

**Form 51-102F4
Business Acquisition Report**

Item 1 Identity of Company

1.1 Name and Address of Company

Alchemist Mining Incorporated (the “**Company**” or “**Alchemist**”)
Suite 2380 – 1055 West Hastings Street
Vancouver, British Columbia, V6E 2E9

1.2 Executive Officer

The name, position and business telephone number of an executive officer who is knowledgeable about this significant acquisition and this Form 51-102F4 – *Business Acquisition Report* (this “**Report**”) is as follows:

Scott Taylor
Chief Executive Officer and Director
Telephone: +1 (303) 915-8631

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

Pursuant to the terms of an amalgamation agreement dated March 6, 2023, as amended by an amendment agreement dated March 23, 2023 (together, the “**Amalgamation Agreement**”) with LiTHos Technologies Corp. (“**LiTHos**”), a private arm’s length company continued under the Province of British Columbia, and 1404366 B.C. Ltd. (“**NewCo**”), a wholly-owned subsidiary of Alchemist, the Company completed a business combination with LiTHos and acquired all of the outstanding securities of LiTHos from the securityholders of LiTHos by way of “three-cornered” amalgamation (the “**Transaction**”).

LiTHos, a company continued under the Province of British Columbia, holds a 100% interest in mineral claims spanning an approximate 6,780 acres in a virgin lithium brine basin in Arizona known as the “Cactus Jack” and the “Pac-Man” properties.

LiTHos invested in AcQUATM – a patented wastewater solutions technology for Direct Lithium Extraction (“**DLE**”) from continental brine reservoirs enriched with lithium. AcQUATM is a unique modular technology is capable of pre-treatment, selective purification, and concentration of lithium-enriched brines prior to extracting lithium chloride. The unique AcQUATM technology avoids the typical challenges faced by chemically-intensive DLE technologies currently in development phase. AcQUATM enables lithium brine resource operators to deploy economically viable and sustainable field-ready extraction solutions that will substantially reduce water consumption by recycling 98.5% of the input brine water, and substantially eliminate the use of evaporation ponds in the pre-treatment and concentration phases of production.

From an economic standpoint AcQUATM aids mineral resource owners to extract multiple aqueous minerals of economic interest: lithium, boron, and sodium carbonate at a substantially lower Capital Expenditure per tonne of LCE production/year. By eliminating the inefficient, slow, and environmentally harmful pre-treatment evaporation ponds, AcQUATM aids in yielding sustainable lithium production and will help unlock stranded continental brine resources located in the United States. The fundamental DLE technology is a mature, field proven, operational system augmented from produced water management in the energy sector. A fully operational DLE processing facility has been commissioned in Denver, Colorado, USA. LiTHos is focused on processing continental brines from several strategic resource owners located in the United States, Argentina and Chile. The Company's mission is to become the trusted standard for economic, environmentally efficient, and sustainable lithium resource development.

2.2 Acquisition Date

Closing of the Transaction (the "**Closing**") occurred on April 27, 2023.

2.3 Consideration

Pursuant to the terms of the Amalgamation Agreement, Alchemist acquired all of the issued and outstanding common shares (each, a "**LiTHos Share**") in the capital of LiTHos by way of "three-cornered" amalgamation whereby NewCo and LiTHos amalgamated to form a new entity ("**AmalCo**"), and AmalCo became a wholly-owned subsidiary of Alchemist upon the Closing. At the effective time of the Closing, each outstanding LiTHos Share was cancelled and, in consideration for such LiTHos Share, each respective LiTHos shareholder received their pro rata portion of an aggregate of 15,000,000 common shares (each, a "**Share**") in the capital of the Company, at a deemed price of \$0.30 per Share. In addition, the Company issued an aggregate of 10,000,000 performance Shares (each, a "**Performance Share**"), on terms and conditions mutually agreed upon by the parties, to certain employees and consultants of LiTHos, each at a deemed price of \$0.30 per Performance Share.

Prior to the Closing, LiTHos continued out of the jurisdiction of the Province of Alberta under the provisions *Business Corporations Act* (Alberta) into the jurisdiction of the Province of British Columbia under the provisions of the *Business Corporations Act* (British Columbia) in order to facilitate the amalgamation between LiTHos and NewCo.

Pursuant to the terms of a finder's fee agreement dated April 25, 2023, an arm's length finders was issued an 2,000,000 Shares (collectively, the "**Finder's Shares**") at a deemed price of \$0.30 per Finder's Share in connection with the Transaction. The Finder's Shares are subject to a statutory hold period of four months and a day pursuant to relevant Canadian securities laws.

Following the Closing of the Transaction, Alchemist has 60,360,162 Shares issued and outstanding, of which approximately 55.27% of the Shares are held by the current shareholders of Alchemist and approximately 41.42% are held by the former shareholders of LiTHos (inclusive of the Performance Shares).

2.4 Effect on Financial Position

Upon completion of the Transaction, LiTHos became a wholly-owned subsidiary of the Company. The business and operations of LiTHos have been combined with those of the Company and are managed concurrently.

The Company has no current plans or proposals for material changes in its business affairs or the affairs of LiTHos which may have a significant effect on the financial performance and financial position of the Company.

2.5 Prior Valuations

Not applicable.

2.6 Parties to Transaction

The Transaction was not with an informed person, associate or affiliate of the Company.

2.7 Date of Report

June 8, 2023

Item 3 Financial Statements

The audited financial statements of LiTHos for the period from incorporation on July 26, 2022 to January 31, 2023 are attached hereto as Schedule "A" and, in addition thereto, the management discussions and analysis of LiTHos for the period from incorporation on July 26, 2022 to January 31, 2023 are attached hereto as Schedule "B".

The Company has obtained the consent of the auditors to include the audit report on the audited financial statements of LiTHos for the period from incorporation on July 26, 2022 to January 31, 2023 contained in this Report.

SCHEDULE "A"

LiTHos Financial Statements

[See Attached]

LITHOS TECHNOLOGY CORP.

Consolidated Financial Statements

For the period from incorporation on July 26, 2022 to January 31, 2023

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Director of:
Lithos Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Lithos Technology Corp. (the "Company"), which comprise the consolidated statement of financial position as at January 31, 2023 and the consolidated statement of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on July 26, 2022 to January 31, 2023, 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 January 31, 2023, and its financial performance and its cash flows for the period from incorporation on July 26, 2022 to January 31, 2023 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$144,470 during the period from incorporation on July 26, 2022 to January 31, 2023 and, as of that date, the Company's current liabilities exceeded its current assets by \$110,406. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management 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. 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 Group 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.

A handwritten signature in dark ink that reads "Charlton & Company". The script is cursive and fluid, with the ampersand being a simple loop.

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
June 8, 2023

Lithos Technology Corp.

Consolidated Statement of Financial Position

(Expressed in Canadian Dollars)

As at January 31, 2023

	Notes	January 31, 2023
ASSETS		
Current assets		
Cash		\$ 1,107
Deposit	5	69,473
		70,580
Non-current assets		
Exploration advance	6	14,117
Exploration and evaluation	6	188,871
TOTAL ASSETS		\$ 273,568
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	7 & 9	\$ 180,986
		180,986
SHAREHOLDERS' EQUITY		
Share capital	8	237,052
Deficit		(144,470)
TOTAL SHAREHOLDERS' EQUITY		92,582
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 273,568

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

Approved on behalf of the board:

"Scott Taylor"

Scott Taylor, Director

Lithos Technology Corp.

Consolidated Statement of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the period from July 26, 2022 (incorporation date) to January 31, 2023

	Note	For the period from July 26, 2022 (incorporation date) to January 31, 2023
Operating Expenses		
Administrative		\$ 8,430
Business development		10,547
Consulting	9	80,358
Foreign exchange gain		(922)
Professional fees		46,057
		144,470
Loss and comprehensive loss for the period		\$ (144,470)
Basic and diluted loss per share		\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		16,003,506

Lithos Technology Corp.

Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

For the period from July 26, 2022 (incorporation date) to January 31, 2023

	Number of common shares	Share capital	Deficit	Total
Balance at July 26, 2022	-	\$ -	\$ -	\$ -
Shares issued for cash (Note 8)	19,578,571	181,000	-	181,000
Share issue costs - cash	-	(3,150)	-	(3,150)
Share issued for property payment (Note 6 & 8)	2,114,357	59,202	-	59,202
Loss for the period	-	-	(144,470)	(144,470)
Balance at January 31, 2023	21,692,928	\$ 237,052	\$ (144,470)	\$ 92,582

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

Lithos Technology Corp.

Consolidated Statement of Cash Flows

(Expressed in Canadian Dollars)

For the period from July 26, 2022 (incorporation date) to January 31, 2023

	From July 26, 2022 (incorporation date) to January 31, 2023
Operating activities	
Net loss for the period	\$ (144,470)
Items not involving cash:	
Foreign exchange gain	(922)
Changes in non-cash working capital items:	
Accounts payables and accrued liabilities	119,829
Cash flows used in operating activities	(25,563)
Investing activities	
Deposit	(69,473)
Exploration advance	(14,117)
Purchase of property rights	(67,590)
Cash used in investing activities	(151,180)
Financing activity	
Proceeds from the issuance of shares, net	177,850
Cash provided by financing activity	177,850
Net change in cash in the period	1,107
Cash, beginning of period	-
Cash, ending of period	\$ 1,107

Supplemental cash flow information (Note 13).

Lithos Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the period from July 26, 2022 (incorporation) to January 31, 2023

1. Nature of operations and going concern***Nature of Operations***

Lithos Technology Corp. (the “Company”) was incorporated under the *Business Corporations Act* (Alberta) Act on July 26, 2022, and is a private company. The principal business of the Company is the identification and exploration and evaluation of mineral properties in the United States. To date, the Company’s has not earned revenues and is considered to be in the exploration stage.

The Company’s head office is located at 1500-205 5th Avenue S.W., Calgary, Alberta, T2P 2V7.

On April 27, 2023, the Company completed an amalgamation (the “Amalgamation Agreement”) with Alchemist Mining Incorporated (“Alchemist”) whereby the Company became a wholly owned subsidiary of Alchemist. As a result of the Amalgamation Agreement, the Company will transition to the Province of British Columbia and will operate under the Business Corporations Act of British Columbia (Note 15).

Going concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Since incorporation on July 26, 2022, the Company incurred a net loss and has a deficit of \$144,470. At January 31, 2023, the Company has a working capital deficiency of \$110,406. The Company has limited resources, no sources of operating cash flows and no assurances that sufficient funding will be available to continue operations for an extended period of time. These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Covid-19

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. Its impact on global economies has been far-reaching, and businesses around the world have been forced to cease or limit operations for long or indefinite periods of time.

There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on our financial position and results, exploration activities, workers, partners, consultants, suppliers and on global financial markets. The Company has taken measures to contain the spread of COVID-19 and is proceeding with exploration activities as long as the work environment remains safe. As at January 31, 2023, the Company has not been significantly impact by COVID-19.

2. Basis of presentation***Approval of the consolidated financial statements***

These consolidated financial statements were authorized for issue on June 8, 2023 by the sole director of the Company.

2. Basis of presentation (continued)

Statement of compliance

These consolidated financial statements have been prepared in accordance with 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 preparation

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

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its wholly controlled subsidiary, Lithos Technology LLC., a company incorporated in Delaware, USA. 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. These consolidated financial statements include the accounts of the Company and its direct wholly owned subsidiary. All significant intercompany transactions and balances have been eliminated on consolidation.

Foreign currency translation

These consolidated financial statements are presented in Canadian Dollars, which is the Company and its subsidiary's functional currency. Transactions in currencies other than the Canadian Dollar are recorded at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the statement of financial position. Non-monetary items are measured at their historical cost and are not retranslated. Revenues and expenses denominated in foreign currencies are translated at rates of exchange prevailing on the transaction dates. All exchange gains or losses are recognized immediately in profit or loss in the period in which they are incurred.

3. Significant accounting policies

Exploration and evaluation assets

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore an exploration and evaluation asset has been acquired, all costs related to the acquisition of the property and exploration on the property are capitalized on a property-by-property basis. All expenditures are capitalized until such time the properties are placed into commercial production, sold, abandoned or impaired. If commercial production is achieved from a mineral property, the related capitalized costs will be tested for impairment and reclassified to mineral property in production and will be accounted for under IAS 16.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. If it is determined that the carrying amount of an exploration and evaluation asset is impaired, that property is written down to its estimated net realizable value.

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, option payments are recorded as property costs or recoveries when paid or received. When recoveries exceed the carrying value of the mineral property, the excess is reflected in the statement of loss and comprehensive loss.

3. Significant accounting policies (continued)

Impairment of non-current assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets.

If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount of a cash generating unit exceeds its recoverable amount, the cash generating unit is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

Where an impairment loss subsequently reverses, the carrying amount of the cash generating unit is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the cash generating unit in prior years. A reversal of an impairment loss is recognized as income through profit or loss.

Restoration and environmental obligation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration 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 restoration 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 asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of restoration costs, are charged to the statement of comprehensive loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production is charged to the statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

As of January 31, 2023, the Company did not have any decommissioning liabilities.

3. Significant accounting policies (continued)

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of options or warrants is recorded in share capital and the related fair value is transferred to share capital. For those options and warrants that expire, the recorded value is transferred to deficit.

Loss per share

Basic loss per common share is calculated using the weighted average number of common shares issued and outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Diluted earnings per share exclude all dilutive potential common shares if their effect is anti-dilutive.

As of January 31, 2023, diluted loss per share is the same as basic loss per share as the effect of issuance of shares on the exercise of warrants is anti-dilutive.

Income taxes

Current income tax:

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

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

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Significant accounting policies (continued)**Financial instruments**Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial instruments:

Financial assets/liabilities	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost

Measurement*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

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

Impairment of financial assets at amortized cost

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

Derecognition*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in the statements of loss and comprehensive loss.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

4. Significant estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

Judgements:

Title to mineral property interest

Although the Company has taken steps to verify title to mineral properties that it currently has under option, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern, and the consolidated financial statements continue to be prepared on a going concern basis. The Company has no sources of revenue and remains dependent on its ability to obtain financing, which may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

4. Significant estimates and assumptions (continued)

Estimates:

Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

Valuation of common shares

The determination of the fair value of common shares is subject to certain management estimates as the Company is not publicly traded in an active market. The fair market value of the common shares issued was determined by using the cash value paid to purchase shares around the time of issuance.

5. Deposit

On December 1, 2022, the Company's subsidiary, Lithos Technology LLC. entered into a Membership Interest Purchase and Subscription Agreement to acquire one-third of the outstanding membership/equity interest of Aqueous Resources LLC ("Aqueous"). Aqueous is the sole owner of patented technology for electro-pressure membrane process and method for recovery and concentration of lithium chloride from aqueous sources. The subscription price is USD \$600,000 (the "Total Consideration"), USD \$200,000 payable on signing the agreement and USD \$400,000 no later than January 2, 2023. The Capital investment will be used for further development validation, and testing of the Technology and IP Rights. As of January 31, 2023, the Company has only paid a deposit of \$69,473 (USD \$50,000) to Aqueous. Subsequent to January 31, 2023, the Company paid an additional USD \$150,000 and the USD \$400,000 remains outstanding (Note 15).

In exchange for the Total Consideration, Aqueous will issue 500 Series Preferred Units of Aqueous (pending issuance) of Aqueous, representing one-third of the aggregate outstanding membership interest; plus, warrant certificates to acquire an additional 2,400 units of Series A preferred membership (issued) in Aqueous.

The term of the warrants is as follow:

- On December 1, 2022, Aqueous issued 200 warrants to Purchase series A preferred units at a price of USD\$2,500 per unit with for a period of three years.
- On December 1, 2022, Aqueous issued 700 warrants to Purchase series A preferred units at a price of USD\$4,200 per unit with for a period of three years.
- On December 1, 2022, Aqueous issued 1,500 warrants to Purchase series A preferred units at a price of USD\$6,500 per unit with for a period of three years.

Lithos Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the period from July 26, 2022 (incorporation) to January 31, 2023

6. Exploration and evaluation properties

On September 28, 2022, the Company and its subsidiary, Lithos Technology LLC ("Optionee"), entered into an option agreement (the "Option Agreement") with Metals Search LLC. ("Owner") to acquire 100% in one mineral permit in the Cactus Jack lithium property located in Graham County, Arizona, USA, covering 640 acres. Pursuant to the agreement, the Company must issue 2,114,357 common shares and 1,057,179 warrants (issued on September 28, 2022, with a fair value of \$59,202).

Pursuant to the Option Agreement, the Company is required to make total cash payments of USD \$375,000 as follows:

- USD \$50,000 upon signing of this agreement (paid – CAD \$67,590)
- USD \$75,000 on or before September 7, 2023;
- USD \$100,000 on or before September 7, 2024; and
- USD \$150,000 on or before September 7, 2025

The Company has also required to incur a total of USD \$1,200,000 in qualified expenditures on the property as follows:

- USD \$200,000 on or before September 7, 2023;
- USD \$200,000 on or before September 7, 2024;
- USD \$400,000 on or before September 7, 2025; and
- USD \$400,000 on or before September 7, 2026

Upon Optionee's exercise of the option, Optionee shall become obligated to make annual pre-production payments to Owner in the amount of \$200,000 beginning on January 1 of the year following the calendar year in which the option was exercised, and continuing on an annual basis thereafter on or before each anniversary of that initial pre-production payment date until such time as Optionee has commenced selling any minerals produced from the property. Such pre-production payments, beginning with the first such payment, shall be increased by the amount of the positive percentage of increase in the Consumer Price Index.

The property shall be subject to a 5% gross revenue royalty from the sale of all minerals extracted from the property, half of which is purchasable by the Company for USD \$2,500,000.

A breakdown of costs incurred on the Cactus Jack Property during the period ended January 31, 2023 is as follows:

	Cactus Jack	Total
	\$	\$
Balance, July 26, 2022:	-	-
<u>Acquisition</u>		
Acquisition costs - cash	67,590	67,590
Acquisition costs - shares	59,202	59,202
<u>Exploration costs</u>		
Geological and assays	60,217	60,217
Geophysical costs	1,862	1,862
Balance, January 31, 2023:	188,871	188,871

Lithos Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the period from July 26, 2022 (incorporation) to January 31, 2023

7. Accounts payable and accrued liabilities

	January 31, 2023
Accounts payable	\$ 149,641
Accrued liabilities	31,345
	<u>\$ 180,986</u>

8. Share capital***Authorized share capital***

Unlimited number of common shares without par value and an unlimited number of preferred non-voting shares without par value.

Issued and outstanding

As at January 31, 2023, the Company had 21,692,928 common shares issued and outstanding as presented in the statement of changes in shareholders' equity.

During the period from incorporation on July 26, 2022 to January 31, 2023, the Company incurred the following:

On September 8, 2022, the Company issued 8,000,000 common shares at a price of \$0.001 per share for cash proceeds of \$8,000. Each unit consisted of one common share and one-half common share purchase warrant with every full warrant entitling the holder to purchase one additional share at a price of \$0.05 per share for three years.

On September 8, 2022, the Company issued 8,000,000 units at a price of \$0.001 per share for cash proceeds of \$8,000. Each unit consisted of one common share and one whole common share purchase warrant with every full warrant entitling the holder to purchase one additional share at a price of \$0.05 per share for three years.

On September 26, 2022, the Company issued 2,678,571 common shares at a price of \$0.028 per share for cash proceeds of \$75,000. Each unit consisted of one common share and one whole common share purchase warrant with every full warrant entitling the holder to purchase one additional share at a price of \$0.10 per share for three years.

On September 28, 2022, the Company issued 2,114,357 common shares valued at \$59,202 under the terms of the Cactus Jack property option agreement. Each unit consisted of one common share and one-half common share purchase warrant with every full warrant entitling the holder to purchase one additional share at a price of \$0.10 per share for three years (Note 6).

On November 7, 2022, the Company issued 500,000 common shares at a price of \$0.10 per share for cash proceeds of \$50,000. Each unit consisted of one common share and one-half common share purchase warrant with every full warrant entitling the holder to purchase one additional share at a price of \$0.20 per share for one year. The Company paid \$1,575 in share issuance costs.

Lithos Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the period from July 26, 2022 (incorporation) to January 31, 2023

8. Share capital (continued)***Issued and outstanding (continued)***

On December 12, 2022, the Company issued 400,000 units at a price of \$0.10 per unit for cash proceeds of \$40,000. Each unit consisted of one common share and one-half common share purchase warrant with every full warrant entitling the holder to purchase one additional share at a price of \$0.20 per share for one year. The Company paid \$1,575 in share issuance costs.

Warrants

The continuity of warrant transactions is summarized as follows:

	January 31, 2023	
	Number of Warrants	Weighted Average Exercise Price
Outstanding, July 26, 2022	-	\$ -
Issued	16,185,750	0.07
Outstanding, January 31, 2023	16,185,750	\$ 0.07

As at January 31, 2023, the Company had the following warrants outstanding:

Date Granted	Expiry Date	Exercise Price	Outstanding
September 8, 2022	September 8, 2025	\$0.05	4,000,000
September 8, 2022	September 8, 2025	\$0.05	8,000,000
September 26, 2022	September 26, 2025	\$0.10	2,678,571
September 28, 2022	September 28, 2025	\$0.10	1,057,179
November 7, 2022	November 7, 2023	\$0.20	250,000
December 12, 2022	December 12, 2023	\$0.20	200,000
Outstanding, end of period			16,185,750

The weighted average life of warrants outstanding is 2.57 years as at January 31, 2023.

Lithos Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the period from July 26, 2022 (incorporation) to January 31, 2023

9. Related party transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate value of transactions relating to key management personnel were as follows:

	Period from incorporation on July 26, 2022 to January 31, 2023
CEO – Consulting fees	\$ 80,358

As at January 31, 2023, \$98,262 were owing to key management personnel or to a company controlled by a director and the amounts were included in accounts payable and accrued liabilities. The amounts are unsecured, non-interest bearing and due on demand.

The Company has an agreement with Reservoir Imaging Solutions LLC. ("Reservoir), whereby the Company pays Reservoir USD\$10,000 per month for CEO services. The agreement expires on July 28, 2023. Otherwise, early termination of the contract requires six months' written notice and payment of fees equal to six months' payment to the contractor.

10. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in a bank account. The cash is deposited in a bank account held with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Credit risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

10. Financial risk and capital management (continued)

Liquidity risk (continued)

Historically, the Company's sole source of funding has been the issuance of equity for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity and debt funding. Liquidity risk is assessed as high as the Company has a working capital deficiency of \$110,406 (Note 1).

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign exchange risk on fluctuations related to accounts payable and accrued liabilities that are denominated in US dollars. A significant change in the currency exchange rates between the Canadian dollar and US dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

As at January 31, 2023, a plus or minus 10% change in foreign exchange rates would affect the consolidated statements of loss and comprehensive loss by \$16,764.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it has no interest-bearing debt.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash is determined based on Level 1 inputs which consists of quoted prices in active markets for identical assets. The fair value of the Company's accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

11. Capital risk management

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative returns on capital criteria for management.

The mineral properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. Additional sources of funding, which may not be available on favorable terms, if at all, include share equity and debt financings; equity, debt or property level joint ventures; and sale of interests in existing claims. In order to carry out the planned exploration and development and pay for operating expenses, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Lithos Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the period from July 26, 2022 (incorporation) to January 31, 2023

12. Income tax expense and deferred tax assets and liabilities

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follow, using a Statutory Tax Rate of 27%:

	From July 26, 2022 (incorporation) to January 31, 2023
Net loss	\$ (144,470)
Expected income tax recovery at the statutory tax rate	(39,000)
Share issuance costs	(1,000)
Change in valuation allowance	40,000
Income tax recovery	\$ -

The significant components of the Company's deferred tax assets not recognized are as follows:

	From July 26, 2022 (incorporation) to January 31, 2023
Non-capital loss carry-forwards	39,000
Share issuance costs	1,000
	40,000

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized.

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2023	Expiry date
Share issuance costs	3,000	2028
Non-capital losses available for future periods	144,000	2043

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. Supplemental cash flow information

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows.

During the period from incorporation on July 26, 2022 to January 31, 2023:

- The Company issued 2,114,357 common shares at a fair value of \$59,202 pursuant to the acquisition of Cactus Jack property option agreement.
- As at January 31, 2023, the Company had \$61,531 in accounts payable relating to exploration and evaluation expenditures.

Lithos Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the period from July 26, 2022 (incorporation) to January 31, 2023

14. Segmented operations

The Company primarily operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in the United States.

Disaggregation of non-current assets by geographic area:

		January 31, 2023
Canada	\$	-
United States (in Canadian dollars)	\$	202,988

15. Subsequent events**Amalgamation Agreement**

On April 27, 2023, the Company completed the Amalgamation Agreement with Alchemist, a listed BC company. Pursuant to the terms of the Amalgamation Agreement, Alchemist acquired all of the issued and outstanding common shares of the Company by way of “three-cornered” amalgamation (the “Transaction”), whereby 1404366 B.C. Ltd. wholly owned subsidiary of Alchemist (“NewCo”) and the Company amalgamated to form a new entity (“AmalCo”). Following the completion of the transaction, AmalCo became a wholly-owned subsidiary of Alchemist.

At the time of the closing, all of the outstanding Company shares were cancelled and, in consideration for such Company shares, each respective Company shareholder received their pro rata portion of an aggregate of 15,000,000 common shares (each, a “Share”) in the capital of Alchemist, at a deemed price of \$0.30 per share. In addition, Alchemist issued an aggregate of 10,000,000 performance shares, which are subject to a voluntary escrow. These performance shares will be released to certain employees and consultants of the Company upon the completion of the Denver lab receiving its first brine shipment from 3 proton lithium, with each performance share valued at \$0.30.

As a result of the Transaction, the Company will transition from the jurisdiction of the Province of Alberta (operating under the provisions Business Corporations Act (Alberta)) into the jurisdiction of the Province of British Columbia and will operate under the provisions of the Business Corporations Act (British Columbia). Pursuant to the terms of the finders’ fee agreement dated April 25, 2023, Alchemist issued 2,000,000 shares at a deemed price of \$0.30 per finders’ share in connection the transaction. The finders’ shares are subject to a statutory hold period of four months and a day in accordance with applicable securities laws and the policies of the Canadian Securities Exchange (“CSE”). The Transaction did not result in a change of control or creation of a new control person for Alchemist.

Upon the completion of the Amalgamation the Company appointed Scott Taylor as the CEO of Alchemist.

Upon closing, shareholders of the Company who received Alchemist shares will be subject to a voluntary escrow. The escrow will be released in two parts: 10% of the Alchemist shares released on the date that the Alchemist shares are listed on the exchange, and 15% of the Alchemist shares will be released every six months thereafter.

Bridge Loan

In connection with the Transaction, Alchemist has agreed to advance a bridge loan in the amount of \$400,000 to the Company (the “Bridge Loan”). The terms of the Bridge Loan include, but are not limited to: (a) repayment secured against all assets of the Company; (b) a maturity date of twelve months

Lithos Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the period from July 26, 2022 (incorporation) to January 31, 2023

15. Subsequent events (continued)

following the date of advance of the Bridge Loan (the "Maturity Date"); (c) interest on the principal amount at a rate of 10% per annum, calculated and compounded monthly; (d) principal and interest payable on the Maturity Date; and (e) covenants limiting the Company's ability to use proceeds from the Bridge Loan. The Amalgamation Agreement includes a completion deadline of June 30, 2023.

Other events

In February 2023, the Company acquired 120 new mineral claims through staking on the PacMan Project on the Wilcox Playa, Arizona, for a total cost of USD \$49,475.

In February 2023, the Company paid USD \$150,000 to Aqueous Resources LLC under the terms of the Membership Interest Purchase and Subscription Agreement (Note 5).

On April 20, 2023, the Company entered into an asset purchase agreement with Reservoir Imaging Solutions LLC, a company controlled by the CEO of the Company, to acquire all tangible and intangible assets associated with conductive fracture imaging technology. This technology enables the detection and/or measurement of physical and mechanical parameters related to fractures. In exchange for this acquisition, the Company issued 100,000,000 common shares as the aggregate consideration.

Subsequent to year end, the Company issued 3,250,000 common shares for the exercise of warrants at \$0.05-\$0.20 for gross proceeds of \$200,000.

SCHEDULE “B”

LiTHos MD&A

[See Attached]

Introduction

This Management's Discussion and Analysis ("MD&A") of Lithos Technology Corp. (referred to as "Lithos", the "Company", "us" or "our") provides analysis of the Company's financial results for the period from July 26, 2022 to January 31, 2023. The following information should be read in conjunction with the accompanying audited consolidated financial statements for the period from incorporation on July 26, 2022 to January 31, 2023, and the notes to those consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial information contained herein is expressed in Canadian dollars unless stated otherwise. All information in this MD&A is current as of June 8, 2023, unless stated otherwise. This MD&A is intended to supplement and complement the Company's consolidated financial statements for the period from incorporation on July 26, 2022 to January 31, 2023, and the notes thereto. Readers are cautioned that this MD&A contains "forward-looking statements" and that actual events may vary from management's expectations. Readers are encouraged to read the cautionary note contained herein regarding such forward-looking statements. On behalf of the Board of Directors, this MD&A was reviewed, approved and authorized for issue on June 8, 2023.

Description of Business

The Company was incorporated as Lithos Technology Corp. under the Alberta Business Corporations Act (Alberta) on July 26, 2022 and is a private company. The principal business of the Company is the identification and exploration and evaluation of mineral properties in the United States. On August 8th, 2022, the Company formed a wholly owned US subsidiary Lithos Technology LLC, in Delaware, USA. On September 27th, 2022, Lithos Technology LLC received a Foreign Registration Statement with the State of Arizona to hold Mineral Exploration Permits from the Arizona State Land Department.

The registered office and records of the Company are located at 1500-5 Ave Suite 205, Calgary, Alberta T2P2V7 Canada.

To date, the Company has not generated any revenue and has met its cash requirements primarily through share issuances. Until the Company attains profitability, it will be necessary to raise additional financings for general working capital. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

The Company expects to use its available working capital, for general working capital, including complementary acquisitions. The Company's objectives are to evaluate other opportunities to build shareholder value.

Forward-looking statements

Certain statements contained in this MD&A constitute "forward-looking statements" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this MD&A, and the Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable laws.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, the success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. The words "may", "will", "continue", "could", "should", "would", "suspect", "outlook", "believes", "plan", "anticipates", "estimate", "expects", "intends" and words and expressions of similar import are intended to identify forward-looking statements.

Forward-looking statements include, without limitation, information concerning possible or assumed future results of the Company's operations. These statements are not historical facts and only represent the Company's current beliefs and assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments and future opportunities.

Although management considers those assumptions to be reasonable based on information currently available to them, they may prove incorrect. These statements are not guarantees of future performance and involve assumptions and risks, and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

By their very nature, forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. Readers are advised to consider such forward-looking statements in light of the risk factors set forth below and further detailed in the "Risks and Uncertainties" section of this MD&A.

These risk factors include, but are not limited to, fluctuation in metal prices, which are affected by numerous factors such as global supply and demand, inflation or deflation, global political and economic conditions; the Company's need for access to additional capital to explore and develop its projects, the risks inherent in the exploration for and development of minerals including the risks of estimating the quantities and qualities of minerals, operating parameters and costs, receiving project permits and approvals, the successful construction of mining and processing facilities, and uncertainty of ultimate profitability of mining operations, risks of litigation and other hazards. The Company cautions that the preceding list of factors that may affect future results is not exhaustive. When relying on any forward-looking statements in this MD&A to make decisions with respect to the Company, investors and others should carefully consider the risk factors set out in this MD&A and other uncertainties and potential events.

Property summary

Lithium Mineral Exploration

On September 28, 2022, the Company and its subsidiary, Lithos Technology LLC ("Optionee") entered into an option agreement with Metals Search LLC for the "Cactus Jack" project located in Lake Graham, Arizona, covering 640 acres. Specifically, the Company optioned Arizona State Trust Land ("ASLD") Mineral Exploration Permit from Metals Search LLC for 4 years which comes with historical NI-43-101 report and some surface geochemical data. In accordance with the option agreement, the Company was required to make an initial payment on October 5th, 2022 totaling USD \$50,000 (paid) and issued 2,114,357 common shares and 1,057,179 warrants (issued on September 28, 2022, valued at \$59,202) of the Company to Metals Search LLC.

Pursuant to the agreement, the Company is required to make total cash payments of USD \$375,000 as follows:

- | | |
|----------------------------------|--|
| • Upon signing of this agreement | USD\$50,000 [paid \$67,590 on October 5, 2022] |
| • On or before September 7, 2023 | USD \$75,000 |
| • On or before September 7, 2024 | USD \$100,000 |
| • On or before September 7, 2025 | USD \$150,000 |

The Company is required to incur a total of USD \$1,200,000 in qualified expenditures on the property as follows:

- USD \$200,000 on or before September 7, 2023.
- USD \$200,000 on or before September 7, 2024.
- USD \$400,000 on or before September 7, 2025.
- USD \$400,000 on or before September 7, 2026.

Upon Optionee's exercise of the option, Optionee shall become obligated to make annual pre-production payments to Owner in the amount of \$200,000 beginning on January 1 of the year following the calendar year in which the option was exercised, and continuing on an annual basis thereafter on or before each anniversary of that initial pre-production payment date until such time as Optionee has commenced selling any minerals produced from the property. Such pre-production payments, beginning with the first such payment, shall be increased by the amount of the positive percentage of increase in the Consumer Price Index.

The property shall be subject to a 5% gross revenue royalty from the sale of all minerals extracted from the property, half of which is purchasable by the Company for USD \$2,500,000.

A breakdown of costs incurred on the Cactus Jack Property during the period ended January 31, 2023 is as follows:

	Cactus Jack	Total
	\$	\$
Balance, July 26, 2022:	-	-
Acquisition costs - cash	67,590	67,590
Acquisition costs - shares	59,202	59,202
Exploration costs		
Geological and assays	60,217	60,217
Geophysical costs	1,862	1,862
Balance, January 31, 2023:	188,871	188,871

In February 2023, the Company acquired 120 new mineral claims through staking on the PacMan Project on the Willcox Playa, Arizona, for a total cost of US \$49,475.

Direct Lithium Extraction Technology Investment

On December 1, 2022, the Company's subsidiary, Lithos Technology LLC. entered into a Membership Interest Purchase and Subscription Agreement to acquire one-third of the outstanding membership/equity interest of Aqueous Resources LLC ("Aqueous"), an Arizona company. Aqueous is the sole owner of patented technology for electro-pressure membrane process and method for recovery and concentration of lithium chloride from aqueous sources. The subscription price is USD \$600,000 (the "Total Consideration"), USD \$200,000 payable on signing the agreement and USD \$400,000 no later than January 2, 2023. The Capital investment will be used for further development validation and testing of the Technology and IP Rights. As of January 31, 2023, the Company has only paid a deposit of \$69,473 (USD \$50,000) to Aqueous.

In exchange for the Total Consideration, Aqueous will issue 500 Series Preferred Units of Aqueous (pending issuance) of Aqueous, representing one-third of the aggregate outstanding membership interest; plus, warrant certificates to acquire an additional 2,400 units of Series A preferred membership (issued) in Aqueous.

The term of the warrants is as follows:

- On December 1, 2022, Aqueous issued 200 warrants to Purchase series A preferred units at a price of USD\$2,500 per unit with for a period of three years.

Lithos Technology Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For period from incorporation on July 26, 2022 to January 31, 2023

- On December 1, 2022, Aqueous issued 700 warrants to Purchase series A preferred units at a price of USD\$4,200 per unit with for a period of three years.
- On December 1, 2022, Aqueous issued 1,500 warrants to Purchase series A preferred units at a price of USD\$6,500 per unit with for a period of three years.

Additional, upon closing, Scott Taylor, CEO of the Company, was appointed Manager of Aqueous, resulting in the number of Managers increasing to three.

In February 2023, the Company paid an additional USD\$150,000 to Aqueous Resources LLC towards earning its interest in the entity.

Selected annual information

The financial information presented below for the period from incorporation on July 26, 2022 to January 31, 2023 was derived from the consolidated financial statements prepared in accordance with IFRS and is expressed in Canadian dollars.

	2023
	\$
Revenues	-
Net loss	(144,470)
Loss and comprehensive loss	(144,470)
Basic and diluted loss per share	(0.01)
Total assets	273,568
Current liabilities	180,986

Summary of quarterly results

Results for the most recent quarters, are as follows:

	January 31, 2023	October 31, 2022	July 31, 2022
	\$	\$	\$
Revenues	-	-	-
Net loss	(95,713)	(48,757)	-
Loss and comprehensive loss	(95,713)	(48,757)	-
Basic and diluted loss per share	(0.00)	(0.00)	-
Total assets	273,568	84,537	-
Current liabilities	180,986	40,179	-

Results of Operations

For the period from incorporation on July 26, 2022 to January 31, 2023, the Company incurred a net loss of \$144,470. The Company's loss included expenditures as follows:

- Administrative costs were \$8,430 which included office, insurance and filing & regulatory fees.
- Business development costs of \$10,547 were incurred in the search for financing and expanding the business.
- Consulting fees of \$80,358 were incurred for CEO consulting services.
- Professional fees of \$46,057 include legal and audit fees associated with business transactions.

For the three months ended January 31, 2023, the Company incurred a net loss of \$95,713. The Company's loss included expenditures as follows:

- Administrative costs were \$8,372 which included office, insurance and regulatory fees.
- Business development costs of \$10,547 was incurred in the search for financing and expanding the business.
- Consulting fees of \$40,179 were incurred for CEO consulting services.
- Professional fees of \$37,537 include legal and audit fees associated with business transactions.

Proposed transactions

Amalgamation Agreement

On April 27, 2023, the Company completed the amalgamation (the "Amalgamation Agreement") with Alchemist Mining Incorporated. ("Alchemist"), a listed BC company. Pursuant to the terms of the amalgamation agreement, Alchemist acquired all of the issued and outstanding common shares of the Company by way of "three-cornered" amalgamation (the "Transaction"), whereby 1404366 B.C. Ltd. wholly owned subsidiary of Alchemist ("NewCo") and the Company amalgamated to form a new entity ("AmalCo"). Following the completion of the transaction, AmalCo became a wholly-owned subsidiary of Alchemist.

At the time of the closing, all of the outstanding Company shares were cancelled and, in consideration for such Company shares, each respective Company shareholder received their pro rata portion of an aggregate of 15,000,000 common shares (each, a "Share") in the capital of Alchemist, at a deemed price of \$0.30 per share. In addition, Alchemist issued an aggregate of 10,000,000 performance shares, which are subject to a voluntary escrow. These performance shares will be released to certain employees and consultants of the Company upon the completion of the Denver lab receiving its first brine shipment from 3 proton lithium, with each performance share valued at \$0.30.

As a result of the Transaction, the Company will transition out of the jurisdiction of the Province of Alberta (operating under the provisions Business Corporations Act (Alberta)) into the jurisdiction of the Province of British Columbia and will operate under the provisions of the Business Corporations Act (British Columbia). Pursuant to the terms of the finders' fee agreement dated April 25, 2023, Alchemist issued 2,000,000 shares at a deemed price of \$0.30 per finders' share in connection the Transaction. The finders' shares are subject to a statutory hold period of four months and a day in accordance with applicable securities laws and the policies of the Canadian Securities Exchange ("CSE"). The Transaction did not result in a change of control or creation of a new control person for Alchemist.

Upon the Completion of the Amalgamation the Company appointed Scott Taylor as the CEO of Alchemist.

Upon closing, shareholders of the Company who received Alchemist shares will be subject to a voluntary escrow. The escrow will be released in two parts: 10% of the Alchemist shares released on the date that the Alchemist shares are listed on the exchange, and 15% of the Alchemist shares will be released every six months thereafter.

Bridge Loan

In connection with the transaction, Alchemist has agreed to advance a bridge loan in the amount of \$400,000 to the Company (the "Bridge Loan"). The terms of the Bridge Loan include, but are not limited to: (a) repayment secured against all assets of the Company; (b) a maturity date of twelve months following the date of advance of the Bridge Loan (the "Maturity Date"); (c) interest on the principal amount at a rate of 10% per annum, calculated and compounded monthly; (d) principal and interest payable on the Maturity Date; and (e) covenants limiting the Company's ability to use proceeds from the Bridge Loan. The Amalgamation Agreement includes a completion deadline of June 30, 2023.

Asset purchase agreement

On April 20, 2023, the Company entered into an asset purchase agreement with Reservoir Imaging Solutions LLC, a company controlled by the CEO of the Company, to acquire all tangible and intangible assets associated with conductive fracture imaging technology. This technology enables the detection and/or measurement of physical and mechanical parameters related to fractures. In exchange for this acquisition, the Company issued 100,000,000 common shares as the aggregate consideration.

Related party transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate value of transactions relating to key management personnel were as follows:

	Period from incorporation on July 26, 2022 to January 31, 2023
CEO – Consulting fees	\$ 80,358

As at January 31, 2023, \$98,262 was owing to a company controlled by the CEO and the amounts were included in accounts payable and accrued liabilities. The amounts are unsecured, non-interest bearing and due on demand.

The Company has an agreement with Reservoir Imaging Solutions LLC. ("Reservoir), whereby the Company pays Reservoir USD\$10,000 per month for CEO services. The agreement expires on July 28, 2023. Otherwise, early termination of the contract requires six months' written notice and payment of fees equal to six months' payment to the contractor.

Liquidity and Capital Resources

As an exploration company, the Company has no regular cash in-flow from operations, and the level of activities is principally a function of the availability of capital resources. To date, the principal source of funding has been equity financing.

As at January 31, 2022, the Company had \$1,107 in cash and a working capital deficiency of \$110,406. Significant expenditures are required for the foreseeable future, as mineral claims in a virgin lithium are explored and a patent-pending oil & gas wastewater solutions technology for direct lithium extraction which unique modular technology is developed, the Company will continue to seek capital through the issuance of equity, strategic alliances or joint ventures, and debt.

Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets.

Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing and at favourable terms for these or other purposes including general working capital purposes. The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values, as shown, and these financial statements do not give effect to the adjustment that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

Contractual Commitments

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made and expects to continue to make in the future, filings and expenditures to comply with such laws and regulations.

Capital Risk Management

As at January 31, 2023, the Company had working capital deficiency of \$110,406. The Company has managed its working capital by controlling its spending on its properties and operations. Due to the ongoing planned exploration acquisitions over the near term, the Company intends to continue to incur expenditures without revenues and accumulate operating losses. Therefore, our continuance as a going concern is dependent upon our ability to obtain adequate financing to fund future exploration and development, to reach profitable levels of operation. It is not possible to predict whether future financing efforts will be successful or whether financing on favourable terms will be available.

Disclosure of outstanding share data

As at the date of this document, the Company has 21,692,928 common shares issued and outstanding, and 16,185,750 warrants outstanding with exercise prices ranging from \$0.05 to \$0.20 per share.

Financial instruments and related risks

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash is determined based on Level 1 inputs which consists of quoted prices in active markets for identical assets. The fair value of the Company's accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in a bank account. The cash is deposited in a bank account held with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Credit risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity and debt funding. Liquidity risk is assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign exchange risk on fluctuations related to accounts payable and accrued liabilities that are denominated in US dollars. A significant change in the currency exchange rates between the Canadian dollar and US dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

As at January 31, 2023, a plus or minus 10% change in foreign exchange rates would affect the consolidated statements of loss and comprehensive loss by \$16,764.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it has no interest-bearing debt.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as fair value through profit or loss, and cause fluctuations in the fair value of future cash flows for assets or liabilities measured at fair value. Currently, the Company is not exposed to significant market risk.

Critical Accounting Estimates

The details of the Company's accounting policies are presented in Note 4 of the audited consolidated financial statements for period from incorporation on July 26, 2022 to January 31, 2023. These policies are considered by management to be essential to understanding the process and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

Newly Adopted Accounting Policies and Accounting Standard Issued but not yet Effective

There are no new standards that are expected to have a significant impact on the Company's financial position and results of operations.

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements as at January 31, 2023, or as of the date of this report.

Risk and Uncertainties

The Company operates in the mining industry, which is subject to numerous significant risks that can influence profitability. The Company has disclosed several risks below which it believes to be the most significant and that could have a material impact on its current and future operations. Other risks may exist or may arise at a future date.

Limited Operating History

The Company is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Company was incorporated on July 26, 2022 and has yet to generate a profit from its activities. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

Lack of Operating Cash Flow

The Company currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations. If the Company sustains losses over an extended period of time, it may be unable to continue its business. Further exploration and development of the Cactus Jack Project, will require the commitment of substantial financial resources. It may be several years before the Company may generate any revenues from operations, if at all. There can be no assurance that the Company will realize revenue or achieve profitability.

Exploration of Mineral Property Interests

Mineral exploration and development involve a high degree of risk and few properties that are explored are ultimately developed into producing mines. The discovery of bodies of commercial mineralization is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. Most of the above factors are beyond the Company's control.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Regulatory Requirements

Even if the Cactus Jack Project is proven to host economic reserves of precious or non-precious metals, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits. Exploration and mining activities may be affected in varying degrees by government policies and regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of such mineral properties, environmental legislation and mine safety.

Global Uncertainty

On March 11, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", was declared by the World Health Organization as a global pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the services of its directors and officers, or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act (British Columbia)("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

Officers and Directors

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting on the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A on June 8, 2023.