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**PORTOFINO RESOURCES INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED**  
**AUGUST 31, 2021 AND 2020**  
**(Expressed in Canadian dollars)**

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

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company.

These condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

**PORTOFINO RESOURCES INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT AUGUST 31, 2021 AND MAY 31, 2021**  
(Expressed in Canadian dollars)  
(Unaudited)

	Note	August 31, 2021	May 31, 2020
		\$	\$
<b>ASSETS</b>			
CURRENT			
Cash		33,110	274,111
Amounts receivable	8	164,075	142,224
Taxes receivable		38,717	56,294
Prepaid expenses		40,486	67,805
		276,388	540,434
<b>LIABILITIES</b>			
CURRENT			
Accounts payable and accrued liabilities	8	85,864	60,044
<b>EQUITY</b>			
SHARE CAPITAL	6	7,185,779	7,156,779
CONTRIBUTED SURPLUS	6	966,952	966,952
DEFICIT		(7,962,207)	(7,643,341)
		190,524	480,390
		276,388	540,434

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)

Approved and authorized for issue on behalf of the Board on October 28, 2021

/s/ "David Tafel" CEO      /s/ "Jeremy Wright" CFO

The accompanying notes are an integral part of these financial statements

**PORTOFINO RESOURCES INC.**  
**STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE THREE-MONTH ENDED AUGUST 31, 2021 AND 2020**  
(Expressed in Canadian dollars)  
(Unaudited)

	Note	August 31, 2021	August 31, 2020
		\$	\$
<b>EXPENSES</b>			
Consulting fees		43,100	91,500
General exploration expenditures	5	103,436	189,739
Investor communications		71,742	221,200
Management fees	8	38,700	23,400
Office		25,096	15,780
Professional fees	8	21,500	22,146
Rent		8,007	17,186
Share-based payments	6, 8	-	160,000
Transfer agent and filing fees		6,277	36,622
Travel and promotion		1,008	1,305
<b>LOSS BEFORE OTHER ITEM</b>		<b>(318,866)</b>	<b>(778,878)</b>
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<b>(318,866)</b>	<b>(778,878)</b>
<b>LOSS PER SHARE – Basic and diluted</b>		<b>0.00</b>	<b>(0.02)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>		<b>81,975,156</b>	<b>51,608,401</b>

The accompanying notes are an integral part of these financial statements

**PORTOFINO RESOURCES INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2021 AND 2020**  
(Expressed in Canadian dollars)  
(Unaudited)

	<b>Common Shares</b>				
	<b>Number of Shares</b>	<b>Amount</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
		\$	\$	\$	\$
Balance, May 31, 2020	47,765,969	4,615,312	794,378	(5,155,977)	253,713
Shares issued for cash	7,586,010	581,081	143,171	-	724,252
Shares issued for mineral property	1,150,000	82,750	-	-	82,750
Share issuance costs	-	16,829	-	-	16,829
Net loss and comprehensive loss	-	-	-	(778,878)	(778,878)
<b>Balance, August 31, 2020</b>	<b>56,501,979</b>	<b>5,295,972</b>	<b>937,549</b>	<b>(5,934,855)</b>	<b>298,666</b>
Balance, May 31, 2021	81,796,243	7,156,779	966,951	(7,643,341)	480,390
Shares issued for cash	-	-	-	-	-
Shares issued for mineral property	200,000	20,000	-	-	20,000
Shares issued for exercise of warrants	180,000	9,000	-	-	9,000
Net loss and comprehensive loss	-	-	-	(318,866)	(318,866)
<b>Balance, August 31, 2021</b>	<b>82,176,243</b>	<b>7,185,779</b>	<b>966,951</b>	<b>(7,962,207)</b>	<b>190,524</b>

The accompanying notes are an integral part of these financial statements

**PORTOFINO RESOURCES INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2021 AND 2020**  
(Expressed in Canadian dollars)  
(Unaudited)

	August 31, 2021	August 31, 2020
	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(318,866)	(778,878)
Adjusted for items not affecting cash:		
Amortization	-	-
Interest income	-	-
Gain on sale of marketable securities	-	(100,750)
Shares issued for general exploration expenditures	20,000	82,750
Share-based payments	-	160,000
	(298,866)	(636,878)
Changes in non-cash working capital balances:		
Amounts receivable	(21,851)	-
Taxes receivable	17,577	(31,760)
Prepaid expenses	27,319	10,196
Accounts payable and accrued liabilities	25,820	(63,560)
Cash used in operating activities	(250,001)	(722,002)
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of marketable securities	-	-
Receipt of promissory note	-	-
Cash used in investing activities	-	-
<b>FINANCING ACTIVITIES</b>		
Shares issued for cash	-	581,081
Shares issued from exercise of warrants	9,000	-
Share issuance costs	-	-
Cash provided by financing activities	9,000	581,081
CHANGE IN CASH	(241,001)	(140,921)
CASH, BEGINNING OF YEAR	274,111	301,749
CASH, END OF PERIOD	33,110	160,828
<b>SUPPLEMENTAL CASH DISCLOSURES:</b>		
Interest paid	-	-
Income taxes paid	-	-
<b>NON-CASH INVESTING AND FINANCING TRANSACTIONS:</b>		
Fair value of shares issued for general exploration	20,000	82,750
Fair value of finder warrants issued	-	16,829

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**PORTOFINO RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2021 AND 2020**  
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1. NATURE OF OPERATIONS

Portofino Resources Inc. (“the Company”) was incorporated on June 14, 2011, under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is Suite 520, 470 Granville Street, Vancouver, British Columbia, Canada. The Company’s shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “POR”. On October 10, 2018, the Company incorporated a subsidiary under the laws of Argentina, Portofino Argentina, which is an inactive entity with no transactions occurring during the three-month period ended August 31, 2021, and 2020. The subsidiary is owned 95% by the Company and 5% by the Company’s chief executive officer.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at August 31, 2021, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time and indicate the existence of a material uncertainty that casts significant doubt upon the Company’s ability to continue as a going concern.

The Company had a deficit of \$7,962,207 as at August 31, 2021, which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These financial statements do not give effect to any adjustments which would be necessary should the company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company’s operations have not been drastically impacted by the pandemic. Management of the Company continues to monitor the situation and is following the protocols and rules set in place by the provincial and federal governments.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on October 28, 2021.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these unaudited financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

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**PORTOFINO RESOURCES INC.**  
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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Equipment

Equipment is recorded at cost less accumulated amortization. Equipment is amortized on a straight-line basis over 3 years.

d) Exploration and evaluation assets

Costs incurred with respect to exploration and evaluation (“E&E”) of the Company’s mineral properties, including acquisition costs, are expensed as incurred until the technical feasibility and commercial viability of extracting the mineral resource is determined.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. E&E assets are tested for impairment before the assets are transferred to development properties.

The Company assesses each significant asset for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

The fair value of the stock options and agent warrants is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on historical experience), expected dividends, expected forfeitures, and risk-free interest rate (based on government bonds).

f) Foreign currency

The Company’s presentation and functional currency is the Canadian dollar. Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Decommissioning, restoration, and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation, and environmental obligations as the disturbance to date is immaterial.

h) Loss per share

The Company presents basic and diluted loss per share data for its common shares, 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 does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Financial instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- ii) those to be measured at amortized cost.



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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (continued)

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

The Company has implemented the following classifications for financial instruments:

- The Company's financial assets are cash and amounts receivable. Cash is classified as fair value through profit or loss and any changes to fair value subsequent to initial recognition are recorded in profit or loss for the period in which they occur. Amounts receivable and promissory notes are classified as amortized cost.
- Financial liabilities comprise accounts payable. These financial liabilities are classified as and are measured at amortized cost using the effective interest method. Interest expense is recorded in profit or loss, as applicable.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The following table summarizes the classification of the Company's financial instruments under IFRS 9, Financial Instruments:

	Classification
<b>Financial assets</b>	
Cash	FVTPL
Amounts receivable	Amortized cost
<b>Financial liabilities</b>	
Accounts payable	Amortized cost

IFRS 9, Financial Instruments, uses an expected credit loss model impairment model. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates

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3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position 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 assumptions made, relate to, but are not limited to, the following:

*Significant accounting estimates*

- i. the determination of fair values of share-based payments and finder's warrants; and
- ii. the measurement of deferred income tax assets and liabilities.

*Significant accounting judgment*

- i. the evaluation of the Company's ability to continue as a going concern.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards and interpretations, are not yet effective for the three-month period ended August 31, 2021 and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

5. EXPLORATION AND EVALUATION ASSET

During the three-month period ended August 31, 2021, the following exploration and evaluation expenditures were incurred by the Company:

	<b>August 31, 2021</b>	<b>August 31, 2020</b>
	\$	\$
Property payments	30,000	106,464
Cash payment received for assignment	-	(50,000)
Fair value of marketable securities received for assignment	-	(100,750)
Exploration and evaluation expenditures	73,436	234,025
<b>Total</b>	<b>103,436</b>	<b>189,739</b>

**Catamarca, Argentina**

***Yergo Lithium Brine Project***

Pursuant to an option agreement dated February 15, 2019, with a private Argentine concession owner (the "Yergo Optionor"), the Company was granted an option to acquire a 100% undivided interest in the Yergo lithium brine project in Catamarca, Argentina. The concession area comprises approximately 2,932 hectares encompassing the full salar.

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**PORTOFINO RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2021 AND 2020**  
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5. EXPLORATION AND EVALUATION ASSET (CONTINUED)

**Catamarca, Argentina (Continued)**

***Yergo Lithium Brine Project (Continued)***

To acquire a 100% interest in the Yergo Lithium Brine Project, the Company has agreed to make annual escalating payments to the Yergo Optionor over a four-year period totaling US\$370,000 as follows:

- a) US\$10,000 on signing (paid),
- b) By the 1st anniversary of approval- US\$20,000,
- c) By the 2nd anniversary of approval- US\$70,000,
- d) By the 3rd anniversary of approval- US\$120,000, and
- e) By the 4th anniversary- US\$150,000.

On August 14, 2020, the Company reached an agreement with the Yergo lithium project claim owner to amend the terms of its option agreement that enables the Company to earn 100% interest in the project. The original agreement required the Company to make escalating payments totaling US\$370,000 over a 48-month period with the next payment of US\$70,000 due by February 2021. The Claim owner has agreed to extend the payments such that the next payment is not required until August 14, 2022. The amended total payments to the Claim owner remain US\$370,000 and are detailed as follows:

- a) US\$10,000 on signing agreement (paid),
- b) By August 30, 2020- US\$20,000 (paid),
- c) By August 14<sup>th</sup>, 2022- US\$70,000,
- d) By August 14<sup>th</sup>, 2023- US\$120,000, and
- e) By August 14<sup>th</sup>, 2024- US\$150,000.

**Canada, Ontario**

***South of Otter, Red lake***

Pursuant to an option agreement dated September 6, 2019, with 1544230 Ontario Inc. (the "SO Vendor"), the Company was granted an option to acquire a 100% undivided interest in the South of Otter property in the Red Lake area of Northern Ontario, Canada.

To acquire a 100% interest in the South of Otter property, the Company has issued 500,000 common shares and is to make payments over a 4-year period to the SO Vendor totaling \$70,000, as set out below:

- a) \$15,000 (paid) on signing,
- b) 500,000 shares (issued) following receipt of TSX-V approval of this transaction on October 7, 2019,
- c) \$8,000 (paid) due on the first anniversary of TSX-V approval,
- d) \$10,000 due on the second anniversary of TSX-V approval,

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5. EXPLORATION AND EVALUATION ASSET (CONTINUED)

**Canada, Ontario (Continued)**

***South of Otter, Red lake (Continued)***

- e) \$12,000 due on the third anniversary TSX-V approval, and
- f) \$25,000 due on the fourth anniversary of TSX-V approval.

The vendor will retain a 1.5% Net Smelter Return (“NSR”), but Portofino has the right to purchase one half of the NSR (.75%) at any time up to commencement of production for a payment of \$400,000.

***Gold Creek Property, Atikokan***

On May 11, 2020, the Company signed an option agreement with Gravel Ridge Resources Ltd. (“Gravel Ridge”), that allows the Company to earn a 100% interest in mining exploration claims held by Gravel Ridge, and located primarily in Duckworth Township, Ontario (the “Gold Creek Property”).

To acquire a 100% interest in the Gold Creek Property, the Company has agreed to issue 800,000 common shares of the Company to Gravel Ridge and make cash payments of \$70,600, as set out below:

- a) \$8,600 (paid) on signing,
- b) 400,000 shares (issued) following receipt of TSX-V approval of this transaction on May 21, 2020,
- c) \$12,000 (paid) and 400,000 shares (issued) due on the first anniversary of TSX-V approval,
- d) \$20,000 due on the second anniversary of TSX-V approval, and
- e) \$30,000 due on the third anniversary TSX-V approval.

On August 10, 2020, the Company entered into an option agreement amendment with respect to the inclusion of additional mining claims (3 mining claims/50 mining cells) to the Gold Creek Property.

***Gold Creek Property, Shebandowan***

On August 21, 2020, the Company entered into an agreement with Mr. Philip Escher and Mr. Michael Tremblay (“Owners”) to purchase 100% interest in 2 claims located in Duckworth Township, Ontario, contiguous to the Company’s Gold Creek property. In consideration, the Company paid \$10,000 and issued 125,000 common shares as approved by the TSXV on September 4, 2020.

***Sapawe West Property, Atikokan***

The Company entered into an option agreement with 1544230 Ontario Inc. (“Owner”), dated May 22, 2020, to acquire a 100% interest in the Sapawe West Property claims located in Schwenger and McCaul Townships, Ontario.

To acquire a 100% interest in the Sapawe West Property, the Company has agreed to issue 700,000 common shares and make payments over a three-year period to the Owner totaling \$62,000, as set out below:

- a) \$12,000 (paid) on signing,
- b) 500,000 shares (issued) following receipt of TSX-V approval of this transaction on May 28, 2020,

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5. EXPLORATION AND EVALUATION ASSET (CONTINUED)

**Canada, Ontario (Continued)**

***Sapawe West Property, Atikokan (Continued)***

- c) \$10,000 (paid) and 200,000 shares (issued) due on the first anniversary of TSX-V approval,
- d) \$15,000 due on the second anniversary of TSX-V approval, and
- e) \$25,000 due on the third anniversary TSX-V approval.

The Owner retains 1.5% NSR on all mineral production, 0.75% of which can be purchased by the Company for \$500,000.

***Melema West Property, Atikokan***

The Company entered into an option agreement with 1544230 Ontario Inc. ("Owner"), dated May 22, 2020, the Company was granted an option to acquire a 100% interest in Melema West Property located in Hutchinson, Bellmore Lake and Ramsay Wrights Townships, Ontario.

To acquire a 100% interest in the Melema West Property, the Company is to issue 700,000 common shares and make payments over a three-year period to the Owner totaling \$62,000, as set out below:

- a) \$12,000 (paid) on signing,
- b) 500,000 shares (issued) following receipt of TSX-V approval of this transaction June 16, 2020,
- c) \$10,000 (paid) and 200,000 (issued) shares due on the first anniversary of TSX-V approval,
- d) \$15,000 due on the second anniversary of TSX-V approval, and
- e) \$25,000 due on the third anniversary TSX-V approval.

The Owner retains 1.5% NSR on all mineral production, 0.75% of which can be purchased by the Company for \$500,000.

***Bruce Lake Property, Red Lake***

The Company entered into an Option Assignment Agreement with Falcon Gold Corp. ("Falcon"), dated June 20, 2020, to acquire a 100% interest in the 1,428 hectare Bruce lake Property in the Red Lake Mining District. Falcon assigned 100% of its interest in five mineral claims, known as Bruce Lake Property to the Company.

To acquire a 100% interest in the Bruce Lake Property, the Company has issued 650,000 common shares and is to make payments over a three-year period to the claim owner totaling \$52,000, as follows:

- a) 650,000 shares (issued) within 15 days of effective date,
- b) \$8,000 (paid) on or before September 6, 2020,
- c) \$10,000 (paid) on or before September 6, 2021,
- d) \$14,000 on or before September 6, 2022, and

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5. EXPLORATION AND EVALUATION ASSET (CONTINUED)

**Canada, Ontario (Continued)**

***Bruce Lake Property, Red Lake (Continued)***

e) \$20,000 on or before September 6, 2023.

The Claim Owner retains 1.5% NSR on all mineral production, 0.75% of which can be purchased by the Company for \$500,000. In addition, the claims are subject to 0.5% NSR payable to Falcon.

***Allison Lake North Property, Northwestern Ontario***

On April 6, 2021, the Company entered into an option agreement with 1544230 Ontario Inc. and Gravel Ridge Resources Ltd. (the "Optionors").

To acquire a 100% interest in the Allison Lake North Property, the Company is to make payments and issue common shares over a three-year period, as follows:

- a) \$12,000 on signing of the Option Agreement (paid),
- b) 400,000 shares (issued) upon receipt of TSXV Exchange approval,
- c) \$16,000 and 400,000 shares due on or before one-year anniversary of TSXV Exchange approval,
- d) \$20,000 due on or before two-year anniversary of TSXV Exchange approval, and
- e) \$30,000 due on or before one-year anniversary of TSXV Exchange approval.

The claims are subject to 1.5% NSR.

**Prior Property Agreements**

***Hombre Muerto West Lithium Brine Project, Catamarca, Argentina***

Pursuant to an option agreement dated September 6, 2018, with a private Argentine concession owner (the "Hombre Muerto Optionor"), the Company was granted an option to acquire a 100% undivided interest in the Hombre Muerto West lithium brine project in Catamarca, Argentina. The Hombre Muerto West lithium brine project is comprised of two claim blocks totalling 1,804-hectares located within the Salar del Hombre Muerto.

To acquire a 100% interest in the Hombre Muerto West lithium brine project, the Company has agreed to make annual escalating payments to the Hombre Muerto Optionor over a four-year period totalling US\$400,000 and 1,000,000 common shares as follows:

- a) An initial US\$15,000 deposit (paid).
- b) Within 30 days of execution of a definitive agreement-pay US\$7,000 (paid).
- c) Upon TSX-V Exchange approval – issue 100,000 shares.
- d) By the first anniversary of TSX-V Exchange approval – issue 200,000 shares and pay US\$14,000,
- e) By the 2nd anniversary of approval- issue 200,000 shares and pay US\$44,000,
- f) By the 3rd anniversary- issue 500,000 shares and pay US\$100,000, and
- g) By the 4th anniversary- pay US\$220,000.

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5. EXPLORATION AND EVALUATION ASSET (CONTINUED)

**Prior Property Agreements (Continued)**

***Hombre Muerto West Lithium Brine Project, Catamarca, Argentina (Continued)***

On September 24, 2020, the Company completed the assignment of 100% of its interest and rights and obligations related to the Hombre Muerto West Lithium Brine Project to Galan Lithium Limited ("Galan"). As consideration, the Company received \$100,000 in cash and 650,000 common shares of

Galan. The cash proceeds of \$100,000 and fair value of Galan's common shares received were recorded against the general exploration expenditures on the statement of comprehensive loss for the year ended May 31, 2021. During the year ended May 31, 2021, the Company disposed of the Galan common shares and recorded a gain on sale of marketable securities of \$187,543.

6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

There were no common shares held in escrow as at August 31, 2021 and 2020.

c) Issued and Outstanding as at August 31, 2021: 82,176,243 common shares

During the three-month period ended August 31, 2021

- (i) The Company issued 200,000 common shares on June 16, 2021, pursuant to a mineral property option agreement dated May 22, 2020, regarding the Melema West Property.
- (ii) The Company issued 180,000 common shares during the three-month period ended August 31, 2021, pursuant to the exercise of warrants for gross proceeds of \$9,000.

During the three-month period ended August 31, 2020

- (i) The Company issued 500,000 common shares on June 16, 2020, pursuant to a mineral property option agreement dated May 22, 2020, regarding the Melema West Property.
- (ii) The Company issued 650,000 common shares on July 13, 2020, pursuant to a mineral property option agreement dated June 20, 2020, regarding the Bruce Lake Property.

d) Stock Options:

The Company has an incentive share option plan for granting options to directors, employees, and consultants, under which the total outstanding options are limited to 10% of the outstanding common shares of the Company at any one time.

On July 14, 2020, the Company granted 2,000,000 stock options to certain officers, directors, and consultants of the Company. Options vested on grant date, with an exercise price of \$0.12 per share until July 13, 2025. The fair value of the stock options granted was \$194,220 for the three-month period ended August 31, 2020.

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6. SHARE CAPITAL (CONTINUED)

d) Stock Options (continued):

The fair values of the stock options were estimated using the Black Scholes option pricing model with the following assumptions:

	August 31, 2021	August 31, 2020
Share price	-	\$0.115
Risk free interest rate	-	0.34%
Expected life	-	5 years
Expected volatility	-	128%
Expected dividend	-	Nil

As at the three-month period ended August 31, 2021, the Company has the following total options outstanding:

	Number of Options	Weighted Average Exercise Price \$
Outstanding and exercisable, May 31, 2020	2,233,750	0.20
Granted	2,000,000	0.12
Outstanding and exercisable, August 31, 2020	4,233,750	0.16
Outstanding and exercisable, August 31, 2021	4,233,750	0.16

The following options were outstanding and exercisable at August 31, 2021:

Number of Options	Weighted average Exercise Price	Expiry Date	Remaining Life (in years)
358,750	\$ 0.40	January 12, 2022	0.37
375,000	\$ 0.48	December 29, 2022	1.37
1,500,000	\$ 0.08	February 27, 2024	2.49
2,000,000	\$ 0.12	July 13, 2025	3.87
4,233,750	\$ 0.16		2.01

There were no options issued during the three-month period ended August 31, 2021.

e) Warrants

During the year ended May 31, 2021, the Company issued 318,400 (2020: 1,285,509) finder's warrants in connection with the private placements disclosed in Note 6 (c). The fair value of \$31,627 (2020: \$54,587) was estimated using the Black Scholes option-pricing model with the following assumptions:



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6. SHARE CAPITAL (CONTINUED)

e) Warrants (continued)

	August 31, 2021	May 31, 2021
Share price	-	\$0.14
Risk free interest rate	-	0.25%
Expected life	-	2 years
Expected volatility	-	152%
Expected dividend	-	Nil

As at the three-month period ended August 31, 2021, the Company had the following warrants outstanding:

	Number of Warrants	Weighted Average Exercise Price \$
Outstanding, May 31, 2019	14,099,799	0.16
Issuance of private placement warrants	7,705,000	0.15
Issuance of finder's warrants	318,400	0.01
Exercise of warrants	(24,050,274)	0.06
Expiration of warrants	(200,000)	0.08
Outstanding and exercisable, May 31, 2021	19,233,219	0.09
Exercise of warrants	(180,000)	0.05
Outstanding and exercisable, August 31, 2021	19,053,219	0.09

Details of the warrants outstanding and exercisable at August 31, 2021:

Number of warrants	Exercise price	Expiry date	Remaining contractual life (in years)
6,603,819	\$0.05	April 27, 2022	0.65
4,426,000	\$0.05	May 5, 2022	0.68
6,623,400	\$0.15	November 9, 2022	1.19
1,400,000	\$0.15	March 24, 2023	1.56
19,053,219	\$0.09		1.02

There were no warrants issued during the three-month period ended August 31, 2021, and 2020.

7. PROMISSORY NOTES

During the year ended May 31, 2018, the Company advanced US\$127,206 in promissory notes to a company with a common officer. The notes are unsecured and bear interest at 1.5% per month until December 31, 2018. Interest rises to 2.5% per month on any unpaid balances after December 31, 2018. During the year ended May 31, 2019, the Company made additional advances of \$10,000 under the same terms. During the year ended May 31, 2021, the Company recorded interest income of \$Nil (2020: \$58,236) in connection with the promissory notes. As at May 31, 2020, the principal and accrued interest outstanding was \$292,110 which was written-down to \$Nil.

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8. RELATED PARTY BALANCES AND 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. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following related parties' amounts have been included in amounts receivable and accounts payable and accrued liabilities:

	<b>August 31, 2021</b>	<b>August 31, 2020</b>
	\$	\$
Amounts receivable	164,075	38,988
Accounts payable and accrued liabilities	-	31,552

The amounts are due to or advanced to companies controlled by directors of the Company. The amounts receivable, accounts payable and accrued liabilities are non-interest bearing, unsecured and are due upon demand.

Amounts receivable relate to amounts due from a public company having common directors with the Company relating to a cost-sharing arrangement whereby the Company is reimbursed for shared administrative and office expenses.

The Company had the following related party transactions:

	<b>August 31, 2021</b>	<b>August 31, 2020</b>
	\$	\$
Professional fees	15,000	15,000
Total	15,000	15,000

Professional fees are paid to companies controlled by the chief financial officer and a director of the Company.

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include the officers and directors of the Company. The remuneration of key management is as follows:

	<b>August 31, 2021</b>	<b>August 31, 2020</b>
	\$	\$
Share-based payments	-	112,000
Management fees	38,700	23,400
	38,700	135,400

Management services were provided by companies controlled by two directors of the Company.

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9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes 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 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

*Fair Value of Financial Instruments*

The Company's financial assets include cash, which is classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at August 31, 2021 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	33,110	-	-	33,110

*Fair value*

The fair value of the Company's financial instruments approximates their carrying value as at August 31, 2021, because of the demand nature or short - term maturity of these instruments.

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

The following table summarizes the carrying value of the Company's financial instruments:

	August 31, 2021	August 31, 2020
	\$	\$
Cash (i)	33,110	160,828
Amounts receivable (ii)	164,075	38,988
Accounts payable (ii)	59,364	86,871

(i) FVTPL

(ii) Amortized cost

*Financial risk management objectives and policies*

The Company's financial instruments include cash, amounts receivable, promissory notes and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company is exposed to foreign currency risk related to cash payments, exploration expenditures and its promissory notes that are denominated in US dollars and Pesos. The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada. Management does not hedge its exposure to foreign exchange risk and the Company's net exposure is limited.

The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institution. The fair value interest rate risk on cash is insignificant due to their short - term nature.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist of cash. To minimize the credit risk, the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

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11. SUBSEQUENT EVENTS

On October 20, 2021, the Company announced the closing of a non-brokered, private placement comprising common share Units, receiving subscriptions for \$650,000. Each Unit consists of one common share and one share purchase warrant. Each warrant has a term of 36 months commencing on the Closing Date and entitles the holder to purchase one common share at a price of \$0.12 during the term. The Company issued 8,125,000 Share Units and paid finders fees of \$38,750 and 483,750 broker warrants which are exercisable on the same terms as the subscribing investors.