

EDISON LITHIUM CORP.

(formerly Edison Cobalt Corp.)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2022 AND 2021**

(Expressed in Canadian dollars)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements for Edison Lithium Corp. (the “Company”) have been prepared by management in accordance with International Accounting Standards 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

These unaudited condensed interim consolidated financial statements, which are the responsibility of management, have not been reviewed by the Company’s auditors.

Management believes these unaudited condensed interim consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and September 30, 2021, and the results of its operations and its cash flows for the three and nine months ended June 30, 2022 and 2021.

EDISON LITHIUM CORP.

(formerly Edison Cobalt Corp.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

<i>As at</i>	Note	June 30, 2022	September 30, 2021
Assets			
Current Assets:			
Cash		2,636,814	\$ 3,715,808
Amount receivable		42,410	14,555
Prepaid expenses		177,825	28,860
		2,857,049	3,759,223
Non-current Assets:			
Exploration and evaluation assets	3, 4, 7	7,183,770	7,129,371
		\$ 10,040,819	\$ 10,888,594
Liabilities and Shareholders' Equity			
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities		\$ 82,324	\$ 62,601
Due to related parties	7	1,916	25,108
Flow-through share premium liability	5,6	83,223	90,270
		167,463	177,979
Shareholders' Equity			
Share capital	6	13,981,076	13,945,076
Reserve	6	3,138,937	2,634,119
Accumulated other comprehensive loss		(266)	–
Deficit		(7,246,391)	(5,868,580)
		9,873,356	10,710,615
		\$ 10,040,819	\$ 10,888,594

Nature and continuance of operation – Note 1

Approved on behalf of the Board of Directors

“Nathan Rotstein”

Director

“Jay Richardson”

Director

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

EDISON LITHIUM CORP.

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

	Note	For the three months ended June 30,		For the nine months ended June 30,	
		2022	2021	2022	2021
General and administrative expenses:					
Accounting, audit and legal	7	\$ 11,134	\$ 18,269	\$ 40,604	\$ 43,304
Advertising and promotion		68,553	6,496	246,874	7,799
Consulting	7	16,216	101,874	60,235	206,874
Management services	7	78,000	55,000	234,000	105,000
Office and sundry	7	23,651	4,812	264,498	17,261
Share-based compensation	6,7	–	43,165	504,818	333,934
Transfer agent and filing fees		3,833	35,104	47,233	54,320
		<u>201,387</u>	<u>264,720</u>	<u>1,398,262</u>	<u>768,490</u>
Other (income) expense					
Interest income		(11,734)	–	(22,862)	–
Foreign exchange (gain) loss		8,595	–	9,458	–
Settlement of flow-through share premium	5,6	(2,466)	–	(7,047)	–
Net loss for the period		<u>(195,782)</u>	<u>(264,720)</u>	<u>(1,377,811)</u>	<u>(768,490)</u>
Foreign currency translation		(266)	–	(266)	–
COMPREHENSIVE LOSS		<u>\$ (196,048)</u>	<u>\$ (264,720)</u>	<u>\$ (1,378,077)</u>	<u>\$ (768,490)</u>
Loss per share – basic and diluted		<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding – basic and diluted					
		<u>115,181,311</u>	<u>77,765,324</u>	<u>115,123,069</u>	<u>75,419,383</u>

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

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

	Note	Number of Common Shares	Amount	Reserves	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
Balance at September 30, 2020		70,803,998	\$ 8,812,350	\$ 1,702,989	\$ –	\$ (4,340,514)	\$ 6,174,825
Shares issued for cash		32,684,000	4,152,610	–	–	–	4,152,610
Share issuance costs		–	(508,701)	–	–	–	(508,701)
Shares issued on exercise of warrants		893,313	133,997	–	–	–	133,997
Share-base payments		–	–	561,910	–	–	561,910
Net loss for the period		–	–	–	–	(768,490)	(768,490)
Balance at June 30, 2021		104,381,311	\$ 12,590,256	\$ 2,264,899	\$ –	\$ (5,109,004)	\$ 9,746,151
Balance at September 30, 2021		114,881,311	\$ 13,945,076	\$ 2,634,119	\$ –	\$ (5,868,580)	\$ 10,710,615
Shares issued on exercise of warrants	6	300,000	36,000	–	–	–	36,000
Share-based compensation	6	–	–	504,818	–	–	504,818
Foreign exchange translation		–	–	–	(266)	–	(266)
Net loss for the period		–	–	–	–	(1,377,811)	(1,377,811)
Balance at June 30, 2022		115,181,311	\$ 13,981,076	\$ 3,138,937	\$ (266)	\$ (7,246,391)	\$ 9,873,356

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended June 30, 2022 and 2021

(Expressed In Canadian dollars)

	Nine months ended June 30, 2022	Nine months ended June 30, 2021
Cash flows used in operating activities		
Net loss for the period	\$ (1,377,811)	\$ (768,490)
Non-cash items:		
Share-based compensation	504,818	333,934
Settlement of flow-through share premium	(7,047)	–
Changes in working capital items:		
Amount receivable	(27,855)	(5,439)
Prepaid expenses	(148,965)	(650)
Accounts payable and accrued liabilities	18,687	102,687
Due to related parties	(23,192)	–
	(1,061,365)	(337,956)
Cash flows used in investing activities		
Exploration and evaluation expenditures	(53,363)	(19,509)
	(53,363)	(19,509)
Cash flows provided by financing activities		
Issuance of shares	–	4,005,881
Proceeds from shares issued on exercise of warrants	36,000	–
	36,000	4,005,881
Exchange differences	(266)	–
Increase (decrease) in cash for the period	(1,078,994)	3,648,416
Cash, beginning of the period	3,715,808	718,574
Cash, end of the period	\$ 2,636,814	\$ 4,366,990
NON-CASH TRANSACTIONS		
Exploration and evaluation expenditures included in due to related parties	\$ 1,035	\$ –

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

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Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Operations

Edison Lithium Corp. (formerly Edison Cobalt Corp.) (the “Company”) was incorporated on November 8, 2009, under the *Business Corporations Act* (British Columbia). The Company’s primary business activity is mineral property exploration and development. The Company’s head office and registered office is located at Suite 820-1130 West Pender Street, Vancouver, BC V6E 4A4, Canada.

The Company’s common shares are listed for trading under the trading symbol EDDY on the TSX Venture Exchange, under the trading symbol VV0 on the Frankfurt Stock Exchange and under the symbol PWMRF on the U.S. Over the Counter Market. On July 29, 2021, the Company changed its name from Edison Cobalt Corp. to Edison Battery Metals Corp. On November 24, 2021, the Company changed its name to Edison Lithium Corp., following the acquisition in July 2021 of significantly extensive lithium exploration properties in Argentina, the new focus of the Company’s activities.

Proposed Spin-Out

On May 19, 2022, the Company’s Board of Directors unanimously approved a proposed spin-out of its cobalt assets into a newly incorporated subsidiary (“SpinCo”). The Company will continue to hold its interest in the Antofalla Salar and Pipanaco Salar lithium projects in Argentina.

The proposed spin-out will be carried out by way of statutory plan of arrangement (“Arrangement”) pursuant to the *Business Corporations Act* (British Columbia). Common shares of the SpinCo (“SpinCo Shares”) will be distributed to the shareholders of the Company on the basis of one SpinCo Share for every one common share held in the Company. There will be no change in Company’s shareholders’ holdings in the Company as a result of the Spin-Out.

The proposed Spin-Out will be subject to the terms of an arrangement between the Company and the SpinCo, the approval of shareholders at a meeting of the Company’s shareholders, the approval of British Columbia Supreme Court and the approval of the TSX Venture Exchange.

Going Concern

These interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will have sufficient capital to fund the costs of its operations and realize the carrying value of assets and discharge liabilities in the normal course of operations. A different base of measurements may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2022, the Company has not advanced its exploration properties to commercial production or identified mineral reserves. The ability of the Company to continue as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and/or generate funds from raising sufficient equity financing, issuing debt or securing related party advances to complete the acquisition and development of mineral property interests. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management anticipates that the Company will need to seek out additional equity financing to continue with planned exploration programs and general operations for following years but is satisfied as to the adequacy of the Company’s financial resources for the next 12 months.

These interim condensed consolidated financial statements do not give effect to any adjustment that may be required should the Company be unable to continue as a going concern. These adjustments could be material.

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2. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Company on August 29, 2022.

Statement of compliance with International Reporting Standards

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and note disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed.

The interim condensed consolidated financial statements should be read in conjunction with the audited annual financial statements, including the notes thereof, for the year ended September 30, 2021, which have been prepared in accordance with IFRS.

Basis of measurement

The interim condensed consolidated financial statements of the Company have been prepared on an accrual basis except for cash flow information. In addition, these interim condensed consolidated financial statements are based on historical costs, modified where applicable.

Basis of consolidation

The interim condensed consolidated financial statements incorporate the financial statements of Edison Lithium Corp. and its wholly-owned subsidiaries. A subsidiary is an entity which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. A subsidiary is fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

The legal subsidiaries of the Company as of June 30, 2022, are as follows:

Name of Subsidiary	Place of Incorporation	Ownership Interest
10451754 Canada Inc.	Canada	100%
Resource Ventures S.A.	Argentina	100%

All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Functional and presentation currency

The functional currency of the Company is the Canadian dollar. The functional currency of the Company’s subsidiaries, 10451754 Canada Inc. (“574”) is Canadian dollar and Resource Ventures S.A. (“ReVe”), which was acquired on June 15, 2021, under the Purchase and Sale Agreeemnt (Note 3), is Argentine peso, which is determined to be the currency of the primary economic environment in which ReVe operates. All amounts in these condensed interim consolidated financial statements are expressed in Canadian dollars, the Company’s reporting currency.

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Significant accounting judgements

The preparation of these interim condensed consolidated financial statements in accordance with IFRS requires the Company to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgments applicable to the Company's interim condensed consolidated financial statements include:

- the determination of whether a set of assets acquired and liabilities assumed in an acquisition constitutes an asset acquisition or a business combination;
- the classification of expenditures as exploration and evaluation expenditures or operating expenses;
- the assessment of the Company's ability to continue as a going concern; and
- whether there are indicators of impairment of the Company's exploration and evaluation assets.

Significant accounting estimates and assumptions

The preparation of the interim condensed consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. 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 prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include any impairment charges against the Company's exploration and evaluation assets, the fair value of share-based compensation and financial instruments, and the recoverability measurement of deferred tax assets.

Exploration and evaluation assets

Pre-exploration costs

Exploration costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss as investigation costs.

Exploration and evaluation expenditures

Once the legal right to exploring a property has been acquired, exploration and evaluation expenditures including the costs of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination are capitalized by property.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Impairment of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets is reviewed at each reporting date to determine whether any following indications of impairment are present:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

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(Expressed in Canadian dollars)

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- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
 - Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or
 - Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. The recoverable amount of exploration and evaluation assets is the greater of an asset's fair value less cost to sell and value in use.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

For both periods presented, outstanding stock options and warrants have anti-dilutive effect on loss per share. Accordingly, diluted loss per share equals basic loss per share.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, and flow-through shares are classified as equity instruments. When the Company issues units as part of a private placement, consisting of both common shares and common share purchase warrants, the fair value of the shares is determined using the market price, and the residual value is assigned to the warrants. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the share proceeds.

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Financial instruments

The following table shows the classification under IFRS 9 – *Financial Instruments*:

Financial asset/liability	Classification
Cash	FVTPL
Amount receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

Financial assets

The Company determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred.

Financial assets at FVTPL

Financial assets carried at Fair Value Through Profit and Loss ("FVTPL") are initially recorded at fair value, and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit and loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated specifically as hedges.

Financial assets at FVTOCI

Investments in equity instruments at Fair Value Through Other Comprehensive Income ("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. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income 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. Gains and losses on derecognition of financial assets classified as at amortized cost are recognized in profit or loss.

Financial liabilities

Financial liabilities are recognized initially at fair value, net of transaction costs incurred on the transaction date at which the Company becomes a party to the contractual provisions of the instruments. Financial liabilities 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. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

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Derivative instruments

Derivative instruments, including embedded derivatives in executory contracts or financial liability contracts, are classified as FVTPL and, accordingly, are recorded in the statement of financial position at fair value.

Impairment of financial assets

The Company is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments.

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for amount receivable are measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognized in the statements of loss and comprehensive loss and reflected in an allowance account against amount receivable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of loss and comprehensive loss.

Income taxes

Current income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates the positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income taxes

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. The Company presently has no such expectation of probability and, therefore, no deferred tax asset is recognized.

Deferred income tax assets and liabilities would be measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) enacted or substantively enacted at the end of each reporting period.

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Deferred income tax assets and deferred income tax liabilities would be offset, if a legally enforceable right existed to set off current tax liabilities and assets and they related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intended to settle current tax liabilities and assets on a net basis or their tax assets and liabilities would be realized simultaneously.

Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance its exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of flow-through shares, any premium received in excess of the market price of the Company's common shares is initially recorded as a liability ("flow-through share premium liability"). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through share premium liability is reduced on a pro-rata basis as the expenditures are incurred. If such expenditures are capitalized, a deferred tax liability is recognized. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

Proceeds received from the issuance of flow-through shares are restricted and are to be used only for Canadian resources property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financing expense until paid.

Share-based payments

Share-based payments to employees are measured at the fair value of the stock options issued and recognized over the vesting period. Share-based payments to non-employees are measured at the fair value of goods and services received by the Company or the fair value of the stock options granted, if the fair value of the goods and services cannot be reliably estimated. The fair value of the stock options is determined using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the stock options are granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates associated with the obligations is capitalized to the related mining assets along with the corresponding increase in the restoration provision in the period incurred. The restoration asset would be depreciated on the same basis as the related mining assets.

The Company's estimates of restoration costs would change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. The estimates are reviewed annually for any changes.

Changes in the net present value, excluding changes in the estimates of reclamation costs, are charged to profit or loss in the period in which they occurred.

The Company has not presently recognized any restoration or environmental obligations.

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Recent accounting pronouncement

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for future accounting periods. They are either not applicable or are not expected to have a significant impact on the interim condensed consolidated financial statements.

3. ACQUISITION OF RESOURCE VENTURES S.A.

On June 15, 2021, the Company entered into a Purchase and Sale Agreement (the "Agreement") to acquire Resource Ventures S.A. ("ReVe"), an Argentina corporation that owns or controls the rights to over 148,000 hectares (365,708 acres) of prospective lithium brine claims in the province of Catamarca, Argentina. The claims are principally located in the two geologic basins known as the Antofalla Salar and the Pipanaco Salar in South America's Lithium Triangle.

Pursuant to the Agreement, on July 2, 2021, the Company completed the acquisition of ReVe and the 100% outstanding equity interest in its properties for a purchase price of 10,000,000 common shares of the Company with a fair value of \$0.125 per share. The Company also paid a finder's fee of 500,000 common shares of the Company. A consulting fee of \$300,000 was incurred with a company controlled by one of the former shareholders of ReVe.

The Company determined that ReVe did not meet the criteria for a business combination primarily due to lack of process and operations and accordingly the transaction was recorded as an asset acquisition under IFRS 2 *Share-based Payment*.

The acquisition was recorded at the following fair values:

<u>Consideration</u>	
Consideration paid in shares with fair value of \$0.125 per share	\$ 1,250,000
Finder's fee paid in shares with fair value of \$0.125 per share	62,500
Consulting fee incurred	300,000
	\$ 1,612,500
<u>Assets less liabilities acquired</u>	
Cash	\$ 5
Accounts payable	(9,646)
Exploration and evaluation assets	1,622,141
	\$ 1,612,500

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4. EXPLORATION AND EVALUATION ASSETS

As at June 30, 2022, the Company has a total of \$7,183,770 (2021 - \$7,129,371) in exploration and evaluation assets ("E&E assets").

The continuity of the exploration and evaluation assets for the nine months ended June 30, 2022:

	Kitson	Lexi	Pinac	Total
Acquisition Costs				
Balance, September 30, 2021	\$ 3,910,722	\$ 1,459,927	\$162,214	\$5,532,863
Balance, June 30, 2022	3,910,722	1,459,927	162,214	5,532,863
Deferred exploration costs				
Balance, September 30, 2021	1,571,862	24,646	–	1,596,508
Additions during the period:				
Geologist fees, expenses and assays	29,027	25,372	–	54,399
Deferred exploration costs, June 30, 2022	1,600,889	50,018	–	1,650,907
Total E&E assets, June 30, 2022	\$ 5,511,611	\$ 1,509,945	\$162,214	\$ 7,183,770

The continuity of the exploration and evaluation assets for the year ended September 30, 2021:

	Kitson	Lexi	Pinac	Total
Acquisition Costs				
Balance, September 30, 2020	\$3,910,722	\$ –	\$ –	\$ 3,910,722
Book value of property acquired	–	1,459,927	162,214	1,622,141
Balance, September 30, 2021	3,910,722	1,459,927	162,214	5,532,863
Deferred exploration costs				
Balance, September 30, 2020	1,537,239	–	–	1,537,239
Additions during the period:				
Geologist fees, expenses and assays	34,623	–	–	34,623
Taxes	–	24,646	–	24,646
Deferred exploration costs, September 30, 2021	1,571,862	24,646	–	1,596,508
Total E&E assets, September 30, 2021	\$5,482,584	\$1,484,573	\$162,214	\$ 7,129,371

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Kittson Property, Northeastern Ontario

The Company holds 100% interest in the Lake Kittson Cobalt Property (“Kittson Property”), located in the Kittson and Coleman Townships of Larder Lake Mining Division in Northeastern Ontario. The Kittson Property currently consists of 160 unpatented mining claims, and a single patented claim which totals 16 hectares. The unpatented mining claims were acquired in 2018 through the acquisition of 100% shares of 10451754 Canada Inc. which held 100% interest in these unpatented mining claims. In June 2018, the Company purchased the Thomas Edison mine located in the area of the Kittson Property, which is the patented claim and formed an additional part of the Kittson project of the Company.

As at June 30, 2022, total exploration and evaluation assets recorded for this project were \$5,511,611 (2021 – 5,482,584).

Lexi Property, Argentina

The Company acquired the 100% interest of the Lexi Property through the acquisition of ReVe completed on July 2, 2021. Lexi Property is located in the Province of Catamarca, Argentina and is comprised of 26 mining claims totalling 107,046 hectares (Note 3).

As at June 30, 2022, total exploration and evaluation assets recorded for this project were \$1,509,945 (2021 - \$1,484,573)

Pinac Property, Argentina

The Company acquired 100% interest in the Pinac Property from the acquisition of ReVe completed on July 2, 2021. Pinac Property is located in the Province of Catamarca, Argentina and is comprised of 11 mining claims totalling 41,024 hectares (Note 3).

As at June 30, 2022, total exploration and evaluation assets recorded for this project was \$162,214 (2021 - \$162,214).

5. FLOW-THROUGH SHARE PREMIUM LIABILITY

	June 30, 2022
Balance, September 30, 2021	\$ 90,270
Reversal recognized upon expenditures being incurred	(7,047)
Balance, June 30, 2022	\$ 83,223

On May 7, 2021, the Company closed its May Financing issuing 2,006,000 flow-through Common Shares at a price of \$0.18 per Flow-through Share for gross proceeds of \$361,080. The flow-through shares were issued at a premium in recognition of the tax benefits accruing to subscribers calculated to be \$90,270. As at June 30, 2022, the Company has a flow-through premium of \$83,223 and recorded \$7,047 in settlement of flow-through share premium for the period.

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6. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Issued and Outstanding – Common shares:

As at June 30, 2022, total outstanding and issued common shares: 115,181,311 (September 30, 2021 – 114,881,311).

For the nine months ended June 30, 2022

On November 22, 2021, the Company issued 300,000 shares for gross proceeds of \$36,000 pursuant to the exercise of 300,000 share purchase warrants.

For the year ended September 30, 2021

On February 24, 2021, the Company closed a non-brokered private placement of 10,000,000 units at a price of \$0.10 per unit for total gross proceeds of \$1,000,000. Each unit consisted of one common share and one common share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one common share of the Company for a period of two years from the closing at an exercise price of \$0.12 per common share.

On April 20, 2021, the Company issued 220,780 units for proceeds of \$33,117 pursuant to the exercise of 220,780 finders unit purchase warrants. Each unit consists of one common share and one warrant exercisable at \$0.25 for one common share.

On May 3, 2021, the Company issued 672,533 units for proceeds of \$100,880 pursuant to the exercise of 672,533 finders unit purchase warrants. Each unit consists of one common share and one warrant exercisable at \$0.25 for one common share.

On May 7, 2021 the Company closed two non-brokered private placements ("FT Private Placements") of total 2,006,000 flow-through units (the "FT Units") at a price of \$0.18 per Flow-Through Unit, for gross proceeds of \$361,080 and 19,878,000 non-flow-through units (the "non-FT Units") at a price of \$0.135 per Unit, for gross proceeds of \$2,683,530. Each FT unit consisted of one flow-through common share and one warrant. Each warrant entitles the holder to acquire one common share of the company at a price of \$0.24 per common share for a period of 24 months following the date of issuance. Each non-FT unit consisted of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the company at a price of \$0.18 per common share for a period of 24 months following the date of issuance.

In connection with the FT Private Placements, the Company paid finders' fees of \$208,114 in cash and issued 1,494,780 finders warrants. The finders' warrants have the same terms as the warrants forming part of the non-FT Units. The fair value of the finder's warrants was estimated to be \$231,063 using a Black Scholes option pricing model with the following assumptions: Share price - \$0.20; Exercise price - \$0.18; Expected life – 2 years; Expected volatility – 166%; risk free interest rate – 0.31% and dividend - \$nil.

The Company is required to use the proceeds from the flow-through portion of the private placement to incur eligible Canadian Exploration Expenses and flow-through mining expenditures, as defined under the Income Tax Act (Canada).

The flow-through shares were issued at a premium in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$90,270. As of September 30, 2021, the Company has a flow-through premium of \$90,270 and recorded \$nil in settlement of flow-through share premium for the year.

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On May 28, 2021 the Company closed a non-brokered private placement of 800,000 units at a price of \$0.135 per unit, for gross proceeds of \$108,000. Each unit consists of one common share and one share purchase warrant, whereby each share purchase warrant is exercisable to purchase one common share at \$0.18 per share for a period of 24 months from the date of issuance.

In connection with the private placement, the Company paid finders' fees of \$7,560 in cash and issued 56,000 finders share purchase warrants. The finders' warrants have the same terms as the share purchase warrant forming part of the private placement. The fair value of the finder's warrants was estimated to be \$7,253 using a Black Scholes option pricing model with the following assumptions: Share price - \$0.18; Exercise price - \$0.18; Expected life – 2 years; Expected volatility – 151%; risk free interest rate – 0% and dividend - \$nil.

On July 2, 2021, the Company issued total 10,500,000 common shares with a fair value of \$0.125 per share as the payment for the acquisition of ReVe and for the finder's fees. The 10,000,000 shares issued on the acquisition of ReVe (Note 3) are subject to a 36-month escrow provision.

Stock options:

Under the Company's stock option plan, the Company may grant options to employees, consultants and directors up to 10% of the issued and outstanding share capital at the date of grant. The exercise price of the options granted will be no less than the allowable discounted market price of the Company's shares and the maximum term of the options will be ten years.

For the nine months ended June 30, 2022

On November 10, 2021, the Company granted 2,000,000 options to directors and officers and 1,900,000 options to consultants of the Company, which entitle the holders to purchase one common share for each option held at a price of \$0.18 per share up to November 10, 2026 (Note 7).

In connection with this grant, the Company determined the fair value of the share-based compensation to be \$504,818 using the Black Scholes option pricing model with the following assumptions: share price - \$0.14; exercise price - \$0.18; expected life – 5 years; expected volatility – 162%; risk free interest rate – 1.56%, and dividend - nil.

For the year ended September 30, 2021

On March 9, 2021, the Company granted 4,000,000 stock options to certain consultants, directors and officers of the Company which entitle the holders to purchase one common share for each option held at a price of \$0.15 per share up to March 9, 2026. In connection with this grant, the Company determined the fair value of the share-based compensation to be \$767,504 using the Black Scholes option pricing model with the following assumptions: share price - \$0.20; exercise price - \$0.15; expected life – 5 years; expected volatility – 177%; risk free interest rate – 0.99%, and dividend - nil.

On April 9, 2021, the Company granted 400,000 options to a director of the Company which entitle the holder to purchase one common share for each option held at a price of \$0.175 per share up to April 9, 2026. In connection with this grant, the Company determine the fair value of the share-based compensation to be \$68,240 using the Black Scholes option pricing model with the following assumptions: share price - \$0.18; exercise price - \$0.175; expected life – 5 years; expected volatility – 172%; risk free interest rate – 0.93%, and dividend - nil.

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A continuity of the Company's stock options is as follows:

	Options	Weighted average exercise price
Balance, September 30, 2020	3,000,000	\$ 0.20
Expired	(1,450,000)	0.20
Granted	4,000,000	0.15
Granted	400,000	0.175
Balance, September 30, 2021	5,950,000	0.165
Granted	3,900,000	0.18
Expired	(250,000)	0.20
Balance, June 30, 2022	9,600,000	\$ 0.17

A summary of stock options outstanding and exercisable as at June 30, 2022, is as follows:

Outstanding and exercisable	Exercise price	Expiry date
1,300,000	\$ 0.200	December 7, 2022
4,000,000	\$ 0.150	March 9, 2026
400,000	\$ 0.175	April 9, 2026
3,900,000	\$ 0.180	November 10, 2026
9,600,000	\$ 0.170	

As at June 30, 2022, the average remaining contracted life of the outstanding stock options was 3.53 years.

Share purchase warrants:

A summary of changes in share purchase warrants outstanding is as follows:

	Warrants outstanding	Weighted average exercise price	Weighted average number of years to expiry
Balance, September 30, 2020	12,110,832	\$ 0.24	–
Granted	10,000,000	\$ 0.12	0.19
Expired	(11,216,666)	\$ 0.25	–
Granted	893,313	\$ 0.15	–
Expired	(894,166)	\$ 0.25	–
Exercised	(893,313)	\$ 0.15	–
Granted	19,878,000	\$ 0.18	0.50
Granted	1,494,780	\$ 0.18	0.04
Granted	2,006,000	\$ 0.24	0.05
Granted	856,000	\$ 0.18	0.02
Balance, September 30, 2021	34,234,780	\$ 0.17	1.05
Exercised	(300,000)	\$ 0.12	–
Balance, June 30, 2022	33,934,780	\$ 0.17	0.80

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As at June 30, 2022, the Company had share purchase warrants outstanding as follows:

Outstanding	Exercise Price	Expiry Date
9,700,000	\$ 0.12	February 26, 2023
19,878,000	\$ 0.18	May 7, 2023
2,006,000	\$ 0.24	May 7, 2023
1,494,780	\$ 0.18	May 7, 2023
800,000	\$ 0.18	May 28, 2023
56,000	\$ 0.18	May 28, 2023
33,934,780	\$ 0.17	

As at June 30, 2022, the average remaining contractual life of the outstanding share-purchase warrants was 0.80 year.

Reserves:

Share-based payment reserve

As at June 30, 2022, the Company has a total reserves of \$3,138,937 (2021 – \$2,634,119) of which \$1,340,562 (2021 - \$835,744) are associated with share purchase options and the balance of \$1,798,375 (2021 - \$1,798,375) is associated with share purchase warrants.

7. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel, not including normal employee compensation and reimbursable expenses, made during the nine months ended June 30, 2022 and 2021 is set out below:

	2022	2021
Management fee	\$ 234,000	\$ 105,000
Evaluation and exploration fees	5,200	–
Corporate secretarial	17,095	–
Share-based payments	258,881	188,550
Administration	28,873	–
Total	\$ 544,049	\$293,550

As at June 30, 2022, the Company has a total outstanding payable balance of \$5,066 (September 30, 2021 – \$25,108) due to officers of the Company in relation to the above remuneration and a total outstanding receivable due from a director of \$3,150 (2021 - \$Nil).

Share-based transactions with related parties during the nine months ended June 30, 2022, are as follows:

On November 10, 2021, the Company issued 2,000,000 options to directors and officers of the Company which entitle the holders to purchase one common share for each option held at a price of \$0.18 per share up to November 10, 2026 (Note 6). Total share-based compensation recorded to related parties was \$258,881 (Note 6).

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Share-based transactions with related parties during the year ended September 30, 2021, are as follows:

On March 9, 2021 the Company granted 2,000,000 stock options to certain directors and officers of the Company which entitle the holders to purchase one common share for each option held at a price of \$0.15 per share up to March 9, 2026. Total share-based compensation recorded to related parties was \$383,752 (Note 6).

On April 9, 2021 the Company issued 400,000 options to a director of the Company which entitles the holder to purchase one common share for each option held at a price of \$0.175 per share up to April 9, 2026 (Note 6). Total share-based payment recorded to related party was \$68,240.

8. FINANCIAL RISK MANAGEMENT

Financial Risk Management:

The Company may be exposed, in varying degrees, to a variety of financial instrument related risks. The Company's Board of Directors monitors and approves its risk management practices.

The Company's most significant areas of financial risk and risk management are as follows:

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 attributable to cash and amount receivable. To limit its exposure to credit risk, the Company holds its cash with high-credit quality financial institutions in Canada. Amounts receivable primarily consist of sales tax receivable. The Company believes that the credit risk inherent in amounts receivable is low.

Interest Rate Risk

The Company has no current exposure to interest rate risk. The fair value of cash is not affected by changes in short term interest rates.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's financial liabilities are all due on demand. The Company attempts to manage liquidity risk by maintaining sufficient cash balances to satisfy current and planned expenditures. The Company may from time to time have to issue additional shares to ensure there is sufficient capital to meet long term objectives.

Foreign currency exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. As at June 30, 2022, the Company has a surplus of financial assets over financial liabilities denominated in Argentinian Peso, consisting of cash, accounts payable and accrued liabilities, in the sum of \$38,811 (September 30, 2021 – \$5,389 deficit).

Financial instruments recorded at fair value on the interim condensed consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and

Level 3 - Inputs for assets and liabilities that are not based on observable market data.

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The fair value of cash, amount receivable which are primarily comprised of GST/HST recoverable, accounts payable and accrued liabilities, and due to related parties approximate fair value due to the short-term nature of the financial instruments.

9. CAPITAL MANAGEMENT

In the management of capital, the Company includes consideration of the components of shareholders' equity as well as cash, term deposits and other working capital with a view to the Company's current and future needs. The Company currently manages its capital structure and adjusts it, based on cash resources expected to be available to support its operations including the exploration and development of its mineral property interests. Management has not established a quantitative capital structure, but does review on a regular basis the stage of development of the Company and its needs.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements except the rules of the TSX Venture Exchange with which it is presently in compliance.

10. SEGMENTED INFORMATION

The Company has one operating segment, the exploration of mineral properties, and two geographical segments with all current exploration activities being conducted in Canada and Argentina:

	June 30, 2022			September 30, 2021		
	Canada \$	Argentina \$	Total \$	Canada \$	Argentina \$	Total \$
E&E assets	5,511,611	1,672,159	7,183,770	5,482,585	1,646,786	7,129,371
	5,511,611	1,672,159	7,183,770	5,482,585	1,646,786	7,129,371

11. SUBSEQUENT EVENTS

There are no material subsequent events to report.