# NEVADA LITHIUM RESOURCES INC.
**(FORMERLY HERMES ACQUISITION CORP.)**

## ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

**For the year ended April 30, 2022 and the period from incorporation on December 17, 2020 to April 30, 2021**

(Expressed in Canadian dollars)

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

# Independent Auditor's Report

To the Shareholders of:
**NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)**

## Opinion

We have audited the consolidated financial statements of Nevada Lithium Resources Inc. (formerly Hermes Acquisition Corp.) ("the Company"), which comprise the consolidated statements of financial position as at April 30, 2022 and the consolidated statements of changes in shareholders' equity, loss and comprehensive loss, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

## Basis for Opinion

We conducted our audit 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.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $2,296,826during the year ended April 30, 2022, and as of that date, had accumulated losses since inception of $2,435,964. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Other Matter

The consolidated financial statements for the period from incorporation on December 17, 2020 to April 30, 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on September 14, 2021.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and will 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 identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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.

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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 Company 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 Mike Kao.

*WDM*

*Chartered Professional Accountants*

Vancouver, B.C.
August 26, 2022

# NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)
**Consolidated Statements of Financial Position**
As at April 30, 2022 and 2021
(Expressed in Canadian dollars)

| | Note | **April 30, 2022** | April 30, 2021 |
|---|---|---|---|
| | | **$** | $ |
| **ASSETS** | | | |
| **Current** | | | |
| Cash | | **28,829** | 1,526,715 |
| Sales tax receivable | | **2,030** | 3,059 |
| Prepaid expenses | | **102,370** | - |
| | | **133,229** | 1,529,774 |
| Exploration and evaluation assets | 5 | **8,675,464** | 3,517,744 |
| **Total assets** | | **8,808,693** | 5,047,518 |
| **LIABILITIES** | | | |
| **Current** | | | |
| Accounts payable and accrued liabilities | 6 | **285,003** | 90,987 |
| **Total liabilities** | | **285,003** | 90,987 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 7 | **9,389,697** | 4,681,064 |
| Subscriptions receivable | 7 | **-** | (31,225) |
| Reserves | 7 | **1,398,986** | 161,436 |
| Special warrants | 7 | **170,971** | 18,200 |
| Share subscription received in advance | 7 | **-** | 266,194 |
| Deficit | | **(2,435,964)** | (139,138) |
| **Total shareholders' equity** | | **8,523,690** | 4,956,531 |
| **Total liabilities and shareholders' equity** | | **8,808,693** | 5,047,518 |

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

**Approved and authorized for issue on behalf of the Board of Directors on August 26, 2022:**

| *"Scott Eldridge"* | *"Kelvin Lee"* |
|---|---|
| Director | Director |

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

**NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)**
**Consolidated Statements of Loss and Comprehensive Loss**
For the year ended April 30, 2022 and the period from incorporation on December 17, 2020 to April 30, 2021
(Expressed in Canadian dollars, except number of shares)

| | Note | **2022** | 2021 |
|---|---|---|---|
| | | **$** | $ |
| **Operating expenses** | | | |
| Filing fees | | **109,600** | - |
| General and administrative | | **19,011** | 489 |
| Investor relations | | **686,525** | 51,088 |
| Management and consulting | 6 | **393,517** | 53,129 |
| Professional fees | | **461,521** | 34,679 |
| Share-based compensation | 6,7 | **624,655** | - |
| **Total operating expenses** | | **2,294,829** | 139,385 |
| Foreign exchange loss (gain) | | **1,997** | (247) |
| **Net loss and comprehensive loss for the period** | | **2,296,826** | 139,138 |
| **Loss per share** | | | |
| Basic and diluted | | **0.05** | 0.00 |
| **Weighted average number of shares outstanding** | | | |
| Basic and diluted | | **50,542,218** | 44,647,348 |

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

## NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)

**Consolidated Statements of Changes in Shareholders' Equity**

For the year ended April 30, 2022 and the period from incorporation on December 17, 2020 to April 30, 2021

(Expressed in Canadian Dollars, except number of shares)

| | Number of common shares | Share capital | Subscriptions receivable | Reserves | Special Warrants | Share subscription deposit | Deficit | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|
| | # | $ | $ | $ | $ | $ | $ | $ |
| Balance, December 17, 2020 | 1 | 0.01 | - | - | | - | - | 0.01 |
| Shares repurchased | (1) | (0.01) | - | - | - | - | - | (0.01) |
| Shares issued for mineral property | 7,000,000 | 1,400,000 | - | - | - | - | - | 1,400,000 |
| Shares issued - private placements | 38,475,000 | 3,690,100 | (31,225) | - | - | - | - | 3,658,875 |
| Share issue costs - private placements | 1,238,000 | (409,036) | - | 161,436 | - | - | - | (247,600) |
| Special warrants issued | - | - | - | - | 18,200 | - | - | 18,200 |
| Share subscription deposit | - | - | - | - | - | 266,194 | - | 266,194 |
| Net loss and comprehensive loss | - | - | - | - | - | - | (139,138) | (139,138) |
| Balance, April 30, 2021 | 46,713,000 | 4,681,064 | (31,225) | 161,436 | 18,200 | 266,194 | (139,138) | 4,956,531 |
| | | | | | | | | |
| Shares issued - private placements | 2,480,000 | 496,000 | 31,225 | - | - | (266,194) | - | 261,031 |
| Share issue costs - private placements | - | (17,082) | - | - | - | - | - | (17,082) |
| Special warrants issued | - | - | - | - | 5,516,051 | - | - | 5,516,051 |
| Special warrants issuance costs | - | (691,641) | - | - | 170,971 | - | - | (520,670) |
| Conversion of special warrants | 12,621,890 | 4,921,356 | - | 612,895 | (5,534,251) | - | - | - |
| Share-based compensation | - | - | - | 624,655 | - | - | - | 624,655 |
| Net loss and comprehensive loss | - | - | - | - | - | - | (2,296,826) | (2,296,826) |
| **Balance, April 30, 2022** | **61,814,890** | **9,389,697** | **-** | **1,398,986** | **170,971** | **-** | **(2,435,964)** | **8,523,690** |

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

## NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)

**Consolidated Statements of Cash Flows**

For the year ended April 30, 2022 and the period from incorporation on December 17, 2020 to April 30, 2021
(Expressed in Canadian dollars)

| | **2022** | 2021 |
|---|---|---|
| | **$** | $ |
| **Operating activities** | | |
| Net loss for the period | **(2,296,826)** | (139,138) |
| Adjustments for non-cash items: | | |
| Share-based compensation | **624,655** | - |
| Unrealized foreign exchange gain | **-** | (247) |
| Changes to non-cash working capital items: | | |
| Sales tax receivable | **1,029** | (3,059) |
| Prepaid expenses | **(102,370)** | - |
| Accounts payable and accrued liabilities | **194,016** | 1,170 |
| **Net cash used in operating activities** | **(1,579,496)** | (141,274) |
| | | |
| **Investing activities** | | |
| Property option payments | **(5,157,720)** | (2,027,680) |
| **Net cash used in investing activities** | **(5,157,720)** | (2,027,680) |
| | | |
| **Financing activities** | | |
| Proceeds from issuance of common shares | **261,031** | 3,411,275 |
| Share subscription deposit | **-** | 266,194 |
| Proceeds from issuance of special warrants, net of issuance costs | **5,516,051** | 18,200 |
| Special warrants issuance costs paid in cash | **(537,752)** | - |
| **Net cash provided by financing activities** | **5,239,330** | 3,695,669 |
| | | |
| Net change in cash | **(1,497,886)** | 1,526,715 |
| Cash, beginning of period | **1,526,715** | - |
| **Cash, end of period** | **28,829** | 1,526,715 |

**Supplemental disclosures with respect to cash flows:**

1. Proceeds from issuance of common shares includes receipt of $31,225 of subscriptions receivable.
2. There were no cash interest payments or income taxes paid in the year ended April 30, 2022 (2021 - $nil).

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Nevada Lithium Resources Inc. (formerly Hermes Acquisition Corp) (the “Company”) is in the business of the exploration and evaluation of mineral properties. The Company was incorporated under the Business Corporations Act of British Columbia on December 17, 2020. On March 2, 2021, the Company changed its name from Hermes Acquisition Corp to Nevada Lithium Resources Inc. The address of the Company's registered and records office and principal place of business is 1500-1055 West Georgia Street, P.O Box 11117, Vancouver, British Columbia, Canada, V6E 4N7.

On January 29, 2021, the Company acquired Nevada Lithium Corp, based in Nevada, USA. Nevada Lithium Corp is a 100% owned subsidiary of the Company.

On February 22, 2022, the Company announced that it completed the application process that allows its shares to begin trading on the OTCQB Market (“OTCQB”) under the symbol “NVLHF”. The Company’s common shares will remain listed on the Canadian Securities Exchange in Canada under the ticker symbol “NVLH”.

The Company’s exploration and evaluation assets (Note 5) do not presently host any known mineral deposits and due to the high degree of risk involved, there can be no assurance that the Company’s exploration activities will result in any deposits being located or, that the Company’s exploration activities will result in a profitable mining operation in the future.

These consolidated financial statements for the year ended April 30, 2022 and period from incorporation on December 17, 2020 to April 30, 2021 (the “Financial Statements”) have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. At April 30, 2022, the Company had working capital deficit of $151,774 (April 30, 2021 working capital - $1,438,787) and an accumulated deficit of $2,435,964 (April 30, 2021 - $139,138). The Company has no sources of operating cash flows, and there is no assurance that sufficient funding (including adequate financing) will be available to conduct the required exploration and development of its mineral property projects. These factors present a material uncertainty that casts significant doubt over the Company’s ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These Financial Statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern.

As of the date of these Financial Statements, the ongoing coronavirus pandemic, COVID-19, has not had a determinable impact on the Company’s ability to access capital and conduct exploration and evaluation activities. However, the ongoing COVID-19 pandemic continues to develop and may impact the Company’s ability to raise funding or explore its properties should travel restrictions related to COVID-19 be extended or expanded in scope.

## 2. BASIS OF PRESENTATION

### a) Statement of compliance

These Financial Statements were approved and authorized for issuance on August 26, 2022 by the directors of the Company.

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

### b) Basis of measurement

These Financial Statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the significant accounting policies set out in Note 3. In addition, these Financial Statements have been prepared using the accrual basis of accounting except cash flow information.

## 2. BASIS OF PRESENTATION (Continued)

### c) Principles of consolidation

Subsidiaries are entities controlled by the Company and are included in the Financial Statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align with the policies adopted by the Company. All intercompany balances are eliminated on consolidation.

These Financial Statements include accounts of the Company and its wholly owned subsidiary, Nevada Lithium Corp, from the date of acquisition on January 29, 2021.

### d) Functional and presentation currency

Each entity in the Company's consolidation measures its results using the primary economic environment in which the entity operates. Transactions in currencies other than the functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the consolidated statement of financial position. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statements of loss and comprehensive loss. The functional currency of the Company and its subsidiary, Nevada Lithium Corp., is the Canadian dollar. The Company's presentation currency is the Canadian dollar. References to "USD" are U.S. dollars.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### a) Cash

Cash is comprised of cash held in a trust account and deposits in banks.

### b) Financial instruments

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*Financial assets at FVTPL*

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

*Financial assets at FVTOCI*

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

*Financial assets at amortized cost*

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the consolidated statement of loss and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

*Financial liabilities*

Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

### c) Exploration and evaluation assets - mineral properties

Acquisition costs for exploration and evaluation assets, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for mineral properties pursuant to the terms of the agreement. Exploration expenditures, net of recoveries, are not capitalized but recorded in the consolidated statements of loss and comprehensive loss as incurred.

After an exploration and evaluation asset is determined by management to be commercially viable and technically feasible, exploration and evaluation expenditures on the property will first be assessed for impairment before being capitalized as property and equipment.

Option payments to acquire an exploration and evaluation asset made at the sole discretion of the Company under an option agreement, are capitalized at the time of payment.

Capitalized acquisition costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work being carried out by the Company on a property, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management’s estimate of their net recoverable amount.

The recoverability of the carrying amount of mineral properties is dependent on successful development and commercial exploitation or, alternatively, the sale of the respective areas of interest.

### d) Impairment of non-financial assets

At each reporting date, the carrying amounts of the Company’s assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell (“FVLCS”) and value in use (“VIU”). FVLCS is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Share capital**

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value of the shares as of the date of issuance.

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined based on the share price subscribed for in the private placement. The residual amount, if any, is allocated to attached warrants. Any fair value attributed to the warrants is recorded in reserves.

**f) Reclamation deposits**

The Company may maintain cash deposits, or letters of credit secured by cash deposits, as required by regulatory bodies as assurance for the funding of reclamation costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled. At April 30, 2022 and 2021, the Company did not have any reclamation deposits.

**g) Income taxes**

Income tax on the profit or loss for the periods presented 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, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the offset of current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**h) Loss per share**

Basic loss per share (“EPS”) is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be anti-dilutive.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### i) Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage, which is created on an ongoing basis during production, are provided for at their net present values and charged against profits as extraction progresses. At April 30, 2022 and 2021, the Company did not have any of these obligations.

### j) Segment reporting

The Company operates in a single reportable operating segment - the acquisition, exploration and evaluation of mineral properties in Nevada, USA.

### k) Critical accounting estimates, judgments and assumptions

The preparation of the Company's Financial Statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the Financial Statements are as follows:

***Going concern***

These Financial Statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the Financial Statements, then adjustments to the carrying value of assets and liabilities, the reported expenses and the statement of financial position would be necessary (Note 1).

***Functional currency***

The functional currency for the Company is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment. These Financial Statements are presented in Canadian dollars, which is also the functional currency of the Company. The functional currency of the Company's subsidiary, Nevada Lithium Corp., is the Canadian dollar.

(Expressed in Canadian dollars, unless otherwise noted)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Economic recoverability of future economic benefits of exploration and evaluation assets*

Management has determined that exploration and evaluation of mineral properties and related costs incurred, which have been recognized on the statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

## 4. ACQUISITION

On January 29, 2021, the Company purchased 100% of the issued and outstanding shares of Nevada Lithium Corp. Total consideration was paid through the issuance of 7,000,000 common shares with a fair value of $1,400,000. Nevada Lithium Corp. is in the business of the exploration and evaluation of mineral properties.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes and outputs, that together constitute a business, did not exist in Nevada Lithium Corp. at the time of acquisition.

The following table summarizes the purchase price allocation:

| | |
|---|---|
| **Purchase price:** | $ |
| Shares paid by the Company (7,000,000 shares at $0.20 per share) | 1,400,000 |
| **Total consideration** | **1,400,000** |
| | |
| **Net assets acquired:** | |
| Exploration and evaluation assets - Bonnie Claire | 1,490,064 |
| Accounts payable and accrued liabilities | (90,064) |
| **Total net assets acquired** | **1,400,000** |

## 5. EXPLORATION AND EVALUATION ASSETS

The Company, through the acquisition of Nevada Lithium Corp., entered into an option agreement dated November 30, 2020 (the “Option Agreement”), to earn up to a 50% interest in certain claims and to a joint venture (the “Mineral Rights”) relating to the Bonnie Claire lithium project located in Nevada, USA. Pursuant to the Option Agreement, the Company had the right to acquire up to an aggregate of 50% of Mineral Rights for USD$5,600,000 as follows:

- 20% interest in the Mineral Rights requiring payment of USD$1,600,000 in funding expenditures by March 8, 2021 (the “First Option”) (paid).

- 15% interest in the Mineral Rights requiring payment of USD$2,000,000 in funding expenditures by October 1, 2021; subsequently amended to December 1, 2021 (the “Second Option”) (paid).

- 15% interest in the Mineral Rights requiring payment of USD$2,000,000 in funding expenditures by December 1, 2021; subsequently amended to December 15, 2021 (the “Third Option”) (paid).

During the period ended April 30, 2021, the Company satisfied the First Option through the payment of $2,027,680 (USD$1,600,000) and earned a 20% interest in the Bonnie Claire lithium project.

On September 22, 2021, the Option Agreement was amended to extend payment of the Second Option from October 1, 2021 to December 1, 2021 and on November 29, 2021, the Option Agreement was amended to extend the Third Option from December 1, 2021 to December 15, 2021.

On December 1, 2021, pursuant to the Option Agreement, the Company paid $2,573,580 (USD$2,000,000) to acquire the Second Option, resulting in a total 35% interest in the Mineral Rights of the Bonnie Claire lithium project.

On December 15, 2021, the Company paid $2,584,140 (USD$2,000,000) to acquire the Third Option and achieved the maximum 50% interest in the Mineral Rights of the Bonnie Claire lithium project.

(Expressed in Canadian dollars, unless otherwise noted)

## 5. EXPLORATION AND EVALUATION ASSETS (Continued)

As of the date of these Financial Statements, the Company has completed payments for all options pursuant to the Option Agreement and has obtained 50% interest in the Bonnie Claire lithium project.

Upon the commencement of commercial production, the Company grants and shall pay the royalty holder a royalty equal to 2.0% of the net smelter returns from all lithium and any other mineral bearing ores found in the project. No production royalty shall be due upon bulk samples extracted by the Company for metallurgical testing purposes during the Company's exploration or development work on the property.

| | **Bonnie Claire Property** |
|---|---|
| | $ |
| Balance, December 17, 2020 (date of incorporation) | - |
| Acquisition of Nevada Lithium Corp. | 1,490,064 |
| Payments toward the First Option | 2,027,680 |
| Balance, April 30, 2021 | 3,517,744 |
| Payments toward the Second Option | 2,573,580 |
| Payments toward the Third Option | 2,584,140 |
| **Balance, April 30, 2022** | **8,675,464** |

## 6. RELATED PARTY TRANSACTIONS

The Company's related parties include subsidiaries, affiliated entities and key management personnel. Transactions with, and amounts due to or from, related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties.

Key management personnel are those having the authority and responsibility for planning, directing, and controlling the Company. Salaries and benefits, bonuses, and termination benefits are included in operating expenses as management and consulting.

As at April 30, 2022, and 2021, accounts payable and accrued liabilities included the following amounts due to related parties:

| | **April 30, 2022** | April 30, 2021 |
|---|---|---|
| | **$** | $ |
| Management and consulting fees payable | **59,422** | - |
| Reimbursable expenses | **-** | 126 |
| **Total** | **59,422** | 126 |

For the year ended April 30, 2022 and the period from incorporation on December 17, 2020 to April 30, 2021, transactions with key management personnel consisted of the following:

| | **2022** | 2021 |
|---|---|---|
| | **$** | $ |
| Management and consulting fees paid to directors and officers | **222,836** | - |
| Share-based compensation | **216,516** | - |
| **Total** | **439,352** | **-** |

Share-based compensation includes $178,516 related to the vesting of 1,200,000 stock options granted to directors and officers of the Company and $38,000 related to the vesting of 190,000 restricted share units granted to an officer of the Company (Note 7).

## 7. SHARE CAPITAL AND RESERVES

The Company is authorized to issue an unlimited number of common shares.

### Share capital transactions

***During the year ended April 30, 2022***

On May 7, 2021, the Company completed a non-brokered private placement for the issuance of 2,480,000 common shares at $0.20 per share. From gross proceeds of $496,000, $266,194 was received in the form of subscription deposits from March 2, 2021 to April 30, 2021 and $229,806 was received in the year ended April 30, 2022.

On June 11, 2021, pursuant to the terms of the February 2021 Special Warrants (as defined below), the Company issued 364,000 common shares. As a result, $18,200 was reclassified from special warrants reserve to share capital.

On June 14, 2021, the Company received $31,225 that had been recorded as subscriptions receivable for shares previously issued in the January 21, 2021 private placement.

On March 29, 2022, pursuant to the receipt of a final short-form prospectus qualifying the distribution of 12,257,890 units issuable upon the deemed exercise of the November 2021 Special Warrants and the December 2021 Special Warrants, 12,257,890 special warrants were exercised into 12,257,890 units consisting of one common share and one-half of one common share purchase warrant. As a result, $4,903,156 was reclassified from the special warrants reserve to share capital and $612,895 was reclassified to reserves, applying the residual accounting method.

***During the period ended April 30, 2021***

On January 6, 2021, the Company issued 7,500,000 common shares at $0.005 per share for gross proceeds of $37,500.

On January 21, 2021, the Company issued 10,725,000 common shares at $0.02 per share for gross proceeds of $214,500.

On January 22, 2021, the Company issued 4,775,000 common shares at $0.02 per share for gross proceeds of $95,500.

On January 29, 2021, the Company issued 7,000,000 common shares as consideration for the acquisition of Nevada Lithium Corp. at $0.20 per share (Note 4).

On February 11, 2021, the Company issued 15,475,000 common shares at $0.20 per share for gross proceeds of $3,095,000. The Company incurred $247,600 in share issuance costs related to this financing that the Company settled through the issue of 1,238,000 common shares at a price of $0.20 per share. In connection with the private placement, the Company also issued 1,547,500 finder’s warrants.

From March 2, 2021 to April 30, 2021, the Company received $266,194 in shares subscription deposits for a private placement that closed on May 7, 2021.

### Reserves

***Special Warrants***

On February 10, 2021, the Company issued 364,000 special warrants for $0.05 per special warrant (the “February 2021 Special Warrants”) for gross proceeds of $18,200. Pursuant to the terms of the February 2021 Special Warrants agreement, the February 2021 Special Warrants were automatically converted to common shares on June 11, 2021.

On November 12, 2021, the Company announced a brokered private placement of special warrants at a price of $0.45 per special warrant for gross proceeds of up to $8,000,000 (the “November 2021 Special Warrant Offering”). Each special warrant automatically converts into a unit consisting of one common share and one-half of one common share purchase warrant on the earlier of approval from securities commissions in the provinces and territories where the special warrants were sold, and 120 days after the closing date of the offering. Each whole warrant is exercisable into common shares of the Company at a price of $0.75 per share for a period of 24 months following the closing date of the offering.

(Expressed in Canadian dollars, unless otherwise noted)

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

On November 30, 2021, pursuant to the November 2021 Special Warrant Offering, the Company closed the first tranche of special warrants wherein the Company issued 7,916,444 special warrants (the "November 2021 Special Warrants") at a price of $0.45 per special warrant for gross proceeds of $3,562,400. For no additional consideration, the special warrants automatically converted into units consisting of one common share and one-half of one common share purchase warrant on March 29, 2022. Each whole warrant is exercisable into common shares of the Company at an exercise price of $0.75 and expires on November 30, 2023.

In connection with the November 2021 Special Warrants, share issuance costs consisted of cash commission and legal fees of $372,148 and the issuance of 604,776 special warrants to finders that are exercisable into units at a price of $0.45 per special warrant, expiring on November 30, 2023. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into common shares of the Company at a price of $0.75 per share and expires on November 30, 2023. The fair value of the special warrants issued to finders was recorded in the Special warrants reserve and was determined to be $120,163 using the Black-Scholes option pricing model with the following key inputs: share price of $0.40; exercise price of $0.45; expected life of two years; volatility of 100%; dividend yield of 0%; and risk-free rate of 0.95%.

On December 15, 2021, pursuant to the November 2021 Special Warrant Offering, the Company closed the second tranche of special warrants wherein the Company issued 4,341,446 special warrants (the "December 2021 Special Warrants") at a price of $0.45 per special warrant for gross proceeds of $1,953,651. For no additional consideration, the special warrants automatically converted into units consisting of one common share and one-half of one common share purchase warrant on March 29, 2022. Each whole warrant is exercisable into common shares of the Company at an exercise price of $0.75 and expires on December 15, 2023.

In connection with the December 2021 Special Warrants, share issuance costs consisted of cash commission and legal fees of $148,522 and the issuance of 255,715 special warrants to finders that are exercisable into units at a price of $0.45 per special warrant, expiring on December 15, 2023. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into common shares of the Company at a price of $0.75 per share and expires on December 15, 2023. The fair value of the special warrants issued to finders was recorded in the Special warrants reserve and was determined to be $50,808 using the Black-Scholes option pricing model with the following key inputs: share price of $0.40; exercise price of $0.45; expected life of two years; volatility of 100%; dividend yield of 0%; and risk-free rate of 0.95%.

On March 29, 2022, pursuant to the receipt of a final short-form prospectus qualifying the distribution of 12,257,890 units issuable upon the deemed exercise of the November 2021 Special Warrants and the December 2021 Special Warrants, 12,257,890 special warrants were exercised into 12,257,890 units consisting of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into common shares of the Company at an exercise price of $0.75 and expires 24 months from the original issue date of the respective special warrant. Based on the residual value method, $612,895 was allocated to the warrant reserve.

The following table displays the activity of the Company's Special Warrants for the period from incorporation on December 17, 2020 to April 30, 2021 and the year ended April 30, 2022:

| | **Outstanding and exercisable** | **Weighted average exercise price** |
|---|---|---|
| | **#** | **$** |
| Balance, December 17, 2020 | - | - |
| February 2021 Special Warrants issued | 364,000 | - |
| Balance, April 30, 2021 | 364,000 | - |
| February 2021 Special Warrants converted to shares | (364,000) | - |
| November 2021 Special Warrants issued | 7,916,444 | 0.45 |
| December 2021 Special Warrants issued | 4,341,446 | 0.45 |
| Finder's warrants issued | 860,491 | 0.45 |
| Conversion of November 2021 Special Warrants into units | (7,916,444) | 0.45 |
| Conversion of December 2021 Special Warrants into units | (4,341,446) | 0.45 |
| **Balance, April 30, 2022** | **860,491** | 0.45 |

(Expressed in Canadian dollars, unless otherwise noted)

## 7. SHARE CAPITAL AND RESERVES (Continued)

The following table displays the Special Warrants that are outstanding and exercisable at April 30, 2022:

| Expiry date | Outstanding and exercisable | Weighted average exercise price | Weighted average remaining contractual life |
|---|---|---|---|
| | # | $ | Years |
| February 11, 2023 | 860,491 | 0.45 | 0.79 |
| | **860,491** | **0.45** | **0.79** |

***Warrants***

In connection with the private placement on February 11, 2021, the Company issued 1,547,500 finder's warrants exercisable at a price of $0.20 expiring on February 11, 2023. Using the Black-Scholes Option Pricing Model, the Company determined the fair value of the warrants granted to be $161,436. The Company used the following assumptions: average volatility of 100%; share price of $0.20; exercise price of $0.20; average risk-free rate of 0.23%; and expected life of two years. Accordingly, $161,436 was recorded as share issue costs to reserves.

In connection with the November and December 2021 Special Warrants, 12,257,890 Special Warrants were converted to 6,128,945 common share purchase warrants. Based on the residual value method, $612,895 was allocated to the warrant reserve.

The following table displays the activity of the Company's warrants for the period from incorporation on December 17, 2020 to April 30, 2021 and the year ended April 30, 2022:

| | Outstanding and exercisable | Weighted average exercise price |
|---|---|---|
| | # | $ |
| Balance, December 17, 2020 | - | - |
| Finder's warrants issued | 1,547,500 | 0.20 |
| Balance, April 30, 2021 | 1,547,500 | 0.20 |
| Issued upon conversion of November 2021 Special Warrants | 3,958,222 | 0.75 |
| Issued upon conversion of December 2021 Special Warrants | 2,170,723 | 0.75 |
| **Balance, April 30, 2022** | **7,676,445** | **0.64** |

The following table displays outstanding and exercisable warrants at April 30, 2022:

| Expiry date | Outstanding and exercisable | Weighted average exercise price | Weighted average remaining contractual life |
|---|---|---|---|
| | # | $ | Years |
| February 11, 2023 | 1,547,500 | 0.20 | 0.79 |
| November 30, 2023 | 3,958,222 | 0.75 | 1.59 |
| December 15, 2023 | 2,170,723 | 0.75 | 1.63 |
| | **7,676,445** | **0.64** | **1.44** |

***Options***

On September 28, 2021, the Company granted 3,900,000 share options exercisable into common shares at a price of $0.20 per option. The options vest immediately and expire five years from the grant date. Of the 3,900,000 options granted, 1,200,000 were granted to directors and officers of the Company.

Using the Black-Scholes Option Pricing Model, the Company determined the fair value of the options granted on September 28, 2021 to be $580,177. The Company used the following assumptions: average volatility of 100%; share price of $0.20; exercise price of $0.20; average risk-free rate of 1.11%; and expected life of five years. Accordingly, $580,177 was recorded as share-based compensation to reserves.

(Expressed in Canadian dollars, unless otherwise noted)

## 7. SHARE CAPITAL AND RESERVES (Continued)

On January 25, 2022, the Company granted 30,000 share options exercisable into common shares at a price of $0.45 per option. The options vest immediately and expire three years from the grant date.

Using the Black-Scholes Option Pricing Model, the Company determined the fair value of the options granted on January 25, 2022 to be $6,478. The Company used the following assumptions: average volatility of 100%; share price of $0.37; exercise price of $0.45; average risk-free rate of 1.40%; and expected life of three years. Accordingly, $6,478 was recorded as share-based compensation to reserves.

No options were exercised, forfeited, cancelled, or expired during the year ended April 30, 2022 or the period ended April 30, 2021.

The following table displays outstanding and exercisable options at April 30, 2022:

| Expiry date | Number outstanding | Number exercisable | Weighted average exercise price | Weighted average remaining contractual life |
|---|---|---|---|---|
| | # | # | $ | Years |
| September 28, 2026 | 3,900,000 | 3,900,000 | 0.20 | 4.42 |
| January 25, 2025 | 30,000 | 30,000 | 0.45 | 2.74 |
| | **3,930,000** | **3,930,000** | **0.20** | **4.40** |

### *Restricted share units*

On September 28, 2021, the Company granted 190,000 restricted share units ("RSUs") to an officer of the Company. The RSUs vest after four months and may be converted into common shares at the discretion of the beneficiary or the Company. The RSUs expire three years after the grant date if not converted into common shares.

Using the Black-Scholes Option Pricing Model, the Company determined the fair value of the options granted on September 28, 2021 to be $38,000. The Company used the following assumptions: average volatility of 100%; share price of $0.20; exercise price of $nil; average risk-free rate of 0.67%; and expected life of three years. In connection with vesting of the RSU's in the year ended April 30, 2022, $38,000 (2021 - $nil), has been recorded as share-based compensation to reserves.

No RSUs were forfeited, cancelled, or expired in the year ended April 30, 2022 or the period ended April 30, 2021.

The following table displays outstanding and exercisable RSUs at April 30, 2022:

| Expiry date | Number outstanding | Number exercisable | Weighted average remaining contractual life |
|---|---|---|---|
| | # | # | Years |
| September 28, 2024 | 190,000 | 190,000 | 2.42 |
| | **190,000** | **190,000** | **2.42** |

## 8. INCOME TAXES

The provision for income tax differs from the amount that would have been expected if the reported earnings had been subject to the Canadian statutory income tax rate of 27%. For year ended April 30, 2022 and the period from incorporation on December 17, 2020 to April 30, 2021, a reconciliation between the expected and actual income tax expense is shown below:

| | **2022** | 2021 |
|---|---|---|
| | **$** | $ |
| **Net loss for the period** | **2,296,826** | 139,138 |
| Expected income tax recovery based on statutory rates | **(620,000)** | (38,000) |
| Change in statutory, foreign tax, foreign exchange rates and other | **-** | 1,000 |
| Permanent differences | **169,000** | - |
| Share issue costs | **(145,000)** | (67,000) |
| Change in unrecognized deductible temporary differences | **596,000** | 104,000 |
| **Income tax expense** | **-** | - |

(Expressed in Canadian dollars, unless otherwise noted)

**8. INCOME TAXES (Continued)**

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

| | **2022** | 2021 |
|---|---|---|
| | **$** | $ |
| Share issue costs | **165,000** | 62,000 |
| Non-capital losses available for future periods | **536,000** | 42,000 |
| | **701,000** | 104,000 |
| Less: unrecognized deferred tax assets | **(701,000)** | (104,000) |
| **Deferred income tax asset** | **-** | - |

The Company has non-capital losses, for which deductions against future taxable income are uncertain, of approximately $1,986,000 which, if not utilized, will expire over 2022 through 2042.

**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the consolidated statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash, and accounts payables and accrued liabilities. The carrying values of these financial instruments approximate their respective fair values due to the term of these instruments.

At April 30, 2022, these Financial Statements do not contain any financial instruments that would be classified as measured at fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. The Company manages its credit risk relating to cash through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company's cash is held with large Canadian banks. The Company assessed credit risk as low.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at April 30, 2022, the Company has current liabilities totaling $285,003 (April 30, 2021 - $90,987) and cash of $28,829 (April 30, 2021 - $1,526,715). Due to the Company's current working capital deficit, the Company is considered to be exposed to liquidity risk. As a result, the Company will need to raise funds to continue operations. The Company intends to raise further financing in the form of private placements.

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

*Market risk*

Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

*Commodity price risk*

The ability of the Company to raise funds to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of lithium. The Company monitors lithium prices to determine the appropriate course of action to be taken.

## 10. CAPITAL MANAGEMENT

The Company includes shareholders' equity and any debt it may issue, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's property is in the exploration stage and as such the Company is dependent upon external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the year ended April 30, 2022. The Company is not subject to any external covenants.

## 11. COMMITMENTS

The Company has entered into a contractor agreement with an officer of the Company with an indefinite term and contractual monthly payments of USD $10,000 per month. The Company may terminate this agreement without cause at any time by providing 90-days notice to the officer, or compensation in lieu of notice in an amount representing the fees for the 90-day notice period. In the event that the Company terminates the agreement without cause within the 12-month period following a change of control, the officer is entitled to receive a lump sum payment of severance equal to 24-months of payments in effect at the time of the change of control. The officer may terminate the agreement at any time, for any reason, by providing 30-days written notice to the Company. The Company may waive such notice, in whole or in part, and pay the officer the fees that would have been paid during the notice period.

## 12. SEGMENTED INFORMATION

### Operating segments

The Company operated in a single reportable operating segment - the acquisition, exploration and evaluation of mineral properties. The Company's exploration and evaluation assets are currently located in Nevada, United States.

## 13. SUBSEQUENT EVENTS

On May 11, 2022 the Company entered into a promissory note agreement with a third party for $17,500. The promissory note is repayable on demand and accrues interest at a rate of 25% per annum.

On May 24, 2022 the Company entered into a promissory note agreement with a third party for $52,000. The promissory note is repayable on demand and accrues interest at a rate of 25% per annum.