

**Monumental Minerals Corp.**  
**Condensed Interim Financial Statements**  
**For the nine months ended June 30, 2022**

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## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

**MONUMENTAL MINERALS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars - Unaudited)

As at	Note	June 30, 2022	September 30, 2021
<b>ASSETS</b>		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash		3,478,508	554,498
Sales tax receivable		57,760	12,610
Prepaid expense		90,000	-
		<b>3,626,268</b>	<b>567,108</b>
<b>Exploration and evaluation assets</b>	4	<b>3,264,062</b>	<b>384,148</b>
<b>TOTAL ASSETS</b>		<b>6,890,330</b>	<b>951,256</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	<b>62,463</b>	49,060
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	<b>8,521,106</b>	1,526,009
Reserves	5	<b>1,343,000</b>	500,000
Accumulated deficit		<b>(3,036,239)</b>	(1,123,813)
		<b>6,827,867</b>	<b>902,196</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,890,330</b>	<b>951,256</b>

*The accompanying notes are integral to these condensed interim consolidated financial statements.*

**Approved on Behalf of the Board of Directors:**

/s/ Max Sali  
Director

/s/ Jamil Sader  
Director

**MONUMENTAL MINERALS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian Dollars – Unaudited)

<b>Share Capital</b>						
	Number of Class			Accumulated		
	A Common	Amount	Reserves	Deficit	Total	
Note	Shares					
		\$	\$	\$		\$
<b>Balance, September 30, 2020</b>	<b>14,320,000</b>	<b>448,009</b>	-	<b>(44,187)</b>		<b>403,822</b>
Private placements	5	6,430,000	1,184,000	-	-	1,184,000
Finder fee - cash		-	(124,000)	-	-	(124,000)
Finder fee - warrants		-	(52,000)	52,000	-	-
Finder fee – shares	5	62,500	-	-	-	-
Mineral property payment – shares	4	200,000	70,000	-	-	70,000
Stock-based compensation	5	-	-	448,000	-	448,000
Net loss for the period		-	-	-	(843,912)	(843,912)
<b>Balance, June 30, 2021</b>	<b>21,012,500</b>	<b>1,526,009</b>	<b>500,000</b>	<b>(888,099)</b>		<b>1,137,910</b>
<b>Balance, September 30, 2021</b>	<b>21,012,500</b>	<b>1,526,009</b>	<b>500,000</b>	<b>(1,123,813)</b>		<b>902,196</b>
Private placements		11,111,111	5,000,000	-	-	5,000,000
Finder fee - cash		-	(204,867)	-	-	(204,867)
Finder fee - warrants		-	(156,000)	156,000	-	-
Share issuance costs		-	(294,404)	81,000	-	(213,404)
Share subscription receivable		-	(120,000)	-	-	(120,000)
Mineral property payment – shares	4	5,905,199	2,732,373	-	-	2,732,373
Mineral property – finder fee shares		199,946	18,995	-	-	18,995
Options exercise		50,000	19,000	-	-	19,000
Stock-based compensation	5	-	-	606,000	-	606,000
Net loss for the period		-	-	-	(1,912,426)	(1,912,426)
<b>Balance, June 30, 2022</b>	<b>38,278,756</b>	<b>8,521,206</b>	<b>1,343,000</b>	<b>(3,036,239)</b>		<b>6,827,867</b>

*The accompanying notes are integral to these condensed interim consolidated financial statements.*

**MONUMENTAL MINERALS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars - Unaudited)

	Note	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the nine months ended June 30, 2022	For the nine months ended June 30, 2021
				\$	\$
<b>EXPENSES</b>					
Consulting	6	157,860	114,926	317,527	123,139
Office and administrative	6	66,959	1,198	125,587	8,748
Marketing and communications		154,747	71,802	257,272	78,928
Professional	6	23,263	74,023	111,397	119,511
Property investigation	6	-	13,436	-	13,436
Regulatory and filing		38,625	23,355	71,328	52,150
Stock-based compensation		510,000	448,000	606,000	448,000
Impairment of Weyman Project	4	423,315	-	423,315	-
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(1,374,769)</b>	<b>(746,740)</b>	<b>(1,912,426)</b>	<b>(843,912)</b>
<b>Weighted Average Number of Shares Outstanding</b>		<b>34,880,871</b>	19,006,181	<b>27,004,538</b>	16,285,577
<b>Basic and Diluted Loss Per Share</b>		<b>(0.04)</b>	(0.04)	<b>(0.07)</b>	(0.05)

*The accompanying notes are integral to these condensed interim consolidated financial statements.*

**MONUMENTAL MINERALS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW**  
(Expressed in Canadian Dollars - Unaudited)

	<b>For the nine months ended June 30, 2022</b>	For the nine months ended June 30, 2021
	\$	\$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Net Loss for the period	<b>(1,912,426)</b>	(843,912)
Non-cash items:		
Stock-based compensation	<b>606,000</b>	448,000
Impairment of Weyman Project	<b>423,315</b>	-
Changes in non-cash working capital items:		
Sales tax receivable	<b>(45,150)</b>	(1,505)
Prepaid expenses	<b>(90,000)</b>	(162,235)
Accounts payable and accrued liabilities	<b>(3,363)</b>	(5,341)
	<b>(1,021,624)</b>	(564,993)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Mineral property acquisition	<b>(200,000)</b>	-
Exploration and evaluation expenditures	<b>(335,096)</b>	(135,579)
Long term prepaid expense	-	-
	<b>(535,096)</b>	(135,579)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement	<b>4,880,000</b>	1,184,000
Share issuance costs and finders fees	<b>(418,270)</b>	(124,000)
Option exercise	<b>19,000</b>	-
	<b>4,480,730</b>	1,060,000
<b>Net increase in cash</b>	<b>2,924,010</b>	359,428
<b>Cash, beginning of the period</b>	<b>554,498</b>	365,852
<b>Cash, end of the period</b>	<b>3,478,508</b>	725,280
<b>Supplemental information:</b>		
Interest paid	-	-
Income taxes paid	-	-

*The accompanying notes are integral to these condensed interim consolidated financial statements.*

**MONUMENTAL MINERALS CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022 AND 2021**  
(Expressed in Canadian Dollars - Unaudited)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Monumental Minerals Corp. (the “Company”) was incorporated as “Monumental Gold Corp.” under the Business Corporations Act (British Columbia) on June 15, 2020 and is engaged in the acquisition and exploration of mineral properties. On April 30, 2021, the Company completed its initial public offering (“IPO”) and then commenced trading on the TSX Venture Exchange (“TSXV”) on May 4, 2021 under the trading symbol “MGLD”. On October 29, 2021, the Company changed its name to “Monumental Minerals Corp.” and changed its trading symbol to “MNRL”. The head office and the principal address of the Company are located at 228 – 1122 Mainland Street, Vancouver, BC V6B 5L1, Canada.

The Company is an exploration stage company engaged in the acquisition and exploration of mineral properties. The Company’s current projects are the Jemi Property and the Laguna Property. The Jemi Property is located in the Ocampo municipality, a relatively remote region of western Coahuila state, Mexico. The Laguna Property is located near the town of San Pedro de Atacama, Chile.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. During the period ended June 30, 2022, the Company incurred a net loss of **\$1,912,426** (June 30, 2021 - \$843,912 net loss), as of that date has an accumulated deficit of **\$3,036,239** (2021 - \$1,123,813), had not advanced its mineral properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful exercise of its mineral property option agreement, results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating losses. These uncertainties may cast a significant doubt on the ability of the Company to continue operations as a going concern. Management intends to finance operating costs over the next twelve months with its proceeds from its IPO, loans from directors and companies controlled by directors and/or additional private placement of common shares. These consolidated financial statements do not include any adjustments that might result from this uncertainty. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activities, including that of the Company. At this time, it is not possible to predict the duration or magnitude of the adverse results of the outbreak, however, management believes that the impact to the Company will be limited mainly to the curtailment of travel and access to mineral projects due to travel and social distancing restrictions as well as its ability to raise financing. There has been no material disruption to the Company’s current operations to date. There has been no material disruption to the Company’s current operations to date. The Company’s current focus is on its Jemi project (Jemi) located in Mexico, and the Laguna Project located in Chile, and as a result, access to the properties is not prohibited. The Company may consider acquisitions of other properties in foreign or domestic jurisdictions in the future.

## **2. BASIS OF PRESENTATION**

### **Statement of compliance**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of August 29, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended September 30, 2021 except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending September 30, 2022 could result in the restatement of these condensed interim financial statements.

### **Basis of Measurement**

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

### **Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiaries: Monumental Minerals S.A. de C.V., a wholly-owned subsidiary incorporated on July 29, 2021 under the laws of Mexico. Subsequent to June 30, 2022, a wholly-owned Chilean subsidiary was incorporated.

A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing consolidated financial statements.

### **Significant estimates and judgements**

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgements concerning the future. The Company's management reviews these estimates and judgements 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 estimates and judgements about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from estimates and judgements made, relate to, but are not limited to the following:

#### *Ability to continue as a going-concern*

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), whose subsequent changes could materially impact the validity of such an assessment.

## **2. BASIS OF PRESENTATION (continued)**

### **Significant estimates and judgements (continued)**

#### *Recoverability of the carrying value of exploration and evaluation assets*

Assets or cash-generating units (“CGUs”) are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company’s exploration and evaluation assets.

Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The retention of regulatory permits and licenses, the Company’s ability to obtain financing for exploration and development activities and its future plans on the exploration and evaluation assets, current and future metal prices, and market sentiment are all factors considered by the Company.

In respect of the carrying value of exploration and evaluation assets recorded on the consolidated statements of financial position, management has determined that it continues to be appropriately recorded, as there has been no obsolescence or physical damage to the assets and there are no Indicators of impairment.

#### *Fair value estimates of equity instruments*

The fair value of each stock option granted is estimated at the grant date using the Black-Scholes option pricing model. The estimated life of the stock options and conversion at grant date is based on the expected life of the options and assumptions about the expected exercise pattern. Expected volatility of stock options is estimated based on the volatility of companies comparable in size and operations to the Company. Forfeiture rates and dividend yields are estimated based on historical data.

#### *Mining exploration tax credits and flow-through expenditures*

The Company is eligible for refundable tax credits on qualified resource expenditures incurred in the province of British Columbia (the “Province”). Uncertainties exist with respect to the interpretation of tax regulations which could be disallowed by the Province in the calculation of credits. The calculation of the Company’s refundable tax credits involves significant estimates and judgment on items whose tax treatment cannot be verified until a notice of assessment and subsequent payments have been received from the Province. Differences between management’s estimates and the final assessment could result in adjustments to the mining exploration tax credit and the future income tax expense. The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures. Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company’s required expenditures not being fulfilled.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Exploration and evaluations assets**

The Company may hold interests in mineral property interests in various forms, including prospecting licenses, exploration and exploitation concessions, mineral leases and surface rights, and property options. The Company capitalizes payments made in the process of acquiring legal title to these properties. Mineral property interest acquisition costs are recorded at historical cost. Exploration and evaluation expenditures incurred on properties prior to obtaining legal rights to explore the specific area are charged to operations as incurred.

The carrying values of exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The carrying value of exploration and evaluation assets is reviewed for indications of impairment at each reporting date.

When impairment indicators exist, the asset's recoverable amount is estimated. If it is determined that the estimated recoverable amount is less than the carrying value of an asset, then a write-down is made with a charge to operations.

An impairment loss is reversed if there is indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

#### **Income taxes**

##### Current income tax:

Current income tax assets and liabilities 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 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 tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases 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 asset to be utilized.

Deferred income tax assets and liabilities are 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) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### **Rehabilitation provisions**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is determined. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mineral property. Over time, the discounted liability is increased for the changes in present

#### **Rehabilitation provisions (Continued)**

value based on current market discount rates and liability specific risks and the change is recorded to profit and loss. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

As at June 30, 2022, management is not aware of any reportable rehabilitation provisions.

### **Financial Instruments**

#### Financial assets

##### *Initial recognition and measurement*

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at amortized cost* – A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance if the financial assets are held within a business whose objective is to hold financial assets to collect contractual cash flows; and the terms of the financial assets must provide on specified dates cash flows solely through the collection of principal and interest. There are no financial assets classified as measured as amortized cost.

**MONUMENTAL MINERALS CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022 AND 2021**  
(Expressed in Canadian Dollars - Unaudited)

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

*Fair value through profit or loss ("FVTPL")* - Financial assets subsequently measured at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

*Fair value through other comprehensive income ("FVTOCI")* – Financials assets subsequently measured at fair value through other comprehensive income are recognized initially at fair value less transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income remain within accumulated other comprehensive income when the financial instrument is derecognized or its fair value substantially decreases. The Company does not have any financial assets measured at FVTOCI.

*Derecognition of financial assets*

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

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable. The Company's financial liabilities include accounts payable and accrued liabilities and is classified as amortized cost.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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 Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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

#### Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash and accounts payable and accrued liabilities. Their carrying values approximate their fair values due to the short-term maturity of these instruments.

#### **Loss per share**

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The diluted loss per share are calculated based on the weighted average number of common shares outstanding during the period, plus the effects of the dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the period (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the period.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

#### **Equity Instruments**

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 are classified as equity instruments. Common shares issued for consideration other than cash are valued at the fair value of the assets received or the services rendered. If the fair value of the assets received or services rendered cannot be reliably measured, common shares issued for consideration will be valued at their fair value on the date of issuance. Where the Company issues common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

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

#### **Stock-based compensation**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees the transaction is measured at fair value of the goods or services received. If value of goods or services received cannot be accurately determined, the transaction is measured at the fair value of the stock-based compensation.

#### **Flow-through shares**

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchase the shares.

At the time of closing a financing involving flow-through shares, the Company allocates proceeds received first to common shares based on the market trading price of the common shares at the time the flow-through shares are priced, and any excess is allocated to flow-through premium liability.

Thereafter, as qualifying resource expenditures are incurred, these costs are expensed as exploration and evaluation costs and the flow-through premium, if any, is amortized to profit or loss. At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time. 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 flow-through share tax expense is accrued and recorded in profit or loss.

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**FOR THE NINE MONTHS ENDED JUNE 30, 2022 AND 2021**  
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**4. EXPLORATION AND EVALUATION ASSETS**

Exploration and evaluation assets comprise the following accumulated expenditures:

	Laguna Project	Jemi Project	Weyman Project	Total
	\$	\$	\$	\$
<b>Balance at June 15, 2020 (date of incorporation)</b>	-	-	-	-
Acquisition costs	-	-	25,000	25,000
Airborne survey	-	-	42,400	42,400
<b>Balance at September 30, 2020</b>	-	-	<b>67,400</b>	<b>67,400</b>
Acquisition costs	-	-	90,000	90,000
Airborne survey	-	-	52,470	52,470
Camp costs	-	-	37,199	37,199
Geological	-	-	42,262	42,262
Soil sampling	-	-	47,317	47,317
Management and administration	-	-	23,000	23,000
Reports	-	-	24,500	24,500
<b>Balance at September 30, 2021</b>	-	-	<b>384,148</b>	<b>384,148</b>
Acquisition costs	2,285,906	646,467	20,000	2,952,373
Camp costs	532	3,712	-	4,244
Airborne survey	-	160,085	-	160,085
Geological	6,148	42,697	-	48,845
Management and administration	67,206	32,314	19,167	118,687
Shares issued for finder fee	-	18,995	-	18,995
Impairment	-	-	(423,315)	(423,315)
<b>Balance at June 30, 2022</b>	<b>2,359,792</b>	<b>904,270</b>	-	<b>3,264,062</b>

**Jemi Project**

On September 22, 2021, amended October 7, 2021, the Company entered into an assignment and assumption agreement with Discovery Silver Corp. (“Discovery”), whereby Discovery agreed to transfer and assign its rights and obligations under the Jemi Option Agreement (as defined below) to the Company. Discovery, through its wholly-owned Mexican subsidiary Discovery Metals S.A. de C.V. (the “Discovery Subsidiary”), entered into a mineral exploration and option to purchase agreement with Jesus Miguel Hernandez Garza and Juan Reynaldo Elizondo Falcon (the “Vendors”) dated May 15, 2017, as amended June 30, 2021 (the “Jemi Option Agreement”), whereby Discovery Subsidiary has an option to acquire a 100% interest in six (6) mineral concessions comprising approximately 3,560 hectares located in the Ocampo municipality of Coahuila State, Mexico (the “Jemi Property”) from the Vendors. TSXV approved this transaction for the Company on November 1, 2021.

#### **4. EXPLORATION AND EVALUATION ASSETS (continued)**

In order to exercise the option to acquire the Jemi Property, the Company must meet the following commitments:

- a. Issue to Discovery common shares equal to 9.9% of the issued and outstanding common shares of the Company totaling 2,308,810 common shares (issued November 2, 2021);
- b. Incur no less than \$2,000,000 USD in exploration expenditures by May 16, 2024; and
- c. Pay \$500,000 USD (in cash or shares) to the Vendors upon exercise of the Jemi Option Agreement.

Subject to the exercise of the option to acquire the Jemi Property pursuant to the Jemi Option Agreement, Discovery would retain a 1.5% net smelter returns royalty payable upon the commercial production of the Jemi Property in accordance with the terms set out in the Jemi Option Agreement and pursuant to a royalty agreement. In addition to the statutory hold period of four months and a day from the date of issuance, the 2,308,810 common shares are subject to a 12-month voluntary hold period from the date of issuance.

The Jemi Property hosts numerous REE occurrences containing potentially economic concentrations of the high value magnetic rare earth elements (REEs) including the heavy rare earth elements (HREEs) dysprosium (Dy) and terbium (Tb), and the light rare earth elements (LREE) neodymium (Nd), praseodymium (Pr). The Project also contains associated tantalum (Ta), niobium (Nb), and zirconium (Zr). Jemi sits within the North American Alkaline Igneous Belt, an under explored north-south trend over 3000 km long of alkaline igneous rocks and carbonatites that are host to numerous REE, gold and other critical element deposits.

The REE mineralization discovered to date at Jemi exhibits characteristics and mineralogy consistent with peralkaline intrusion related deposits, which represent an important potentially economic style for the highest value HREE. Deposits of this type are being explored and prepared for development in Australia, Europe, and North America.

On May 3, 2022, the Company announced the results of a 1,122 line-kilometre heli-borne magnetic, radiometric, and very-low frequency electro-magnetic (VLF-EM) geophysical survey, and a management and technical team site visit, completed at the Jemi Property. The Jemi Property airborne survey results confirm that a significantly larger area of the Jemi Property is prospective for HREE mineralization than previously recognized, with a 10-fold increase (from approximately 1 km to 10 km of prospective strike length). Airborne radiometric results define two parallel 8 km arcuate anomalies that occur along the south and west margin of the Sierra La Vasca intrusion complex. During the site visit, it was confirmed that the newly discovered airborne radiometric anomalies are spatially associated with known HREE mineral occurrences. These occurrences are comprised of eudialyte bands within alkaline dykes, veins, and disseminations in host carbonate rocks at both the Project's Veladora North and JEMI Dyke areas.

#### **4. EXPLORATION AND EVALUATION ASSETS (continued)**

##### **Laguna Project**

On March 30, 2022, the Company entered into an option agreement to acquire up to 75% of the 5200-hectare Salar De Laguna Blanca project (the “Laguna Project”) located near the town of San Pedro de Atacama, Chile from Lithium Chile Inc.

In order to exercise the option, the Company must meet the following commitments:

- a. Make cash payments of an aggregate of \$1,500,000 according to the following schedule:
  - i. \$200,000 within thirty (30) days from April 21, 2022, the date of final Exchange approval (the “Acceptance Date”) (paid);
  - ii. \$250,000 on or before the eighteen (18) month anniversary of the Acceptance Date;
  - iii. \$300,000 on or before the second anniversary of the Acceptance Date; and
  - iv. \$750,000 on or before the third anniversary of the Acceptance Date.
  
- b. Incur minimum expenditures on the Laguna Project of not less than an aggregate of \$1,500,000 according to the following schedule:
  - i. \$200,000 on or before the first anniversary of the Acceptance Date;
  - ii. \$500,000 on or before the second anniversary of the Acceptance Date; and
  - iii. \$800,000 on or before the third anniversary of the Acceptance Date.
  
- c. Within thirty (30) days of the Acceptance Date, issue 3,401,874 common shares of the Company to Lithium Chile Inc. which was issued on April 21, 2022.

On April 21, 2022, 194,515 common shares were issued to an arms-length finder of the Laguna Project.

On April 25, 2022, the Company announced the results of a management and technical team site visit to the Laguna Blanca Cesium-Lithium Brine Salar Project. Previously disclosed sediment sampling by Lithium Chile Inc. returned values of 0.145% and 0.069% lithium and cesium, respectively. Brine samples collected from shallow augered holes within the brine pool (approximately 1.5 m depth) returned values of 1,230 mg/L Li; and 40mg/L Cs (*see the Company’s news release dated March 9, 2022*). The long axis of the Laguna Blanca Salar is controlled by a major northwest-southeast trending fault that was observed during the site visit. This fault is interpreted to provide a structural conduit promoting brine interaction with felsic volcanics, including thick sequences of ignimbrites (volcanic ash), from which lithium and cesium were leached, transported, and subsequently concentrated in brines and sediments within the Laguna Blanca Salar.

During the site visit, the Company’s management met with Summit Nanotech (“Summit”) in Antofagasta, Chile to discuss their direct lithium extraction (DLE) technology, including their pilot plant. A bulk brine sample from the Laguna Project will be submitted to Summit for preliminary testing using their pilot plant upon completion of the Company’s first borehole at the Laguna Project. Summit is developing 1000 m<sup>3</sup>/day modular units designed to increase yield, reduce climate pollution, minimize the use of chemicals and freshwater, and reduce waste by 90% compared to traditional evaporation lithium extraction methods.

#### **4. EXPLORATION AND EVALUATION ASSETS (continued)**

##### **Weyman Project**

On July 13, 2020, the Company entered into purchase option agreement (“Weyman Option Agreement” or “Weyman Option”) with Platinum Resources Inc. (“Platinum”), whereby the Company was granted exclusive rights to acquire 100% of Platinum’s eight (8) mining claims located southeast of Kamloops, British Columbia, Canada. On November 13, 2020, one additional claim became part of the Weyman Option Agreement pursuant to the area of common interest provision to bring the total number of claims under the Option Agreement to eight (8).

In order to exercise the option, the Company must meet the following commitments:

- a. Pay to Platinum an aggregate of \$105,000 as follows:
  - i. \$15,000 within 10 days after execution of the Weyman Option Agreement (paid);
  - ii. \$20,000 by 10 days after the Listing Date (as defined in the Option Agreement”) (paid May 11, 2021);
  - iii. \$20,000 by 6 months after the Listing Date (paid November 4, 2021);
  - iv. \$25,000 by 12 months after the Listing Date (unpaid);
  - v. \$25,000 by 18 months after the Listing Date.
- b. Issue 200,000 shares within 10 days after the Listing Date (issued May 11, 2021)
- c. Incur no less than \$300,000 of exploration expenditures as follows:
  - i. \$100,000 by 12 months after the Listing Date (completed);
  - ii. \$200,000 by 24 months after the Listing Date.

If the Property is acquired by the Company, then Platinum shall be entitled to a 2.0% net smelter returns royalty (one-half which may be repurchased for \$1,000,000). The Company issued 200,000 common shares with a fair value of \$0.05 per share as finders fees in connection with the option agreement which have been included in acquisition costs.

The Company did not meet its commitments and has let the option agreement lapse. All carry costs associated with the Weyman Project have been written off the period ended June 30, 2022.

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**5. SHARE CAPITAL**

**Authorized:**

Unlimited number of fully paid Class A common shares without par value and with voting rights; and  
An unlimited number of Class B preferred shares without par value of which none are issued and outstanding.

**Issued:**

***For the period ended June 30, 2022***

On April 21, 2022, the Company completed a non-brokered private placement through the issuance of 11,111,111 Units at a price of \$0.45 per Unit for gross proceeds of \$5,000,000. Each Unit comprises one common shares and one half share purchase warrant with each whole warrant exercisable into one common share at \$0.65 per share until April 21, 2024. In addition, the Company paid a cash finder's fee of \$204,867, issued 455,258 finder warrants exercisable at \$0.65 per share until April 21, 2024 and issued 236,386 in advisory warrants exercisable at \$0.65 per share until April 21, 2024.

On April 7, 2022, 50,000 options were exercised for \$0.19 per share.

***For the year ended September 30, 2021***

On October 20, 2020, the Company issued 680,000 common shares at \$0.05 per share for gross proceeds of \$34,000.

On April 30, 2021, the Company completed its IPO through the issuance of 5,750,000 common shares at a price of \$0.20 per share for gross proceeds of \$1,150,000. In connection with the IPO, the Company paid a cash finder's fee of \$92,000, issued 460,000 finder's warrants exercisable at \$0.20 per share expiring April 30, 2023, and 62,500 common shares with a fair value of \$12,500. The Company incurred additional costs of \$32,000 in connection with the IPO.

The finder's warrants had a fair value of \$52,000 calculated using the Black-Scholes model with the following inputs: i) exercise price: \$0.20; ii) share price: \$0.20; iii) term: 2 years; iv) volatility: 110%; v) discount rate: 0.25%.

On May 11, 2021, the Company issued 200,000 common shares with a fair value of \$70,000 in accordance with the Weyman Option Agreement (Note 4).

**Escrow shares**

3,700,000 common shares are subject to escrow pursuant to National Policy 46-201, released 10% on the IPO closing date with an additional 15% released every six months over a 36-month period. Pursuant to Policy 5.4 of the TSXV, an additional 3,400,000 common shares are subject to escrow on the same basis. As at June 30, 2022, the Company had an aggregate 4,260,000 common shares remaining held in escrow.

## **5. SHARE CAPITAL (continued)**

### **Stock Options**

On October 2, 2020, the Company adopted the Incentive Stock Option Plan (the "Plan"). The shares issuable under the Plan are as follows:

- the aggregate number of shares ("Optioned Shares") that may be issuable pursuant to options granted under the Plan will not exceed 10% of the number of issued shares of the Company at the time of the granting of options under the Plan;
- no more than 5% of the issued shares of the Company, calculated at the date the option is granted, may be granted to any one Optionee (as hereinafter defined) in any 12-month period;  
  
no more than 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to any one Consultant in any 12-month period; and
- no more than an aggregate of 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to all Employees and/or Consultants conducting "Investor Relations Activities" (as that term is defined in TSX Venture Exchange Policy 1.1) in any 12-month period.

On April 29, 2022, the Company granted 1,500,000 options to directors, officers, and consultants with an exercise price of \$0.45 per common share for three years from grant. These options had a fair value of \$475,000 calculated using the Black Scholes model with the following inputs: i) exercise price: \$0.45; ii) share price: \$0.45; iii) term: 3 years; iv) volatility: 120%; v) discount rate: 2.63%. Of the fair value calculation, approximately \$253,333 has been attributed to related parties of the Company.

On June 6, 2022, the Company granted 80,000 options to directors a director and a consultant with an exercise price of \$0.45 per common share for three years from grant. These options had a fair value of \$24,000 calculated using the Black Scholes model with the following inputs: i) exercise price: \$0.45; ii) share price: \$0.45; iii) term: 3 years; iv) volatility: 111%; v) discount rate: 2.63%.

On June 29, 2022, the Company granted 35,000 options to directors a director and a consultant with an exercise price of \$0.45 per common share for three years from grant. These options had a fair value of \$11,000 calculated using the Black Scholes model with the following inputs: i) exercise price: \$0.45; ii) share price: \$0.45; iii) term: 3 years; iv) volatility: 111%; v) discount rate: 2.63%.

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**5. SHARE CAPITAL (continued)**

On November 28, 2021, the Company granted 275,000 stock options to a director and two arms-length consultants with an exercise price of \$0.50 per common share for two years from grant. These options had a fair value of \$96,000 calculated using the Black Scholes model with the following inputs: i) exercise price: \$0.50; ii) share price: \$0.45; iii) term: 5 years; iv) volatility: 110%; v) discount rate: 1.45%. Of the fair value calculation, approximately \$26,182 has been attributed to related parties of the Company.

On May 14, 2021, the Company granted 2,080,000 stock options to directors, officers, and consultants with an exercise price of \$0.38 per common share for two years from grant. These options had a fair value of \$448,000 calculated using the Black Scholes model with the following inputs: i) exercise price: \$0.38; ii) share price: \$0.38; iii) term: 2 years; iv) volatility: 110%; v) discount rate: 0.25%. Of the fair value calculation, approximately \$129,231 has been attributed to related parties of the Company.

The volatility is based on historical observations of comparable companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common stock. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of nil% in determining the expense recorded.

A continuity schedule of stock options is as follows:

	Number of options	Weighted average exercise price (\$)
<b>Options outstanding, September 30, 2020</b>	-	-
Granted	2,080,000	0.38
<b>Options outstanding, September 30, 2021</b>	<b>2,080,000</b>	<b>0.38</b>
Cancelled	(380,000)	<b>0.38</b>
Exercises	(50,000)	<b>0.19</b>
Granted	1,890,000	0.50
<b>Options outstanding, June 30, 2022</b>	<b>3,540,000</b>	<b>0.41</b>

Details of outstanding stock options at June 30, 2022 are as follows:

Exercise Price	Expiration Date	Number of options
\$0.38	May 14, 2023	1,650,000
\$0.50	November 28, 2026	275,000
\$0.45	April 29, 2025	1,500,000
\$0.45	June 6, 2025	80,000
\$0.45	June 29, 2025	35,000
		3,540,000

As at June 30, 2022, the weighted average remaining contractual life of the stock options was 2.05 years.

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**5. SHARE CAPITAL (continued)**

**Warrants**

A continuity schedule of warrants is as follows:

	<b>Number of options</b>	<b>Weighted average exercise price (\$)</b>
<b>Warrants outstanding, September 30, 2020</b>	-	-
Issued	460,000	0.20
<b>Warrants outstanding, September 30, 2021</b>	<b>460,000</b>	<b>0.20</b>
Issued	6,247,199	0.65
<b>Warrants outstanding, June 30, 2022</b>	<b>6,707,199</b>	<b>0.62</b>

Details of outstanding warrants at June 30, 2022 are as follows:

<b>Exercise Price</b>	<b>Expiration Date</b>	<b>Number of options</b>
\$0.20	April 30, 2023	460,000
\$0.65	April 21, 2024	5,555,555
\$0.65	April 21, 2024	455,258
\$0.65	April 21, 2024	236,386
		<b>6,707,199</b>

As at June 30, 2022, the weighted average remaining contractual life of the stock options was 1.99 years.

**6. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel.

	<b>For the nine months ended June, 2022</b>	<b>For the nine months ended June, 2021</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation	<b>114,448</b>	20,500
Consulting	<b>79,166</b>	38,250
Office	<b>9,450</b>	4,961
Professional fees	<b>25,000</b>	16,250

As at June 30, 2022 - \$11,500 (2021 - \$6,178) was owing to a Director of the Company for reimbursable expenses. These amounts are included in accounts payable and accrued liabilities. As at June 30, 2022 - \$153 (2021 - \$Nil) was owing to a private company owned by the Chief Financial Officer of the Company for reimbursable expenses. These amounts are included in accounts payable and accrued liabilities. Balances owing to related parties are unsecured, did not bear interest, and had no fixed terms of payments. As at June 30, 2022, \$16,766 (2021 - \$Nil) was owing to a Director of the Company for geological services.

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**7. FINANCIAL AND CAPITAL RISK MANAGEMENT**

	Level	Ref.	June 30, 2022	September 30, 2021
			\$	\$
Other financial assets	1	a	3,478,508	554,498
Other financial liabilities	1	b	62,463	49,060

a. Comprises cash

b. Comprises accounts payable and accrued liabilities

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values due to the short-term maturity nature of the financial instruments.

**Management of Industry and Financial Risk**

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

***Credit risk***

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. The Company is not exposed to significant credit risk.

***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand. The Company's accounts payable and accrued liabilities are due within 90 days of June 30, 2022. The Company is not exposed to significant liquidity risk.

***Market Risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company is not exposed to significant market risk.

operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

## **7. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

### ***Capital management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of components of shareholders' equity. The Company is actively looking to acquire an interest in a business or assets and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavors and does not generate cash flows from

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. The Company is not subject to any externally imposed capital requirements.

## **8. SEGMENTED INFORMATION**

The Company operates in two business segments being the exploration and development of resource properties. All assets of the Company are located in Mexico and Chile. Mexico's sole assets are exploration and evaluation assets totaling \$458,145 as at June 30, 2022 (September 30, 2021 - \$Nil) with \$Nil liabilities (September 30, 2021 - \$Nil). In addition, there is \$20,703 net loss for the period ended June 30, 2022 (June 30, 2021 - \$Nil) relating to the Mexican segment. Chile's sole asset are exploration and evaluation assets totaling \$2,359,792 at June 30, 2022; additional costs such regulatory and admin costs were incurred subsequent to June 30, 2022 when the Chilean subsidiary was incorporated.

## **9. SUBSEQUENT EVENTS**

On August 23, 2022, the Company announced it had entered into a letter of intent to acquire a 50.01% interest in the Salar de Turi Project from Lithium Chile Inc., located within the Lithium triangle about 120 km northwest from the Salar de Laguna Blanca and 60 km northeast from the city of Calama, Chile, by making certain staged cash and share payments to Lithium Chile and incurring exploration expenditures on the Salar de Turi Project.