international lithium corp.
Power of Blue Sky Discoveries + Green Technology

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

INTERNATIONAL LITHIUM CORP.
CHAIRMAN'S STATEMENT

The year 2021, and the first few months of 2022, have been transformational for the Company both in respect of the Company's finances and the profile of its projects. It has been the Company's most significant year since its IPO, with a strong platform built for future growth.

- Company's financial strength transformed from debt of CAD$ 9.9m at end 2020 to cash in the bank and marketable securities in late April 2022 of CAD$ 12.5m and debt of CAD$ 0.8m, a turn around in the cash position of over CAD$21.6m.

- Two of our three minority owned projects were disposed of, including:
  - Company's remaining 8.58% stake in Mariana project in Argentina sold to our partner Ganfeng for USD$ 13.18m, with net cash received from Ganfeng of USD$ 10.0m after repayment of principal and interest on ILC's exploration loan from Ganfeng.
  - Term sheet signed in October 2021 for sale of our 49% stake in 2,600 hectare Mavis Lake project to Critical Resources for AUD$ 0.75m plus shares with deemed value of AUD$ 0.75m plus possible upside of AUD$ 1.5m (CAD$ 1.4m) based on resources declared. Sale completed in early January 2022.

- Major extra claims acquired in Canada:
  - Raleigh Lake - 100% owned claims in Ontario increased from 3,000 hectares to 48,500 hectares, and promising discoveries made of lithium, rubidium and caesium.
  - Wolf Ridge – option acquired in April 2022 on 100% of 5,700 hectares of claims in Ontario.

- Acquisition of further projects being worked on.

The Company's interests in various projects now consists of the following, and in addition the Company continues to seek other opportunities:

Name	Location	Area (Hectares)	Current Ownership Percentage	Future Ownership percentage if options exercised or work carried out	Operator or JV Partner
Raleigh Lake	Ontario	48,500	100%	100%	ILC
Wolf Ridge	Ontario	5,700	0%	100%	ILC
Avalonia	Ireland	29,200	45%	21%	Ganfeng Lithium
Mavis Lake	Ontario	2,600	0%	0% (carries an extra earn-in payment of CAD $1.4M if resource targets met)	Critical Resources Ltd (ASX:CRR)
Forgan Lake & Lucky Lake	Ontario	< 500	0%	1.5% Net Smelter Royalty	Ultra Lithium Inc. (TSX.V:ULT)

The Company's primary strategic focus at this point is on the Raleigh Lake lithium and rubidium and caesium project in Canada and on closing the acquisition of additional projects that have been identified.

A high-level summary of progress on these projects is as follows:

a) Raleigh Lake, Ontario – 2021 drilling plus successful first phase of lithogeochem and biogeochem completed, again revealing good quantities of valuable rubidium and caesium as well as lithium. The first 2,000 metres of a 5,000 metres 2022 drilling program have revealed pegmatites in drill intercepts of up to 13 metres width with an approximate true thickness of 6 metres of spodumene bearing pegmatites. We are planning during the remainder of 2022 to have an initial resource estimate for the Zone 1 pegmatites which accounts for around 10% of the claims comprising the project. Additional work in the form of aerial surveys and lithogeochem and biogeochem will be done on parts of the remaining 90% of the 48,500 hectares of claims.

b) Wolf Ridge, Ontario – an option on this 5,700 hectares of claims was only recently acquired, so meaningful commentary beyond the initial announcement is not possible yet. We will be getting exploration underway this summer.

c) Avalonia, Ireland – As part of our deal to sell Mariana, we allowed Ganfeng an extra two years until late 2024 to incur the CAD$ 10m of expenditure which would allow them to increase their percentage in the project from 55% to 79%. Since then progress has slowed down, and we have no recent useful updates.

d) Mavis Lake, Ontario – this project is now wholly owned by Critical Resources Ltd. Critical have now obtained permission to start a 5,000 metre drilling program, and this is expected to start shortly. If Critical are successful in declaring a resource of not less than 5.0 million tonnes containing not less than 50,000 tonnes of Li_2O using a cut-off grade of not less than 0.4% Li_2O, ILC will receive a further AUD$ 0.75m (CAD$ 0.7m) and a further AUD$ 0.75m (CAD$ 0.7m) in cash following the definition of a resource of not less than 10.0 million tonnes containing not less than 100,000 tonnes of Li_2O using a cut-off grade of not less than 0.4% Li_2O or, in case both milestones are defined at the same time, AUD $1,500,000 (CAD$ 1,400,000) in total.

e) Forgan Lake and Lucky Lake, Ontario – this project is now wholly owned by Ultra Lithium Inc. An extra CAD$0.15m was received from Ultra Lithium to complete the sale of 256 hectares of claims at Forgan Lake in return for waiving an expenditure commitment. ILC now has a 1.5% royalty on this property and the adjoining Lucky Lake claims. Ultra Lithium Inc. now hold the claims in a subsidiary which they have announced will in future be owned 60% by Yahua Group and 40% by Ultra Lithium Inc. The timing of work on this project and consequently any royalties arising will be determined by Yahua and Ultra.

The strategic outlook for lithium and battery metals looks strong over the next few years as the world is set on moving away from hydrocarbons. Particularly for our Canadian projects, we are also well placed in the increasing wish by the USA and Canada to secure North American critical resources which certainly includes lithium. As well as lithium we have considerable upside at Raleigh Lake from our rubidium and caesium both of which are also on the US critical metals list. Raleigh Lake looks to be a very promising and strategic project. We are working on others. Ever since I became CEO of ILC in 2018, I said that it was our goal to have sufficient cash to ensure that we could implement our strategy and vision. It is pleasing to say that we are at that point, certainly for the next stage.

I would like to thank our board and team for their great performance and support in 2021, and our shareholders, advisors and partners for their support and assistance. Our only sadness has been the untimely and sudden passing away in January 2022 of our non-executive director Nick Davies at the relatively young age of 51. We intend to recruit- at least one more director over the next few months.

John Wisbey
Chairman and CEO
May 2, 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
International Lithium Corp.

Opinion

We have audited the accompanying consolidated financial statements of International Lithium Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive income (loss), cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Catherine Tai.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

May 2, 2022

INTERNATIONAL LITHIUM CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT DECEMBER 31,

	Notes	2021	2020
ASSETS			
Current			
Cash		$ 10,961,936	$ 1,906
Receivables	*4*	24,139	15,762
Prepaid expenses		127,288	2,114
		11,113,363	19,782
Investment	*8*	-	5,760,937
Equity investment	*9*	2,148,623	1,873,657
Exploration and evaluation assets	*10*	1,928,312	1,347,645
		$ 15,190,298	$ 9,002,021
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current			
Accounts payable and accrued liabilities	*11 & 17*	$ 59,571	$ 940,941
Promissory note	*12*	-	722,504
Convertible debentures	*14*	-	4,397,330
Interest payable	*15*	58,532	-
		118,103	6,060,775
Loans payable	*15*	650,780	-
Exploration loan	*16*	-	3,846,070
		768,883	9,906,845
Shareholders' Equity (Deficiency)			
Share capital	*18*	17,722,596	11,480,686
Equity reserves	*18*	5,002,996	2,269,717
Accumulated other comprehensive loss		(172,712)	(13,817)
Deficit		(8,131,465)	(14,641,410)
		14,421,415	(904,824)
		$ 15,190,298	$ 9,002,021

Nature and continuance of operations *(Note 1)*
Commitments *(Note 17)*
Subsequent events *(Note 24)*

Approved and authorized by the Board on *May 2, 2022.*

"John Wisbey" Director *"Maurice Brooks"* Director

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

INTERNATIONAL LITHIUM CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31,

	Notes	2021	2020
OPERATING EXPENSES			
Consulting fees	*17*	$ 553,416	$ 374,220
Depreciation expense	*6 & 7*	-	43,413
Directors' fees	*17*	974,534	216,919
Foreign exchange (gain) loss		(372,409)	(77,488)
Interest and bank charges	*12,14,15 & 16*	2,665,736	1,103,550
Professional fees		240,037	151,455
Office and miscellaneous		73,191	42,757
Shareholder communications		197,504	79,184
Share-based payments	*17 & 18*	91,742	63,871
Transfer agent and filing fees		39,302	31,166
Travel and Promotion		20,715	-
Total operating expenses		(4,483,768)	(2,029,047)
Change in fair value of embedded derivatives	*14*	-	145,427
Extinguishment of debt	*11*	7,875	25,164
Gain on lease termination	*13*	-	4,107
Gain on settlement of liabilities	*11*	34,094	-
Loss on equity investment	*9*	(25,000)	(28,046)
Loss on marketable securities	*5*	-	(12,524)
Loss on disposal of fixed assets	*6*	-	(3,236)
Property recoveries in excess of carrying value	*10*	-	75,000
Write-off of receivables	*4*	(11,545)	-
		5,424	205,892
Loss for the year		(4,478,344)	(1,823,155)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss			
Gain on sale of investment	*8*	10,529,428	-
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation	*9*	(158,895)	116,961
Comprehensive income (loss) for the year		$ 5,892,189	$ (1,706,194)
Basic and diluted loss per common share		$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		199,474,288	132,595,903

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

INTERNATIONAL LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (4,478,344)	$ (1,823,155)
Items not affecting cash:		
Accrued interest expense	2,660,471	1,100,366
Change in fair value of embedded derivatives	-	(145,427)
Depreciation expense	-	43,413
Foreign exchange	(112,360)	(78,754)
Gain on lease termination	-	(4,107)
Gain on settlement of liabilities	(34,094)	-
Loss on disposal of fixed assets	-	3,236
Loss on equity investment	25,000	28,046
Property recoveries in excess of carrying value	-	(75,000)
Share-based payments	91,742	63,871
Realized loss on marketable securities	-	12,524
Extinguishment of debt	(7,875)	(25,164)
Write-off of receivables	11,545	-
Changes in non-cash working capital items:		
Receivables	(19,922)	756
Prepaid expenses	(111,386)	2,471
Accounts payable and accrued liabilities	(516,057)	664,614
Net change from operating activities	(2,491,280)	(232,310)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(577,826)	-
Sale on Marketable Securities	-	24,976
Proceeds from sale of investment	12,359,000	-
Option payments received	-	37,500
Net change from investing activities	11,781,174	62,476
CASH FLOWS FROM FINANCING ACTIVITIES		
Convertible debentures issued, net of costs	-	50,000
Convertible debentures settled	(2,637)	-
Proceeds from promissory note	-	118,308
Shares issued for cash, net of costs	2,759,482	-
Stock options exercised	40,800	-
Warrants exercised	103,728	-
Lease payments	-	(19,111)
Loans repaid	(560,000)	-
Interest paid	(671,237)	-
Net change from financing activities	1,670,136	149,197
Change in cash for the year	10,960,030	(20,637)
Cash, beginning of year	1,906	22,543
Cash, end of year	$ 10,961,936	$ 1,906

Supplemental disclosure with respect to cash flows *(Note 19)*

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

INTERNATIONAL LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share capital						
	Number	**Amount**	**Equity reserves**	**Equity component of convertible loan**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total**
Balance at December 31, 2019	132,595,903	$ 11,480,686	$ 2,205,846	$ 71,144	$ (130,778)	$ (13,067,469)	$ 559,429
Equity portion of convertible debentures issued	-	-	-	20,269	-	-	20,269
Maturity of unexercised convertible debentures	-	-	-	(91,413)	-	91,413	-
Equity gain on carried interest	-	-	-	-	-	157,801	157,801
Share based payments	-	-	63,871	-	-	-	63,871
Other comprehensive income	-	-	-	-	116,961	-	116,961
Loss for the year	-	-	-	-	-	(1,823,155)	(1,823,155)
Balance at December 31, 2020	132,595,903	11,480,686	2,269,717	-	(13,817)	(14,641,410)	(904,824)
Shares issued for private placements	74,934,540	4,186,188	-	-	-	-	4,186,188
Equity portion of convertible debentures issued	-	-	-	8,689	-	-	8,689
Share issue cost	-	(22,431)	-	-	-	-	(22,431)
Convertible debentures converted	14,350,000	726,189	-	(8,689)	-	-	717,500
Stock options exercised	680,000	88,415	(47,615)	-	-	-	40,800
Warrants exercised	13,296,600	1,263,549	(559,821)	-	-	-	703,728
Bonus warrants issued	-	-	3,248,973	-	-	-	3,248,973
Equity gain on carried interest	-	-	-	-	-	458,861	458,861
Share based payments	-	-	91,742	-	-	-	91,742
Other comprehensive income (loss)	-	-	-	-	(158,895)	10,529,428	10,370,533
Loss for the year	-	-	-	-	-	(4,478,344)	(4,478,344)
Balance at December 31, 2021	235,857,043	$ 17,722,596	$ 5,002,996	$ -	$ (172,712)	$ (8,131,465)	$ 14,421,415

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

1. NATURE AND CONTINUANCE OF OPERATIONS

International Lithium Corp. (the "Company") was incorporated under the Business Corporations Act, British Columbia on March 26, 2009 and is considered to be in the exploration stage with respect to its mineral properties. The Company's records office address is 725 Granville Street, Suite 400, Vancouver, British Columbia, Canada, V7Y 1G5 and head office address is 789 West Pender Street, Suite 1120, Vancouver, British Columbia, Canada, V6C 1H2. The Company is listed on the TSX Venture Exchange and trades under the stock symbol "ILC".

The Company is in the process of exploring and investing in mineral properties located in Canada and Ireland and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and expects to incur further losses in the development of its business. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The Company estimates that it has adequate resources for the next twelve months. The following table provides information regarding the Company's working capital, accumulated deficit, and accumulated other comprehensive income (loss) as at December 31, 2021 and 2020.

	December 31, 2021	December 31, 2020
Working capital (deficiency)	$ 10,995,260	$ (6,040,993)
Accumulated deficit	$ (8,131,465)	$ (14,641,410)

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

During the year ended December 31, 2020, the Company disposed its direct wholly-owned inactive subsidiary, International Lithium (US) LLC. There was no resulting gain or loss on derecognition of the carrying amounts of assets and liabilities of the subsidiary upon disposal.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

2. BASIS OF PREPARATION (cont'd...)

Consolidation

These consolidated financial statements incorporate the financial statements of the Company, its controlled subsidiary, and its former controlled subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements include the accounts of the Company, its direct wholly-owned inactive subsidiary, International Lithium UK Ltd., a UK company, and its former direct wholly-owned inactive subsidiary, International Lithium (US) LLC, a US company, up to the date of its dissolution on November 3, 2020. All significant intercompany transactions and balances have been eliminated.

The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. When the Company ceases to control a subsidiary, assets, liabilities and non-controlling interests of the subsidiary are derecognized at their carrying amounts at the date when control is lost. Investment retained in the former subsidiary is recognized at its fair value and any gain or loss resulting from deconsolidation is recorded through profit or loss.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments and estimates and form 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. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant judgments relate to the functional currency of the Company, significant influence over associates, recognition of deferred tax assets and liabilities, and impact of COVID-19.

Functional currency

Judgment is involved in the assessment of the functional currency of the Company and its equity investment.

Significant influence over associates

Management deems the Company to have significant influence over an associate when the Company is able to influence the financial and operating decisions of the associate. The Company has determined that its investment in Blackstairs Lithium Limited is an investment in associate.

Deferred tax assets and liabilities

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry forwards. Changes in these assumptions could significantly affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Impact of COVID-19

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. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

2. BASIS OF PREPARATION (cont'd...)

Significant accounting judgments and estimates (cont'd...)

The most significant estimates relate to the calculation of share-based payments, recoverability of exploration and evaluation assets, valuation of investment in Litio Minera Argentina S.A. ("Litio"), and embedded derivatives.

Share-based payments

Share-based payments, as measured with respect to stock options granted and re-priced, are estimated by reference to the Black-Scholes pricing model; a detailed discussion of management's estimates with respect to the pricing model is found in Note 18.

Recoverability of exploration and evaluation assets

Recorded costs of exploration and evaluation assets and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its exploration and evaluation assets for signs of impairment. This is highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgements based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Valuation of investment

Prior to the disposition on September 20, 2021, the Company held a 8.58% interest in Litio (December 31, 2020 - 11.243%). The Company evaluated, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of, and near-term business outlook for, the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow.

The determinations of fair value of the Company's investments at other than initial cost are subject to certain limitations. Financial information for privately-held company investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's equity investment is the Euro. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates.*

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments

Financial assets

The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, the classification will depend on the business model in which the investment is held and contractual terms of the cash flows.

The Company classifies its financial assets into one of the following categories as follows:

Amortized cost
The Company classifies its financial assets at amortized cost only if both of the following conditions are met:
- the financial asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are measured at fair value plus directly attributable transaction costs at initial recognition and are subsequently measured at amortized costs using effective interest method less any provisions for impairment.

Fair value through other comprehensive income ("FVOCI")
The Company classifies its equity investments at FVOCI for which are not held for trading and the Company has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments. Upon disposal of these equity investments, any balance within the other comprehensive income reserve for these equity investments is reclassified to retained earnings/deficit and is not reclassified to profit or loss. In addition, the other comprehensive income reserve for an impaired equity investment is not reclassified to profit or loss.

Fair value through profit or loss ("FVPL")
The Company classifies the following financial assets at FVPL:
- investments that are held for trading;
- investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income;
- debt investments that do not qualify for measurement at either amortized cost or at FVOCI; and
- derivative financial instruments.

The Company has classified its cash as FVPL, receivables as amortized cost and investment was classified as FVOCI.

Financial liabilities

The Company classifies its financial liabilities as subsequently measured at amortized cost or FVPL. Financial liabilities are subsequently measured at amortized cost, except for those at FVPL such as derivative financial instruments and contingent consideration payable. The FVPL option can be elected for financial liabilities if:
- it eliminates or significantly reduces an accounting mismatch;
- the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

This irrevocable election is made at initial recognition and these financial liabilities cannot be reclassified out of the category while they are held or issued.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

The Company has classified its accounts payable and accrued liabilities, promissory notes, convertible debentures, loans payable, and exploration loan as financial liabilities at amortized cost.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets which are classified and measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the financial assets.

The criteria used to determine risk of default and to estimate expected credit losses include:
- delinquencies in payments;
- significant financial difficulty of the debtor;
- it becomes probable that the debtor will enter bankruptcy; or
- significant changes in macroeconomic factors that indicate future defaults will vary and measurable changes in estimated future cash flows will result, provided that such information is observable and available without undue cost or effort.

Embedded derivatives

Embedded derivatives are contained in non-derivative host contracts and are treated as separate derivatives when they meet the definition of a derivative, and their risks and characteristics are not closely related to those of the host contracts. Embedded derivatives are recorded at fair market value with mark-to-market adjustments recorded in profit or loss.

The conversion feature of the Company's convertible debentures denominated in foreign currency is considered to be embedded derivatives.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Investment in associate

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of associates are recognized through profit or loss during the period. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate. Where the Company has a free-carried interest in expenditures, the Company records its proportionate share based on its ownership percentage with an offsetting amount recorded in reserves.

Intercompany transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associates.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less cost to sell and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in associate is less than its carrying amount then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through profit or loss in the period that the reversal occurs.

Mineral properties – exploration and evaluation assets

Pre-exploration costs are expensed as incurred.

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment and then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

The carrying values of capitalized amounts are reviewed annually or when indicators of impairment are present. In the case of undeveloped properties there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the intentions for the development of such a property.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company does not have any significant rehabilitation obligations.

Share-based payments

The Company accounts for stock options granted to directors, officers and employees at the fair value of the options granted. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and share-based compensation is accrued and charged to operations, with an offsetting credit to share-based payment reserve, over the vesting periods. Stock options granted to non-employees are measured at the fair value of goods or services rendered or at the fair value of the instruments issued, if it is determined that the fair value of the goods or services received cannot be reliably measured. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

If and when the stock options are exercised, the applicable amounts of equity reserves are transferred to share capital.

The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants and convertible loan, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the convertible loans were converted and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, the calculations proved to be anti-dilutive.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered the deferred tax asset is not set up.

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

Accounting standards issued but not yet effective

There are no accounting pronouncements with future effective dates that are applicable or are expected to have a material impact on the Company's consolidated financial statements.

4. RECEIVABLES

		December 31, 2021		December 31, 2020
Input tax credits	$	24,139	$	5,516
Other receivable		-		10,246
Total	$	24,139	$	15,762

During the year ended December 31, 2021, the Company wrote-off other receivables of $11,545 (2020 - $nil).

(Expressed in Canadian Dollars)

5. MARKETABLE SECURITIES

The Company held no marketable securities at December 31, 2021 and 2020.

During the year ended December 31, 2020, marketable securities consisted of shares of publicly traded company, Ultra Lithium Inc ("Ultra") (formerly Ultra Resources Inc.). The Ultra shares were received as part of the option agreement on the Forgan Lake Project *(Note 10)*. Marketable securities are measured at fair value by reference to quoted stock prices on established exchanges.

The following transactions occurred during the period:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Shares		Shares	
Ultra shares				
Opening balance	-	$ -	-	$ -
Received from Forgan Lake option agreement	-	-	493,968	37,500
Sale of marketable securities	-	-	(493,968)	(24,976)
Realized loss	-	-	-	(12,524)
Ending balance		$ -		$ -

6. EQUIPMENT

Furniture and fixtures	Cost	Accumulated Depreciation	Net Book Value
Balance as at December 31, 2019	$ 8,128	$ (1,968)	$ 6,160
Additions	-	(924)	(924)
Disposal	(8,128)	2,892	(5,236)
Balance as at December 31, 2020 and 2021	$ -	$ -	$ -

During the year ended December 31, 2020, the Company sold furniture and fixtures for gross proceeds of $2,000, resulting in loss of disposal of $3,236. The gross proceeds were applied against the payment of lease liability.

7. RIGHT-OF-USE ASSET

Office lease	Cost	Accumulated Depreciation	Net Book Value
Balance as at December 31, 2019	$ 151,077	$ (56,652)	$ 94,425
Additions	-	(42,489)	(42,489)
Termination of lease *(Note 13)*	(151,077)	99,141	(51,936)
Balance as at December 31, 2020 and 2021	$ -	$ -	$ -

8. INVESTMENT

As at December 31, 2020, investment securities consisted of a 11.243% investment in Litio Minera Argentina S.A. ("Litio") which holds title to the Mariana property. Litio was classified as an investment security through other comprehensive income after it was no longer considered an investment in associate effective December 26, 2017. Prior to the disposition of Litio on September 20, 2021, the Company's interest in Litio was diluted to 8.58%.

Litio was jointly owned by GFL International Co. Ltd. ("GFL") and the Company with GFL having a 91.42% participating interest (December 31, 2020 – 88.757%) and the Company having an 8.58% (December 31, 2020 – 11.243%) participating interest. Litio holds title to the Mariana property which is comprised of mining licenses located in Salta Province, Argentina.

On September 20, 2021, the Company entered into a Share Purchase Agreement (the "SPA") with Ganfeng Lithium Netherlands Co., B.V., a subsidiary of GFL, to sell the Company's 8.58% interest in Litio for a purchase price (the "Purchase Price") comprised of US$10,000,000 plus additional sums equal to the principal and all accrued interest of US$3,180,973 outstanding on the Exploration Loan (Note 16) as of the Completion Date (October 19, 2021). Under the terms of the SPA, the Company upon receipt of the Purchase Price repaid the principal and all accrued interest outstanding on the Exploration Loan to GFL. As part of the consideration, the Company relinquished its right to buy back 10% participating interest in the Mariana Property and extended the Avalonia Lithium Project's US$10,000,000 exploration expenditure term from 10 years to 12 years.

On October 19, 2021, the Company completed the sale of its interest in Litio. The Company received net cash consideration of US$10,000,000 after repayment of the principal and accrued interest on the Exploration Loan to GFL (Note 16). The Company realized a gain on sale of investment of $10,529,428 recorded in deficit.

9. EQUITY INVESTMENT

Avalonia Lithium Joint Venture

The Avalonia Lithium Project is comprised of certain licenses in the Carlow and Wicklow counties, Ireland. The exploration rights for the project are held by Blackstairs Lithium Limited ("BLL"), a company owned jointly by the Company and GFL.

BLL is recognized as an equity investment of the Company. The management committee of the joint venture is comprised of one representative of each of the Company and GFL. Voting is proportionate to each party's participating interest which is, as at December 31, 2021 and 2020, 55% to GFL and 45% to the Company.

In order to earn an additional 24% interest in the Avalonia Lithium Project, GFL must incur $10,000,000 in exploration expenditures or produce a bankable feasibility study within 10 years of the effective date of the agreement (extended to 12 years). The Company will have a carried interest through to the completion of these exploration expenditures.

Once GFL has incurred a total of $10,000,000 in exploration expenditures within the agreed timeframe, or once a positive feasibility study has been produced, the Company's participating interest will be reduced to 21% without incurring additional costs. A participating interest that is subsequently diluted to less than 10% will be converted to a 1% net smelter royalty ("NSR").

The Company accounts for its interest in BLL on an equity basis. As at December 31, 2021 and 2020, the Company holds a 45% interest in BLL. The functional currency of BLL is the Euro. Supplementary financial information regarding the Company's investment in BLL is presented below, after adjustments to align accounting policies to those of the Company and to translate to Canadian dollars in accordance with the Company's accounting policies.

(Expressed in Canadian Dollars)

9. EQUITY INVESTMENT (cont'd...)

Avalonia Lithium Joint Venture (cont'd...)

Blackstairs Lithium Limited

	December 31, 2021	December 31, 2020
Current assets	$ 541,977	$ 322,048
Non-current assets	4,390,711	4,047,898
Current liabilities	(157,969)	(206,263)
Net assets	4,774,719	4,163,683
The Company's share of the net assets – 45% (2020 - 45%)	$ 2,148,624	$ 1,873,657

	Year ended December 31, 2021	Year ended December 31, 2020
Loss for the year	$ (55,556)	$ (62,323)
Other comprehensive income (loss) – foreign currency translation	(353,099)	259,914
Total comprehensive income (loss)	(408,655)	197,591
The Company's share of comprehensive income (loss) – 45% (2020 - 45%)	$ (183,895)	$ 88,915

Investment in associate – Blackstairs Lithium Limited	Year ended December 31, 2021	Year ended December 31, 2020
Balance, beginning of year	$ 1,873,657	$ 1,626,941
Equity gain on carried interest	458,861	157,801
Loss on equity investment	(25,000)	(28,046)
Equity – other comprehensive income (loss)	(158,895)	116,961
Ending balance, investment in associate – Blackstairs Lithium Limited	$ 2,148,623	$ 1,873,657

(Expressed in Canadian Dollars)

10. EXPLORATION AND EVALUATION ASSETS

	Mavis Lake / Fairservice Project	Raleigh Lake Project	Total
Acquisition Costs			
Balance, December 31, 2019 and 2020	$ 193,500	$ 56,000	$ 249,500
Additions	-	-	-
Balance, December 31, 2021	193,500	56,000	249,500
Exploration Costs			
Balance, December 31, 2019 and 2020	1,006,005	92,140	1,098,145
Additions	-	673,596	673,596
Balance, December 31, 2021	1,006,005	765,736	1,771,741
Option Payments			
Balance, December 31, 2019 and 2020	-	-	-
Received	(92,929)	-	(92,929)
Balance, December 31, 2021	(92,929)	-	(92,929)
Exploration and Evaluation Asset, net			
December 31, 2020	$ 1,199,505	$ 148,140	$ 1,347,645
December 31, 2021	$ 1,106,576	$ 821,736	$ 1,928,312

Deferred exploration costs were as follows:

	Raleigh Lake Project
Year ended December 31, 2021	
Assays and laboratory	$ 59,023
Drilling	293,460
Exploration expense	17,516
Geology and geophysics	172,159
Staking fees	82,450
Travel and accommodation	48,988
Total	$ 673,596

Title to mineral property interests

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

10. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Mavis Lake Lithium Project (Ontario)

As at December 31, 2021, the Mavis Lake Lithium Project (or "Mavis Lake - Fairservice") is 49%-owned by the Company and consists of a package of certain unpatented mining claims (the Mavis Lake claims) and certain patented mining leases (the Fairservice property) located in Dryden, Ontario, Canada. The property is subject to a 5% net profits royalty. The Company has the option to purchase the royalty at any time for $1,000,000.

Essential Metals Option Agreement and Strategic Alliance

During the year ended December 31, 2016, the Company entered into an option agreement and strategic alliance ("Agreement") with Essential Metals. Under the terms of the Agreement, Essential Metals earned a 51% interest in the Mavis Lake Lithium Project. Essential Metals has an option to purchase an additional 29% interest in the Mavis Lake Lithium Project. The Company was granted a 1.5% NSR, purchasable at any time for $1,500,000.

On October 22, 2021, the Company entered into a Asset Purchase Agreement (the "APA") with Critical Resources Limited ("Critical Resources") granting Critical Resources an option to acquire the Company's whole 49% interest in the Mavis Lake Lithium Project. Critical Resources paid AU$100,000 for an option period which ended on January 4, 2022. Under the terms of the APA, Critical Resources may acquire the Company's interest in Mavis Lake - Fairservice for a consideration comprising of AU$750,000 cash and 34 million shares of Critical Resources. In addition, Critical Resources will make the milestone payments as follows:

- AU$750,000 on definition of a mineral resource estimate exceeding 5 million tonnes of which at least 50,000 tonnes of lithium oxide (Li2O) using a cut-off grade of at least 0.4%; and
- A further AU$750,000 on definition of a resource exceeding 10 million tonnes of which at least 100,000 tonnes of lithium oxide (Li2O) using a cut-off grade of at least 0.4% or, in case both milestones are defined at the same time, AU$1,500,000 in total.

Upon exercise of the option by Critical Resources, the Company will relinquish its right to 1.5% NSR on the Mavis Lake Lithium Project and Essential Metals will relinquish its right to acquire 29% of the project from the Company.

Subsequent to the year ended December 31, 2021, Critical Resources acquired the Company's 49% interest in the Mavis Lake Lithium Project by paying AU$750,000 cash and issuing 34 million shares of Critical Resources.

Raleigh Lake Project

The Raleigh Lake Project is wholly owned by the Company and consists of certain mineral claims in the Kenora Mining District of Ontario, Canada.

Forgan Lake Project

The Forgan Lake property is wholly owned by the Company and consists of certain claims located in the Thunder Bay Mining District in Northwestern Ontario, Canada.

In accordance with the terms of the sale and royalty agreement, Ultra may earn a 100% interest in the Forgan Lake property by spending $500,000 on exploration expenditures and paying the Company a total of $191,000 (paid), divided in cash and shares, over the period of three years from the date of underlying sale and royalty agreement. In addition, the Company will receive a 1.5% NSR on future production from the Forgan Lake property and from an adjoining property owned by Ultra.

During the year ended December 31, 2020, the Company received $37,500 in cash and 493,968 shares valued at $37,500 from Ultra recorded as recoveries in excess of carrying value.

(Expressed in Canadian Dollars)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	December 31, 2021	December 31, 2020
Accounts payable *(Note 17)*	$ 59,571	$ 900,941
Accrued liabilities	-	40,000
Total	$ 59,571	$ 940,941

All payables and accrued liabilities of the Company fall due within the next 12 months.

During the year ended December 31, 2021, the Company realized gain on settlement of liabilities of $34,094 (2020 - $nil). During the year ended December 31, 2021, the Company had extinguished amounts due to former directors totaling $nil (2020 - $25,164).

12. PROMISSORY NOTE

During the year ended December 31, 2018, the Company received a total of $515,857 from an officer and director of the Company under a promissory note. The note was payable on demand and bore interest at the rate of 15% per annum. The promissory note was secured by a general security agreement against the Company's assets.

Balance, December 31, 2019	$ 573,412
Advances received	103,308
Lease payment on behalf of the Company *(Note 13)*	10,030
Interest expense	89,358
Interest settled *(Note 14)*	(53,604)
Balance, December 31, 2020	722,504
Principal settled *(Note 18)*	(633,146)
Interest settled *(Note 18)*	(89,358)
Balance, December 31, 2021	$ -

13. LEASE LIABILITIES

Balance, December 31, 2019	$ 102,487
Finance expense	6,866
Lease payments	(19,111)
Lease deposit applied as payment	(18,070)
Lease payments made by related party *(Note 12)*	(10,030)
Payments reclassified to accounts payable	(6,099)
Termination of lease	(56,043)
Balance, December 31, 2020 and 2021	$ -

During the year ended December 31, 2020, the Company terminated the lease, resulting in the derecognition of lease liability of $56,043, derecognition of right-of-use asset of $51,936 and gain on lease termination of $4,107.

14. CONVERTIBLE DEBENTURES

2018 Series 1 Convertible Debenture

On April 18, 2018, the Company completed a non-brokered private placement of a convertible debenture, known as 2018 Series 1 Convertible Debenture, in the principal amount of $1,180,000 with a director who is also an officer of the Company. The debenture matured on June 30, 2019. The Company entered into Amending Agreements to extend the maturity date to June 30, 2020. The 2018 Series 1 Convertible Debenture bore interest at the rate of 15% per annum and was convertible at $0.065 per common share. The convertible debenture was secured by a general security agreement against the Company's assets.

During the year ended December 31, 2020, the 2018 Series 1 Convertible Debenture matured on June 30, 2020 and the Company reclassified the equity component related to the matured debt totaling $35,497 to deficit.

During the year ended December 31, 2021, the 2018 Series 1 Convertible Debenture principal of $1,012,500 was settled into non-convertible loans and principal of $167,500 and accrued interest of $117,485 were settled as share subscriptions towards share private placements. *(Note 15 & 18)*.

2018 Series 2 Convertible Debentures

On May 3, 2018, June 15, 2018, and July 14, 2018, the Company completed tranches of a non-brokered private placement of secured convertible debentures known as the 2018 Series 2 Convertible Debentures to raise proceeds of $1,800,000. The debentures matured on June 30, 2019. The Company entered into Amending Agreements to extend the maturity date to June 30, 2020. An accrued interest of $22,993 was converted into principal. The 2018 Series 2 Convertible Debentures bore interest at a rate of 15% per annum and were convertible at of $0.065 per common share. The debentures were secured by a general security agreement against the Company's assets. Directors and officers of the Company participated in the private placement.

During the year ended December 31, 2019, certain convertible debentures in the aggregate of $75,000 were repaid upon maturity and certain debentures in the aggregate of $358,000 were settled as share subscriptions towards share private placement.

During the year ended December 31, 2020, certain convertible debentures in the aggregate principal amount of $1,184,993 matured on June 30, 2020 and the Company reclassified the equity component related to the matured debt totaling $35,647 to deficit.

During the year ended December 31, 2020, certain 2018 Series 2 Convertible Debentures in the aggregate principal amount of $205,000 with maturity date of September 30, 2019 were settled as subscriptions towards 2020 Series 2 Convertible Debentures private placement.

During the year ended December 31, 2021, certain convertible debentures in the aggregate principal amount of $727,493 and accrued interest of $9,554 were settled into non-convertible loans, certain debentures in the aggregate principal amount of $10,000 and accrued interest of $4,405 were settled as share subscriptions towards share private placement, certain accrued interest in the aggregate of $190,066 were repaid, and certain debentures in the aggregate principal amount of $447,500 were settled as subscriptions towards 2021 Series Convertible Debentures private placement (Note 15 & 18).

14. CONVERTIBLE DEBENTURES (cont'd...)

2019 Series Convertible Debenture

On February 13, 2019, the Company completed a non-brokered private placement of a convertible debenture, known as 2019 Series Convertible Debenture, in the principal amount of GBP 240,000 with a related party. The debenture was set to mature on May 31, 2019, bore interest at the rate of 15% per annum, and was convertible at $0.07 per common share. The debenture was secured by a general security agreement against the Company's assets. The Company entered into an Amending Agreement to extend the maturity date to September 15, 2019 and amend the interest to 10% per annum. Accrued interest of GBP 6,016 was converted into principal. All other terms remained the same.

During the year ended December 31, 2020, the 2019 Series Convertible Debenture principal of GBP 246,016 was settled to participate in the 2020 Series 1 Convertible Debenture private placement.

2020 Series 1 Convertible Debenture

On February 4, 2020, the Company completed a non-brokered private placement of a convertible debenture, known as 2020 Series 1 Convertible Debenture, in the principal amount of GBP 254,000 with a related party. The debenture was set to mature on September 30, 2020, bore interest at the rate of 12% per annum, and was convertible at $0.05 per common share. The convertible debenture was secured by a general security agreement against the Company's assets. The 2019 Series Convertible Debenture in the principal amount of GBP 246,016 and accrued interest of GBP 7,984 were settled to participate in the private placement.

During the year ended December 31, 2021, the 2020 Series 1 Convertible Debenture principal of GBP 254,000 was settled into non-convertible loans (Note 15) and accrued interest of GBP 33,057 was repaid.

As 2020 Series 1 convertible debenture is denominated in GBP and the functional currency of the Company is the Canadian dollar, the conversion feature is considered to be an embedded derivative and, collectively, the convertible debenture and conversion feature are considered a hybrid instrument. The embedded derivative is recorded at fair value and re-measured each period with movements being recorded as a gain or loss on the statement of loss and comprehensive loss. The difference between the fair value of the derivative and the face value of the debt is allocated to the convertible debenture. As a result, the recorded liability to repay the convertible debentures is lower than its face value. Using the effective interest rate method, the convertible debenture was accreted up to its face value over the term. The Company recorded accretion expense of $nil for the year ended December 31, 2021 (2020 - $144,232). The change in the fair value of the derivative liability will be recognized as a gain in profit or loss.

Upon initial recognition, the fair value of the derivative was determined to be $145,427 using the Black-Scholes option pricing model. This amount must be revalued at period end. At December 31, 2021, the fair value was $nil because the debenture matured on September 30, 2020 (December 31, 2020 - $nil).

The Company determined the initial fair value of the embedded derivatives using the Black-Scholes model with the following assumptions:

	2021	2020
Risk-free interest rate	-	1.64%
Expected life	-	0.65 years
Expected volatility	-	104.42%
Dividend yield	-	Nil

With the exception of the GBP denominated convertible debenture, the convertible debentures are compound financial instruments, consisting of a debt instrument and an equity conversion feature. The debt instrument was fair valued using a rate applicable to a non-compound debt instrument and is carried at amortized cost. The excess of the proceeds over the value assigned to the debt instrument was allocated as the fair value of the equity component of the convertible debentures.

14. CONVERTIBLE DEBENTURES (cont'd...)

2020 Series 2 Convertible Debentures

On February 4, 2020, the Company completed a non-brokered private placement of secured convertible debentures, known as 2020 Series 2 Convertible Debentures, in the principal amount of $1,027,500. The debentures were set to mature on September 30, 2020, bore interest at a rate of 12% per annum, and were convertible at $0.05 per common share. The convertible debentures were secured by a general security agreement against the Company's assets. Directors and officers of the Company participated in the private placement. Certain 2018 Series 2 Convertible debentures in the aggregate principal amount of $205,000 with maturity date of September 30, 2019, promissory notes and convertible debenture accrued interest of $283,275, and accrued fees of $274,225 were settled to participate in the private placement *(Note 12).*

During the year ended December 31, 2020, the 2020 Series 2 Convertible Debentures matured on September 30, 2020 and the Company reclassified the equity component related to the matured debt totaling $20,269 to deficit.

During the year ended December 31, 2021, certain convertible debentures in the aggregate principal amount of $751,113 and accrued interest of $18,966 were settled into non-convertible loans, certain debentures in the aggregate principal amount of $2,637 and accrued interest of $41,433 were repaid, certain debentures in the aggregate principal amount of $3,750 and accrued interest of $63,995 were settled as share subscriptions towards share private placement, and certain debentures in the aggregate principal amount of $270,000 were settled as subscriptions towards 2021 Series Convertible Debentures private placement (Note 15 & 18).

2021 Series Convertible Debentures

On February 22, 2021, the Company completed a non-brokered private placement of secured convertible debentures in the principal amount of $717,500. The debentures were set to mature on September 30, 2021, bore interest at a rate of 15% per annum, were convertible at $0.05 per common share. The convertible debentures are secured by a general security agreement against the Company's assets. Certain 2018 Series 2 Convertible Debentures in the aggregate principal amount of $447,500 with maturity date of June 30, 2020 and certain 2020 Series 2 Convertible Debentures in the aggregate principal amount of $270,000 with maturity date of September 30, 2020 were settled to participate in the private placement.

During the year ended December 31, 2021, certain convertible debentures in the aggregate principal amount of $717,500 were settled into 14,350,000 common shares of the Company (Note 18).

(Expressed in Canadian Dollars)

14. CONVERTIBLE DEBENTURES (cont'd...)

The following table summarizes the Company's convertible debentures as at December 31, 2021:

Balance, December 31, 2019	$	3,427,237
Convertible debentures issued		1,463,720
Allocation to equity component		(20,269)
Debentures settled		(627,509)
Subscriptions		(200,000)
Interest expense		735,826
Interest paid		(243,382)
Change in fair value of embedded derivative		(145,427)
Foreign exchange		7,134
Balance, December 31, 2020		4,397,330
Convertible debentures issued		717,500
Allocation to equity component		(8,689)
Debentures settled		(3,833,971)
Debentures converted		(717,500)
Interest expense		75,917
Interest paid		(630,587)
Balance, December 31, 2021	$	-
Equity component of convertible debentures		
December 31, 2020	$	-
December 31, 2021	$	-

15. LOANS PAYABLE

Loans payable on September 30, 2023

On January 21, 2021, the Company entered into the Loan Agreements with directors and related parties of the Company to settle certain convertible debentures, accrued fees and interest into non-convertible loans with an aggregate principal of $1,957,750. The loans bear interest of 12.5% per annum payable semi-annually and are due on September 30, 2023. The loans are secured by a general security agreement against the Company's assets.

Pursuant to the Loan Agreements, the Company issued 39,155,000 bonus share purchase warrants with expiry date of September 30, 2023. Each bonus warrant will entitle the holder to purchase one common share of the Company at an exercise price of $0.05 per share. The loans may be repaid prior to their maturity without penalty; however, if a loan is reduced or repaid during the first year of its term, a pro rata number of the total bonus warrants will have their term reduced to the later of one year from issuance of the bonus warrants and 30 days from the reduction or repayment of the loan. The fair value of the bonus warrants of $1,982,001 was calculated using the Black-Scholes option-pricing model assuming an expected life of 2.68 years, expected annualized volatility of 101.80%, share price of $0.075 at grant date, and a risk-free interest rate of 0.21%. The fair value of the bonus warrants to the extent of the face value of the debt was recorded against the face value of the debt. The residual fair value of the bonus warrants of $24,251 was recorded as interest expense. Using the effective interest rate method, the loans will be accreted up to their face value over the term.

During the year ended December 31, 2021, the Company settled $100,000 principal of the loans payable on September 30, 2023 in lieu of cash payment upon exercise of 2,000,000 bonus warrants. Consequently, 2,000,000 bonus warrants were subject to their term reduced to January 26, 2022 pursuant to the terms of the Loan Agreements. As at December 31, 2021, the face value of the loans payable on September 30, 2023 is $1,857,750.

(Expressed in Canadian Dollars)

15. LOANS PAYABLE (cont'd...)

Loans payable on June 30, 2022

On January 21, 2021, the Company entered into the Loan Agreements with directors and related parties of the Company to settle certain convertible debentures and interest into non-convertible loans with an aggregate principal of $1,060,000. The loans bear interest of 12.5% per annum payable semi-annually and are due on June 30, 2022. The loans are secured by a general security agreement against the Company's assets.

Pursuant to the Loan Agreements, the Company issued 21,200,000 bonus share purchase warrants with the expiry date of June 30, 2022. Each bonus warrant will entitle the holder to purchase one common share of the Company at an exercise price of $0.05 per share. The loans may be repaid prior to their maturity without penalty; however, if a loan is reduced or repaid during the first year of its term, a pro rata number of the total bonus warrants will have their term reduced to the later of one year from issuance of the bonus warrants and 30 days from the reduction or repayment of the loan. The fair value of the bonus warrants of $897,626 was calculated using the Black-Scholes option-pricing model assuming an expected life of 1.42 years, expected annualized volatility of 101.39%, share price of $0.075 at grant date, and a risk-free interest rate of 0.13%. The fair value of the bonus warrants was recorded against the face value of the debt. As a result, the recorded liability to repay the loans is lower than their face value. Using the effective interest rate method, the loans will be accreted up to their face value over the term.

During the year ended December 31, 2021, the Company settled $1,060,000 principal of the loans payable on June 30, 2022. Of the settlement amount, $560,000 was paid in cash and $500,000 was settled in lieu of cash payment upon exercise of 10,000,000 bonus warrants. Consequently, 21,200,000 bonus warrants were subject to their term reduced to January 26, 2022. On the repayment date, the fair value of bonus warrants was recalculated as per the modified terms and interest expense of $369,344 was recorded. As at December 31, 2021, the face value of the loans payable on June 30, 2022 is $nil.

The following table summarizes the Company's loans payable as at December 31, 2021:

Balance, December 31, 2020	$	-
Loans received *(Note 14)*		3,017,750
Bonus warrants		(3,224,721)
Loans settled		(1,160,000)
Interest expense		2,360,011
Interest paid		(283,728)
Balance, December 31, 2021	$	709,312
Current liabilities	$	58,532
Non-current liabilities	$	650,780

16. EXPLORATION LOAN

In conjunction with the Mariana Property Joint Venture (Note 8), GFL had made available to the Company a loan of US$2,000,000 ("Exploration Loan") to cover a portion of the Company's required contribution to the joint venture. The loan carried 10% interest per annum. The Company must repay the Exploration Loan and accrued interest within 30 days of receipt of its proportionate share of the proceeds from the Mariana Property Joint Venture, or NSR as applicable, until such time the Exploration Loan and accrued interest are repaid in full. The Company will not receive proceeds from the NSR until the Exploration Loan and accrued interest are repaid to GFL. In the event that no proceeds are derived from the joint venture, the Exploration Loan and accrued interest will be due by March 14, 2024

(Expressed in Canadian Dollars)

16. EXPLORATION LOANS (cont'd...)

The Exploration Loan was secured by a promissory note in the amount of US$2,000,000.

The accumulated drawdown on the Exploration Loan as at December 31, 2020 was US$2,000,000 and the accumulated accrued interest was US$1,020,790.

As outlined in Note 8, the Company entered into a SPA with Ganfeng Lithium Netherlands Co., B.V., a subsidiary of GFL, to sell the Company's 8.58% interest in Litio.

On October 19, 2021, the Company completed the sale of its interest in Litio. Pursuant to the terms of the SPA, the Company repaid the principal and accrued interest on the Exploration Loan to GFL totaling US$3,180,973.

		December 31, 2021		December 31, 2020
Opening balance	$	3,846,070	$	3,663,642
Interest		200,291		268,316
Foreign exchange		(114,996)		(85,888)
Settled		(3,931,365)		-
Ending balance	$	-	$	3,846,070

17. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the year ended:

Transaction	Relationship		December 31, 2021		December 31, 2020
IT Support Services	Officer, company controlled by an officer	$	39,425	$	28,976
Professional fees	Officer, company controlled by an officer		117,000		-
Consulting fees	Director and officer		225,986		120,000
Consulting fees	Officer, company controlled by an officer		67,800		-
Consulting fees	Director and officer		90,000		90,000
Consulting fees	Officer, company controlled by an officer		144,000		144,000
Consulting fees	Former officer		24,855		20,220
Directors' fees	Directors		974,534		216,919
Share-based payments	Directors		88,444		63,871
		$	1,772,044	$	683,986

During the year ended December 31, 2021, the Company awarded a bonus of $806,744 to five directors of the Company (2020 - $66,919) recorded as directors' fees.

At December 31, 2021, due to related parties consisted of $11,632 (2020 - $666,898) to various directors, officers and related companies for services detailed above and is included in accounts payable and accrued liabilities.

At December 31, 2021, prepaid expenses include $37,500 (2020 - $nil) paid to a director.

17. RELATED PARTY TRANSACTIONS (cont'd...)

At December 31, 2021, loans with a face value of $1,857,750 and accrued interest of $58,532 were payable to five directors of the Company or their related companies (2020 - $nil), convertible debentures with a face value of $nil were due to five directors of the Company or their related companies (2020 - $2,664,993 and GBP 254,000), and a promissory note in the amount of $nil was due to an officer and director of the Company (2020 - $633,146) *(Notes 12, 14 & 15).*

Commitments **-** *Consulting agreements*
The Company entered into consulting agreements with two officers, who are also directors, of the Company for the provision of consulting services at a cost of CHF260,000 and $120,000 per annum respectively. If either of the agreements are terminated without cause, the Company is required to pay a lump sum equal to twelve months' worth of fees. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to the prior twelve months gross pay.

18. SHARE CAPITAL AND EQUITY RESERVES

Authorized share capital

As at December 31, 2021, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

Issued share capital

During the year ended December 31, 2021, the Company issued 14,350,000 common shares on the conversion of 2021 Series Convertible Debentures in the aggregate principal of $717,500 *(Note 14).*

During the year ended December 31, 2021, the Company issued 13,296,600 common shares on the exercise of warrants for gross proceeds of $703,728, of which, $103,728 in cash was received and the remainder was applied as loan repayment.

During the year ended December 31, 2021, the Company issued 680,000 common shares on the exercise of stock options for gross proceeds of $40,800.

On August 11 and 25, 2021, the Company completed tranches of a non-brokered private placement consisting of 16,673,336 units at $0.06 per unit for gross proceeds of $1,000,400. Each unit comprised one common share and a half share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.08 per share until June 30, 2024. A director of the Company participated in the private placement.

On February 3 and 19, 2021, the Company completed tranches of a non-brokered private placement consisting of 54,545,454 units at $0.055 per unit for proceeds of $1,781,513 and debt conversion of $1,218,487. Each unit comprised one common share and a half share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.08 per share until February 29, 2024. Five of the Company's directors and officers participated in the private placement. The 2018 Series 1 Convertible Debentures principal of $167,500, accrued fees of $139,818, promissory notes principal of $633,146, and promissory notes and convertible debenture interest of $278,023 were settled to participate in the private placement *(Note 12 & 14).*

On January 26, 2021, the Company completed a non-brokered private placement consisting of 3,715,750 units at $0.05 per unit for debt conversion of $185,788. Each unit comprised one common share and a half share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.075 per share until December 31, 2023. Five of the Company's directors and officers participated in the private placement. The 2018 Series 2 Convertible Debentures principal of $10,000, the 2020 Series 2 Convertible Debentures principal of $3,750, accrued fees of $145,007, and promissory notes and convertible debentures interest of $27,031 were settled to participate in the private placement *(Note 12 & 14).*

There was no share issuance during the year ended December 31, 2020.

(Expressed in Canadian Dollars)

18. SHARE CAPITAL AND EQUITY RESERVES (cont'd...)

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance outstanding and exercisable, December 31, 2019	19,925,000	$ 0.11
Warrants expired	(1,125,000)	0.30
Balance outstanding and exercisable, December 31, 2020	18,800,000	0.10
Warrants issued	97,822,272	0.06
Warrants exercised	(13,296,600)	0.05
Balance outstanding and exercisable, December 31, 2021	103,325,672	$ 0.07

At December 31, 2021, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
12,000,000	$ 0.10	March 31, 2023 *
5,312,411	$ 0.10	March 31, 2023 *
1,487,589	$ 0.10	March 31, 2023 *
11,200,000	$ 0.05	January 26, 2022 **
37,155,000	$ 0.05	September 30, 2023
1,857,875	$ 0.075	December 31, 2023
25,976,128	$ 0.08	February 29, 2024
8,336,669	$ 0.08	June 30, 2024
103,325,672		

* Expiry dates of these warrants was extended during the year ended December 31, 2021.
** Bonus warrants expiry date changed from June 30, 2022 to January 26, 2022 due to early settlement of loans (Note 24).
** 300,000 warrants expired subsequent to the year ended December 31, 2021 (Note 24).

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, employees and consultants to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

(Expressed in Canadian Dollars)

18. SHARE CAPITAL AND EQUITY RESERVES (cont'd...)

Stock options (cont'd...)

The changes in options were as follows:

	Number of options		Weighted Average Exercise Price
Balance outstanding, December 31, 2019	10,705,000	$	0.11
Options expired/cancelled	(300,000)		0.06
Balance outstanding, December 31, 2020	10,405,000	$	0.11
Options granted	6,955,000		0.12
Options exercised	(680,000)		0.06
Balance outstanding, December 31, 2021	16,680,000	$	0.11
Vested and exercisable	9,725,000	$	0.11

At December 31, 2021, options were outstanding enabling holders to acquire common shares as follows:

Number of Options			Exercise Price	Expiry Date
1,400,000	*	$	0.155	February 23, 2022
700,000	*	$	0.15	April 20, 2022
2,050,000		$	0.18	December 8, 2022
1,505,000		$	0.085	April 18, 2023
4,070,000		$	0.065	May 31, 2024
6,955,000		$	0.12	November 4, 2026
16,680,000				

* Expired subsequent to the year ended December 31, 2021 (Note 24).

During the year ended December 31, 2021, the Company recognized a total of $91,742 (2020 - $63,871) in share-based compensation for the options vested during the year.

During the year ended December 31, 2020, 680,000 stock options were re-priced to an exercise price of $0.06 per option. The was no change in the fair value of the stock options as a result of re-pricing.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the year:

	2021	2020
Risk-free interest rate	1.38%	1.53%
Expected life of options in years	5	2.36
Expected annualized volatility	91.43%	117.7%
Dividend yield	Nil	Nil

(Expressed in Canadian Dollars)

19. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash financing and investing activities during the year ended December 31, 2021 consisted of:

a) Applied accrued directors and consulting fees of $284,825 towards share subscriptions.
b) Applied promissory note principal of $633,146 and accrued interest of $59,170 towards share subscriptions.
c) Applied convertible debentures principal of $181,250 and interest of $245,884 towards share subscriptions.
d) Convertible debentures principal of $2,491,106 and GBP 254,000 converted into non-convertible loans.
e) Convertible debentures accrued interest of $28,520 converted into non-convertible loans.
f) Accrued directors and consulting fees of $55,148 converted into non-convertible loans.
g) Applied convertible debentures principal of $717,500 towards convertible debentures subscriptions.
h) Convertible debentures in the aggregate principal of $717,500 converted in shares.
i) Loans payable of $600,000 settled against subscriptions for warrants exercise.
j) Exploration loan principal and accrued interest of $3,931,365 settled against proceeds from sale of investment.

The significant non-cash financing and investing activities during the year ended December 31, 2020 consisted of:

a) Applied directors and consulting fees of $274,225 towards convertible debentures subscriptions.
b) Applied promissory note interest of $53,604 towards convertible debentures subscriptions.
c) Applied convertible debentures accrued interest of $229,671 and GBP 7,893 towards convertible debentures subscriptions.
d) Applied convertible debentures principal of $205,000 and GBP 246,016 towards convertible debentures subscriptions.
e) Convertible debentures were issued again subscriptions of $200,000 received in the prior year.
f) Applied security deposit of $18,070 and proceeds from sale of fixed assets of $2,000 towards lease payments.
g) Subscription to convertible debenture of $15,000 through promissory notes.

20. SEGMENT INFORMATION

The Company operates in one business segment which is the exploration of mineral properties. The geographic distribution of exploration and evaluation assets is disclosed in Notes 9 and 10.

21. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the year ended December 31, 2021 is as follows:

	2021	2020
Loss before income taxes	$ (4,478,344)	$ (1,823,155)
Expected income tax (recovery)	$ (1,209,000)	$ (492,000)
Permanent differences	1,215,000	19,000
Change in statutory, foreign tax and foreign exchange rates	-	(48,000)
Share issue costs	(332,000)	-
Adjustment to prior year provision for statutory tax returns	(87,000)	5,000
Impact of application of CL	279,000	-
Impact of conversion of debt were settled	684,000	-
Change in unrecognized deductible temporary differences	(550,000)	516,000
Income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

21. INCOME TAXES (cont'd...)

The significant components of the Company's deferred tax assets that have not been included in the financial statements are as follows:

	2021	2020
Deferred income tax assets:		
Exploration and evaluation assets	$ 104,000	$ 47,000
Share issue costs	269,000	3,000
Debt with accretion	16,000	155,000
Allowable capital losses	-	140,000
Non-capital losses available for future period	1,927,000	2,521,000
	2,316,000	2,866,000
Unrecognized deferred tax assets	(2,316,000)	(2,866,000)
Net deferred income tax assets not recognized	$ -	$ -

No deferred tax asset has been recognized in respect of the above because the amount of future taxable profit that will be available to realize such assets is not probable.

The Company has approximately $5,895,000 in non-capital losses for Canadian income tax purposes. These losses, if not utilized, will expire through 2040.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Financial assets and liabilities measured at fair value are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

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

The fair value of cash, receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. The Company's investment was measured using level 3 inputs.

The fair value of the Company's long-term exploration loan approximates its carrying value as the interest rate is considered to be comparable to other borrowing arrangements made available to the Company.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Risk management

In the mining industry there is always a risk over contractual interpretation of royalty rights and obligations, and it is possible that the Company's interpretation of its rights and obligations could be different from other parties' interpretation of them. The Company is exposed to varying degrees of financial instrument related risks:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company considers that credit risk with respect to the receivables ***(Note 4)*** is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company is exposed to liquidity risk through its loans payable. The loans are payable to the directors and their related companies. The Company will endeavor to raise funds for future use from equity or debt financings, sales of mineral assets and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing and asset disposal activities.

Market risk

a) Interest rate risk
The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's policy is to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value. The loans payable bear interest at fixed rate of 12.5%. The Company has no interest-bearing liabilities with variable interest rate.

b) Price risk
The Company is exposed to price risk with respect to commodity prices, particularly lithium. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

c) Foreign currency risk
The Company's operations are in Canada and Ireland. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The Company's operating expenses are incurred primarily in Canadian dollars. Exploration programs are in Canadian dollars. Activity in associates occurs in Ireland and is denominated in the Euro. The Company is also subject to fluctuations in the Euro in conducting exploration work and investment in Ireland. Consequently, the Company's investments and expenditures are subject to currency transaction risk and currency translation risk. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. A 10% change in foreign exchange rates would increase/decrease loss for the period by approximately $1,015,000.

23. CAPITAL MANAGEMENT

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 exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity (deficiency).

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, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company currently is not subject to externally imposed capital requirements. However, the Company's assets are subject as security under the general security agreements for the loans payable *(Note 15)*. There were no changes in the Company's approach to capital management.

24. SUBSEQUENT EVENTS

Subsequent to December 31, 2021, the Company:

a) Received AU$750,000 cash and 34 million shares of Critical Resources pursuant to the Share Purchase Agreement with Critical Resources Limited to sell the Company's 49% interest in the Mavis Lake Lithium Project. The Company relinquished its right to 1.5% NSR on the Project and Essential Metals relinquished its right to acquire 29% of the Project from the Company (Note 10).

b) Settled $1,057,750 principal of the loans payable on September 30, 2023.

c) Issued 12,404,545 common shares on the exercise of the warrants for gross proceeds of $665,364.

d) On April 6, 2022, entered into an amended agreement with Ultra for the sale of Forgan Lake property. Pursuant to the terms of the amendment agreement, Ultra earned 100% interest in the property by paying $150,000 to the Company in lieu of the requirement of $500,000 exploration expenditures on the property. The Company retains a 1.5% NSR on the Forgan Lake and Lucky Lake projects.

e) On April 20, 2022, entered into an option agreement to acquire 100% interest in the Wolf Ridge Property located in Ontario. In accordance with the terms of the agreement, the Company may earn a 100% interest in the property by spending $350,000 on exploration expenditures and paying a consideration comprised of $210,000 cash and 775,000 shares of the Company over the period of four years. The property is subject to NSR as follows:

   i) 1.0% NSR for all minerals that are not Nickel, Copper, Lead, Zinc, Molybdenum, Cobalt, Platinum, Palladium, Gold and Silver (the "Original Royalty"). The Company has a right to purchase at any time the entirety of the 1.0% of the Original Royalty by paying a consideration comprised of $1,000,000 cash and 225,000 shares of the Company.

   ii) 2.0% NSR for all minerals that are Nickel, Copper, Lead, Zinc, Molybdenum, Cobalt, Platinum, Palladium, Gold and Silver (the "Nickel Royalty"). The Company may purchase at any time 1.0% of the Nickel Royalty (half of the Nickel Royalty) by paying a consideration comprised of $1,000,000 cash and 225,000 shares of the Company.

f) 1,400,000 stock options with an exercise price of $0.155 and 700,000 stock options with an exercise price of $0.15 expired unexercised *(Note 18)*.

e) 300,000 warrants with an exercise price of $0.05 expired unexercised.