 (September 30, 2021 - \$Nil.) and Shatford Lake \$208,770 (September 30, 2021 - \$Nil.).

*New Manitoba Property*

The Company has staked 5,197 acres of 10 new claims, located east of Shatford lake. The Company is waiting for the acquisition to be processed via the Manitoba registration system.

*Oregon Properties*

On March 23, 2022, the Company entered into an an agreement to acquire 340 mining claims (the “Warm Springs Project” or “WS Project”) encompassing approximately 6,727 acres near the Nevada border, in southeast Oregon. On March 29, 2022, the Company contracted with an arm’s length party for an induced polarization survey of the Company’s WS lithium brine project near the Nevada border in southern Harney County, Oregon. Total expenditures on the project as at June 30, 2022, amounted to \$253,528 (September 30, 2021 - \$Nil). During the period ended June 30, 2022, the Company wasn’t able to get a clean title, therefore the Company decided to focus on other projects. As a result, the Company recognized an impairment loss of \$253,528 (2021 – \$Nil) relating to this property.

## 6. 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 June 30, 2022, the Company has a total issued and outstanding common shares: 52,196,067 (September 30, 2021 – 36,327,814).

### **Private Placement Financing and Share Issuances**

*During the period ended June 30, 2022, the Company had the following capital transactions:*

During the period ended June 30, 2022, 5,600,000 warrants were exercised into common shares at \$0.10 per share for total gross proceeds of \$560,000 and 745,625 warrants were exercised into common shares at \$0.60 per share for total gross proceeds of \$447,375.

On May 19, 2022, the Company completed its second and final tranche of its non-brokered private placement financing through the issuance of 231,482 units (the “Units”) at a price of \$1.08 per Unit for aggregate gross proceeds of \$250,000. The Units consist of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$1.40 per share for three years.

Also on May 19, 2022, the Company completed a non-brokered flow-through financing with another arm’s length party. The Flow-Through Private Placement (“FT Private Placement”) consisted of 666,668 units (the “FT Units”) at a price of CN\$1.50 per Unit for aggregate gross proceeds of \$1,000,002.00. The FT Units consist 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 CN\$1.80 per share for two years. The Company paid aggregate finder’s fee of \$87,500 cash, 46,667 compensation warrants exercisable for two years at \$1.50 and 16,204 compensation warrants exercisable for three years at \$1.08.

On May 13, 2022, the Company completed a non-brokered private placement (the “Private Placement”) through the issuance of 3,194,976 units (the “Units”) at a price of \$1.08 per Unit for aggregate gross proceeds of \$3,450,574. The Units consist of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$1.40 per share for three years.

Also on May 13, 2022, the Company completed a non-brokered flow-through financing with another arm’s length party. The Flow-Through Private Placement (“FT Private Placement”) consisted of 666,668 units (the “FT Units”) at a price of CN\$1.50 per Unit for aggregate gross proceeds of \$1,000,002.00. The FT Units consist 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 CN\$1.80 per share for two years. The Company paid aggregate finder’s fee of \$87,500 cash, 46,667 compensation warrants exercisable for two years at \$1.50 and 16,204 compensation warrants exercisable for three years at \$1.08.

On March 9, 2022, the Company issued 3,179,500 units (the “Units”) in a non-brokered private placement at a price of \$0.94 per Unit for gross proceeds of \$2,988,730 (US\$2,350,000). Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for two years at a price of \$1.22 per share.

On March 2, 2022, the Company issued 750,000 shares at \$1.14 per share for the Clayton Valley Project (Note 5).

## 6. SHARE CAPITAL (continued)

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. Part of the proceeds were recognized as Flow-through premium liability amounting to \$183,333 and shall be recognized as income over a period of 12 months from closing date (Note 11). 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.

*During the year ended September 30, 2021, the Company had the following capital transactions:*

On September 2, 2021, the Company issued 80,000 common shares for gross proceeds of \$48,000 through the exercise of share purchase warrants.

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 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.

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.

**6. SHARE CAPITAL (continued)**

**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:

	<b>September 30, 2021</b>	
<b>Consideration</b>		
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
		<b>463,800</b>
<b>Assets acquired</b>		
Cash		358,500
Loan receivable		42,000
		<b>400,500</b>
<b>Amalgamation expense</b>	<b>\$</b>	<b>63,300</b>

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.

**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 June 30, 2022, a total of 1,945,346 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.

**7. 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.

On April 14, 2022, the Company granted an aggregate of 2,000,000 incentive stock options to directors, consultants, and employees as per the Company’s Stock Option Plan, with an exercise price of \$1.28 per share for a period of five years from the date of grant. 1,500,000 options were fully vested on grant date and the remaining 500,000 options vest on August 14, 2022. 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 - 2.61%; expected life – 5 years; expected volatility – 100%; forfeiture rate – Nil and expected dividends – Nil.

**7. STOCK OPTIONS (continued)**

On April 28, 2022, the Company granted an aggregate of 225,000 incentive stock options to a consultant as per the Company’s Stock Option Plan, with an exercise price of \$1.30 per share for a period of three years from the date of grant. The options vest on August 28, 2022. 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 – 2.58%; expected life – 3 years; expected volatility – 100%; forfeiture rate – Nil and expected dividends – Nil.

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 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.

As at June 30, 2022, the Company has 3,550,000 incentive stock options outstanding (September 30, 2021 – 1,325,000). A summary of the movements of the stock options is presented below:

Period ended	June 30, 2022		September 30, 2021	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Outstanding, beginning	1,325,000	\$ 0.80	-	\$ -
Granted	2,225,000	1.28	1,325,000	0.80
Outstanding, end	3,550,000	\$ 1.10	1,325,000	\$ 0.80
Exercisable	2,825,000		1,250,000	

The following table summarizes information regarding stock options outstanding as of June 30, 2022:

Date issued	Number of options outstanding	Exercise price	Expiration date
July 9, 2021	1,325,000	\$ 0.80	July 9, 2026
April 14, 2022	2,000,000	1.28	April 14, 2027
April 28, 2022	225,000	1.30	April 28, 2025
<b>Total options outstanding</b>	<b>3,550,000</b>		
<b>Total options exercisable</b>	<b>2,825,000</b>		

The following table summarizes information regarding stock options outstanding as of September 30, 2021:

Date issued	Number of options outstanding	Exercise price	Expiration date
July 9, 2021	1,325,000	\$ 0.80	July 9, 2026
<b>Total options outstanding</b>	<b>1,325,000</b>		
<b>Total options exercisable</b>	<b>1,325,000</b>		

## 8. WARRANTS

The following table summarizes information regarding share purchase warrants outstanding as of June 30, 2022:

Date issued	Number of warrants	Exercise price	Expiry date
July 17, 2020	142,857	\$ 0.70	February 21, 2023
November 27, 2020	6,075,000	0.10	November 27, 2022
December 30, 2020	150,000	0.10	October 9, 2022
June 21, 2021	2,635,883	0.60	June 21, 2023
July 2, 2021	1,055,575	0.60	July 2, 2023
December 16, 2021	416,667	1.50	December 16, 2023
December 16, 2021	58,333	1.20	December 16, 2023
March 9, 2022	1,589,750	1.22	March 9, 2024
May 13, 2022	16,204	1.08	May 13, 2024
May 13, 2024	46,667	1.50	May 13, 2024
May 13, 2022	333,334	1.80	May 13, 2024
May 13, 2022	1,597,488	1.40	May 13, 2025
May 19, 2022	16,204	1.08	May 19, 2024
May 19, 2022	46,667	1.50	May 19, 2024
May 19, 2022	115,741	1.40	May 19, 2025
May 19, 2022	333,334	1.80	May 19, 2024
	<b>14,629,704</b>		

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	6,525,000	0.10	November 27, 2022
December 30, 2020	150,000	0.10	October 9, 2022
June 21, 2021	3,317,758	0.60	June 21, 2023
July 2, 2021	1,119,325	0.60	July 2, 2023
	<b>16,404,940</b>		

On May 19, 2022, the Company issued 333,334 warrants exercisable at \$1.80 up to May 13, 2024, and 115,741 warrants exercisable at \$1.40 up to May 13, 2025.

On May 19, 2022, the Company granted 16,204 warrants to finders with an exercise price of \$1.08 per share and 46,667 warrants exercisable at \$1.50 for a period of two years from date of grant. The estimated fair value of the warrants was \$33,533, recorded during the period ended June 30, 2022, in connection with the issuance of these warrants. The warrants were fair valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate – 2.71%; expected life – 2 years; expected volatility – 100%; forfeiture rate – Nil and expected dividends – Nil.

On May 13, 2022, the Company granted 333,334 warrants exercisable at \$1.80 up to May 13, 2024 and 1,597,488 warrants exercisable at \$1.40 up to May 19, 2025, in connection with the private placement financing

Also on May 13, 2022, the Company granted 16,204 warrants to finders with an exercise price of \$1.08 per share and 46,667 warrants exercisable at \$1.50 for a period of two years from date of grant. The estimated fair value of the warrants was \$29,081, recorded during the period ended June 30, 2022, in connection with the issuance of these warrants. The warrants were fair valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate - 2.68%; expected life – 2 years; expected volatility – 100%; forfeiture rate – Nil and expected dividends – Nil.

**8. WARRANTS (continued)**

On March 9, 2022, the Company granted 1,589,750 warrants exercisable at \$1.22 up to March 9, 2024.

On December 16, 2021, the Company granted 58,333 warrants to finders with an exercise price of \$1.20 per share for a period of two years from date of grant. The estimated fair value of the warrants was \$23,362, recorded during the period ended March 31, 2022, in connection with the issuance of these warrants. The warrants were fair valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate - 0.90%; expected life – 2 years; expected volatility – 100%; forfeiture rate – Nil and expected dividends – Nil.

Also on December 16, 2021, the Company granted 416,667 warrants exercisable at \$1.50 up to December 16, 2023.

The weighted average exercise price of the warrants as at June 30, 2022, is \$0.64, and the remaining life of the warrants is 1.10 years (September 30, 2021 – \$0.24 and 1.31 years, respectively).

During the period ended June 30, 2022, 6,345,625 warrants were exercised at an average price of \$0.16 (September 30, 2021 – 80,000 warrants at \$0.60).

A summary of changes in the Company’s share purchase warrants outstanding for the periods ended June 30, 2022, and September 30, 2021, is as follows:

	June 30, 2022		September 30, 2021	
	Number of warrants	Weighted Average Exercise Price	Number of warrants	Weighted Average Exercise Price
Outstanding, beginning	16,404,940	\$ 0.24	142,857	\$ 0.70
Granted	4,570,389	1.41	16,342,083	0.24
Exercised	(6,345,625)	0.16	(80,000)	0.60
Outstanding, end of period	14,629,704	\$ 0.64	16,404,940	\$ 0.24

**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 June 30, 2022, a total of 945,000 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.

**9. RELATED PARTY TRANSACTIONS**

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

As at June 30, 2022, the Company has \$19,232 (September 30, 2021 – \$47,923) due to related parties broken down as follows:

As at	June 30, 2022	September 30, 2021
CEO	\$ 13,214	\$ 36,767
CFO and Corporate Secretary	5,000	11,103
Director	1,018	53
<b>Total</b>	<b>\$ 19,232</b>	<b>\$ 47,923</b>

**9. RELATED PARTY TRANSACTIONS (continued)**

During the periods ended June 30, 2022, and 2021, the Company entered into the following transactions with related parties:

<b>Nine months ended</b>	<b>June 30, 2022</b>	June 30, 2021
Management fees	\$ 144,250	\$ 60,000
Accounting fees	24,184	14,351
Share-based payments	1,433,244	-
<b>Total</b>	<b>\$ 1,601,678</b>	<b>\$ 74,351</b>

(a) Management fees of \$144,250 were paid or accrued to the following

	<b>June 30, 2022</b>	June 30, 2021
Company controlled by the CEO	\$ 90,000	\$ 30,000
Company controlled by the CFO and Corporate Secretary	54,250	30,000
<b>Total</b>	<b>\$ 114,250</b>	<b>\$ 60,000</b>

(b) Accounting fees of \$24,184 were paid to a company controlled by the Company's CFO and Corporate Secretary (2021 – \$14,351).

(c) Share based payments were paid or accrued to the following:

	<b>For the period ended June 30, 2022</b>		For the period ended June 30, 2021	
	<b>Number of options</b>	<b>Share-based payment</b>	Number of options	Share-based payment
CEO	750,000	\$ 716,622	-	\$ -
CFO and Corporate Secretary	250,000	238,874	-	-
Directors	500,000	477,748	-	-
<b>Total</b>	<b>1,500,000</b>	<b>\$ 1,433,244</b>	<b>-</b>	<b>\$ -</b>

The breakdown of expenses and share based compensation by key management personnel is as follows:

<b>Nine months ended</b>	<b>June 30, 2022</b>	June 30, 2021
Chief Executive Officer	\$ 806,622	\$ 30,000
Chief Financial Officer	317,308	44,351
Directors	477,748	-
<b>Total related party expenses by key management personnel</b>	<b>\$ 1,601,678</b>	<b>\$ 74,351</b>

As at June 30, 2022, \$14,700 was prepaid to the CEO and \$7,875 was prepaid to the CFO (September 30, 2021 - \$Nil).

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.



## 10. 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:

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

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. These were all reported as part of income from discontinued operations during the period ended June 30, 2021.

## 11. FLOW-THROUGH PREMIUM LIABILITY

### December 16, 2021 FT Financing

On December 16, 2021, the Company issued 833,334 flow-through units for gross proceeds of \$1,000,001 and recognized a deferred flow-through premium of \$183,333, non-cash, as the difference between the amounts recognized in common shares and the amounts the investors paid for the units.

As at June 30, 2022, the flow-through premium liability outstanding relating to these flow-through shares was \$175,714 (September 30, 2021 – \$Nil). The Company is required to spend approximately \$916,766 in eligible exploration expenditures as at June 30, 2022.

During the period ended June 30, 2022, the Company recognized flow-through income of \$15,953 (2021 – \$Nil).

### May 13, 2022 FT Financing

On May 13, 2022, the Company issued 666,668 flow-through units for gross proceeds of \$1,000,002 and recognized a deferred flow-through premium of \$340,001, non-cash, as the difference between the amounts recognized in common shares and the amounts the investors paid for the units.

As at June 30, 2022, the flow-through premium liability outstanding relating to these flow-through shares was \$340,001 (September 30, 2021 – \$Nil). The Company is required to spend approximately \$1,000,002 in eligible exploration expenditures as at June 30, 2022. During the period ended June 30, 2022, the Company recognized flow-through income of \$Nil (2021 – \$Nil).

### May 19, 2022 FT Financing

On May 19, 2022, the Company issued 666,668 flow-through units for gross proceeds of \$1,000,002 and recognized a deferred flow-through premium of \$273,334, non-cash, as the difference between the amounts recognized in common shares and the amounts the investors paid for the units.

As at June 30, 2022, the flow-through premium liability outstanding relating to these flow-through shares was \$273,334 (September 30, 2021 – \$Nil). The Company is required to spend approximately \$1,000,002 in eligible exploration expenditures as at June 30, 2022.

During the period ended June 30, 2022, the Company recognized flow-through income of \$Nil (2021 – \$Nil).

## 12. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares of \$15,873,275. 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 June 30, 2022, the Company had a working capital surplus of \$9,976,218 (September 30, 2021 – \$2,746,824). Management expects to raise additional capital from the capital markets or from private placements of securities.

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market Risk
- Credit Risk
- Liquidity Risk

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

### **General Objectives, Policies, and Processes**

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

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

### **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.

**13. 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 is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

		June 30, 2022	September 30, 2021
Cash and cash equivalents	USD\$	420,834	13,099
Accounts payable and accrued liabilities	USD\$	11,060	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 \$52,804 (September 30, 2021: \$4,332) 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 June 30, 2022.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet 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. The 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.

#### 14. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash financing and operating transactions during the period ended June 30, 2022, and 2021:

Period ended	June 30, 2022	June 30, 2021
<b>Non-cash operating activities:</b>		
Stock based compensation	\$ 1,721,906	\$ -
<b>Non-cash investing activities:</b>		
Shares issued for exploration activities	855,000	303,000
<b>Non-cash financing activities:</b>		
Shares issued to finders	-	14,700
Shares issued for amalgamation	-	448,800
Fair value of warrants issued for finders	89,407	959

During the period ended June 30, 2022, the Company paid \$397 in interest and \$Nil in taxes (2021 – interest of \$2,169; taxes of \$Nil).

#### 15. COMMITMENTS

On August 1, 2021, the Company entered into a 12-month lease agreement for office premises for annual rental fees of \$36,000.

On September 1, 2021, the Company entered into a marketing agreement with an arm’s length party for annual payment of \$25,000. The contract is automatically renewed annually unless terminated by either party.

On January 31, 2022, the Company entered into a term sheet with an arm’s length party for the purchase of royalties in the Manitoba Properties. The Company received \$833,526 (US\$650,000) in cash for a 2% share of all revenues to be derived from the projects. As at June 30, 2022, the amount received was recorded as Deferred revenue in the statement of financial position (September 30, 2021 – \$Nil).

On April 27, 2022, the Company entered into an agreement with an arm’s length party for marketing of the Company to targeted investors and advisors. The Company shall pay a monthly fee of \$10,000 for an initial term of 12 months with a minimum total transaction fee of \$75,000 before termination. In addition, the Company has granted this third party a total of 225,000 incentive stock options exercisable at \$1.30 per share for a period of three years, vesting four months from the date of grant.

On May 30, 2022, the Company entered into a 5-year lease agreement for its office premises with annual fees of \$54,567 beginning in December 2022, with a 1.8% increase each year during the 5-year term.

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

The Company also entered into three flow-through share subscription agreements. These agreements indicate that the value received must be spent on mineral explorations within the province of Manitoba (Note 11).

## 16. 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 periods ended June 30, 2022, and 2021.

Net income (loss) from discontinued operations:

	<b>June 30, 2022</b>	June 30, 2021
	\$	\$
Sales	-	-
Wages and salaries	-	-
Gain on settlement of debt	-	874,435
Write-off of due from ACT360	-	(45,658)
Write-off of GST receivable	-	(8,316)
	-	820,461

## 17. SUBSEQUENT EVENTS

Subsequent to June 30, 2022, 1,200,000 common shares were issued for warrants exercised at \$0.10.

On July 22, 2022, the Company entered into an agreement with an arm's length party for an advertising campaign for 12 months. The total contract price is \$50,000 payable in 4 equal installments.

On August 24, 2022, the Company started trading on the OTCQX Best Market under the ticker symbol "ACLHF". The Company upgraded to the OTCQX from the OTCQB Venture Market.