MOLTEN METALS CORP.
(Formerly BATTERY ELEMENTS CORP.)
(An Exploration Stage Company)
FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021 AND
FROM SEPTEMBER 2, 2020 (DATE OF INCORPORATION) TO DECEMBER 31, 2020
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE DIRECTORS OF MOLTEN METALS CORP.

Opinion

We have audited the financial statements of Molten Metals Corp. (formerly Battery Elements Corp.) (the "Company"), which comprise:

- the statements of financial position as at December 31, 2021 and 2020;
- the statements of comprehensive loss for the year ended December 31, 2021 and the period from incorporation on September 2, 2020 to December 31, 2020;
- the statements of cash flows for the year ended December 31, 2021 and the period from incorporation on September 2, 2020 to December 31, 2020;
- the statements of changes in equity for the year ended December 31, 2021 and the period from incorporation on September 2, 2020 to December 31, 2020; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and the period from incorporation on September 2, 2020 to December 31, 2020 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 *Auditors' Responsibilities for the Audit of the 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $52,931 during the year ended December 31, 2021 and, as of that date, the Company has an accumulated deficit of $55,155. 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 Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

In preparing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Chartered Professional Accountants

Vancouver, British Columbia

July 18, 2022

MOLTEN METALS CORP.
(Formerly Battery Elements Corp.)
(An Exploration Stage Company)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	December 31, 2021 $	December 31, 2020 $
Assets		
Current assets		
Cash	984,477	6,756
Amounts receivable	6,078	64
Prepaid expenses	15,500	-
Total current assets	1,006,055	6,820
Equipment	638	-
Exploration and evaluation assets (Note 4)	573,368	-
Total non-current assets	574,006	-
Total assets	1,580,061	6,820
Liabilities		
Current liabilities		
Accounts payables and accrued liabilities	16,511	2,044
Due to related parties (Note 7)	2,100	-
Flow through liability (Note 5)	32,400	-
Total liabilities	51,011	2,044
Equity		
Share capital (Note 5)	1,229,551	-
Advanced subscription (Note 5)	-	7,000
Contributed Surplus (Note 5)	354,654	-
Accumulated deficit	(55,155)	(2,224)
Total equity	1,529,050	4,776
Total liabilities and equity	1,580,061	6,820

Approved and authorized by the Board on July 18, 2022.

"*Lara Smith*"
Director

"*Hugh Oswald*"
Director

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

MOLTEN METALS CORP.
(Formerly Battery Elements Corp.)
(An Exploration Stage Company)
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the year ended December 31, 2021 $	September 2, 2020 (date of incorporation) to December 31, 2020 $
Expenses		
Audit fees	7,500	-
Bank charges	1,169	20
Consulting (Note 7)	37,000	-
Depreciation	112	-
Filing fees	215	-
Legal fees	6,158	1,979
Office expenses	777	225
Total expenses	(52,931)	(2,224)
Net loss and comprehensive loss for the period	(52,931)	(2,224)
Basic and diluted loss per share	(0.01)	(2,224)
Weighted average number of common shares outstanding	8,793,052	1

The accompanying notes are an integral part of these financial statement

MOLTEN METALS CORP.
(Formerly Battery Elements Corp.)
(An Exploration Stage Company)
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the year ended December 31, 2021 $	September 2, 2020 (date of incorporation) to December 31, 2020 $
Cash provided by (used in)		
Operating activities		
Net loss for the period	(52,931)	(2,224)
Item not affecting cash:		
Depreciation	112	-
Changes in non-cash working capital balances		
Amounts receivable	(6,014)	(64)
Prepaid expenses	(15,500)	-
Due to related parties	2,100	-
Accounts payable and accrued liabilities	5,922	2,044
	(66,311)	(244)
Investing activities		
Exploration and evaluation costs	(73,368)	-
Equipment	(750)	-
	(74,118)	(244)
Financing activities		
Proceeds from the issuance of common shares, net share issue costs	745,750	-
Proceeds from the issuance of flow-through shares	50,400	-
Proceeds from the issuance of special warrants (reserves)	322,000	-
Advanced subscription	-	7,000
	1,118,150	7,000
Increase in cash	977,721	6,756
Cash, beginning of the period	6,756	-
Cash, end of the period	984,477	6,756

Non-cash Financing and Investing Transactions – Note 8

The accompanying notes are an integral part of these financial statement

MOLTEN METALS CORP.
(Formerly Battery Elements Corp.)
(An Exploration Stage Company)
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Shares	Share capital	Advanced subscription	Contributed Surplus	Deficit	Total Equity
Balance, September 2, 2020 (incorporation)	1	$ -	$ -	$ -	$ -	$ -
Share subscriptions	-	-	7,000	-	-	7,000
Net loss for the period	-	-	-	-	(2,224)	(2,224)
Balance, December 31, 2020	**1**	**-**	**7,000**	**-**	**(2,224)**	**4,776**
Common share cancelled	(1)	-	-	-	-	-
Shares issued for private placement	10,129,288	814,930	(7,000)	-	-	807,930
Shares issued for flow through private placement	180,000	50,400	-	-	-	50,400
Shares issued for property	5,000,000	500,000	-	-	-	500,000
Special warrants (reserves)	-	-	-	322,000	-	322,000
Flow through premium	-	(32,400)	-	-	-	(32,400)
Share issuance cost	-	(70,725)	-	-	-	(70,725)
Broker and special compensation warrants	-	(32,654)	-	32,654	-	-
Net loss for the year	-	-	-	-	(52,931)	(52,931)
Balance, December 31, 2021	**15,309,288**	**$ 1,229,551**	**$ -**	**$ 354,654**	**$ (55,155)**	**$ 1,529,050**

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

1. Nature of Business and Going Concern

Molten Metals Corp. (formerly Battery Elements Corp.) (the “Company”) was incorporated on September 2, 2020 under the Business Corporations Act of British Columbia. The Company is engaged in the business of exploring precious and base mineral properties in Canada and Slovakia. The Company is considered an exploration stage company. The registered and records office of the Company is Suite 600, 1090 West Georgia Street, Vancouver, BC.

On June 29, 2022, the Company has changed its name from Battery Elements Corp. to Molten Metals Corp.

These financial statements have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company had a net loss of $52,931 (2020 - $2,224) for the year ended December 31, 2021, had an accumulated deficit of $55,155 (2020 - $2,224) at December 31, 2021, and has not yet determined whether its properties contain mineral reserves that are economically recoverable. The continuation of the Company is dependent upon the continuing financial support of shareholders, obtaining long-term financing to complete exploration and development, the existence of economically recoverable reserves, and upon future profitable production. While the Company is using its best efforts to achieve the above plans, there is significant doubt regarding the outcome of these matters. Based on its current plans, budgeted expenditures, and cash requirements, the Company does have sufficient cash to finance its current plans. The Company expects that it may need to raise additional capital to accomplish its business plan over the next several years. The Company may seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the markets, including the Company’s ability to raise new capital and potential difficulties in accessing the Company’s exploration and evaluation projects. These factors, among others, could have a significant impact on the Company’s operations.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might arise from this uncertainty. Such adjustments could be material.

2. Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements are presented in Canadian dollars, which is the Company’s functional currency.

3. Significant Accounting Policies

Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future periods if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The recoverable value of asset carrying values

At each reporting date, the Company assesses its exploration and evaluation assets for possible impairment to determine if there is any indication that the carrying amounts of the assets may not be recoverable. An assessment is also made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. Determination as to whether and how much an asset is impaired, or no longer impaired, involves management estimates on highly uncertain matters, such as future commodity prices, discount rates, production profiles, operating costs, future capital costs and reserves. A material adjustment to the carrying value of the Company's exploration and evaluation assets could arise as a result of changes to these estimates and assumptions.

ii) The assumptions in the Black-Scholes option pricing model

The fair values of warrants granted are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of future share prices, changes in subjective input assumptions can materially affect the fair value estimate.

3. Significant Accounting Policies (continued)

Significant Accounting Estimates and Judgments (continued)

Critical Accounting Estimates (continued)

iii) Fair value of common shares issuance

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining the fair value of assets received when common shares are issued as consideration. If the fair value of assets received or services rendered cannot be reliably measured, the transaction will be recorded at the fair value of common shares issued on the date of issuance.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company's management made the following critical accounting judgments:

i) Indicators of impairment of mineral property interests

Assets or cash generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/studies, accessible facilities and existing permits.

ii) Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. Significant Accounting Policies (continued)

Exploration and Evaluation Assets

The Company is in the exploration stage in respect to its exploration and evaluation assets.

Pre-exploration costs are expensed in the year in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Where the Company has entered into option agreements for the acquisition of an interest in exploration and evaluation assets which provided for periodic payments, such unpaid amounts are not recorded as a liability since they are payable entirely at the Company's discretion. Although the Company has taken steps to verify title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company’s title. The exploration and evaluation assets may be subject to prior undetected agreements or transfers and title may be affected by such defects.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to profit or loss.

The Company assesses exploration and evaluation assets for impairment at each reporting date or whenever events or change in circumstances indicate that their carrying amount may not be recoverable.

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

Any incidental revenue earned in connection with exploration activities is applied as a reduction to capitalized exploration costs. Any operational income earned in connection with exploration activities is recognized in profit or loss.

3. Significant Accounting Policies (continued)

Exploration and Evaluation Assets (continued)

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized. However, for corporate income tax purposes, the Company has no right to claim these costs as tax-deductible expenses. Proceeds received from the issuance of flow through shares are restricted to be used only for Canadian exploration expenses. As of December 31, 2021, the Company has an unspent flow-through commitment of $50,400 (2020 - $Nil).

Mining exploration tax credits for certain exploration expenditures incurred in Nova Scotia are treated as a reduction of the exploration and development costs of the respective resource property. The amounts are recorded in the year received.

Impairment of Non-Current Assets

Non-current assets are evaluated at each reporting date by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a CGU, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU’s fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

In calculating recoverable amounts, if applicable, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social, legal, and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

3. Significant Accounting Policies (continued)

Reversal of Impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Provision for Environmental Rehabilitation

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

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

Income Taxes

Deferred income tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for which relate to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Flow-through Shares

The Company has, from time to time, issued flow-through common shares to finance its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. The Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon eligible expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability and deferred tax expense for the amount of tax reduction renounced to the shareholders. The reduction of the premium previously recorded is recognized as flow-through recovery.

3. Significant Accounting Policies (continued)

Flow-through Shares (continued)

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian exploration expenses (as defined in the Tax Act).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with the Tax Act. When applicable, this tax is accrued as a financial expense until paid.

Share Capital

The proceeds from the exercise of warrants and escrow shares are recorded as share capital in the amount for which the warrant or escrow share enabled the holder to purchase a share in the Company. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted the residual value method with respect to the valuation of warrants issued as part of a private placement unit. The residual value method allocates the net proceeds to the common shares up to their fair value, as determined by the current quoted trading price on the announcement date, and the balance, if any, to the attached warrants.

Earnings (Loss) per Share

The Company applies the "Treasury Stock Method" to calculate loss per common share. Under this method, the basic loss per share is calculated based on the weighted average aggregate number of common shares outstanding during each period. The diluted loss per share assumes that the outstanding stock options and share purchase warrants had been exercised at the beginning of the period and proceeds from dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share warrants and options had an anti-dilutive impact in 2021 and 2020.

Government grant

Any federal or provincial grant received by the Company, with respect to exploration or evaluation work conducted on its properties, is credited as a reduction to the carrying costs of the property to which the credits related.

3. Significant Accounting Policies (continued)

Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. Significant Accounting Policies (continued)

Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or 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 the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification and measurement
Cash	Amortized cost
Accounts payable and accrued liabilities, due to related parties	Amortized cost

Measurement

<u>Financial assets and liabilities at amortized cost</u>

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.

<u>Financial assets and liabilities at FVTPL</u>

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or 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 profit or loss in the period in which they arise.

<u>Impairment of financial assets at amortized cost</u>

The Company assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

***Measurement* (continued)**

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows for the asset expire, or when it transfers the final asset and substantially all the risks and rewards of ownership to another entity.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

	West Gore and Grant-MacKinnon, Nova Scotia
Balance, September 2, 2020 (incorporation) and December 31, 2020	**$ -**
Deferred Exploration Costs	
Acquisition	539,000
Geological consulting	30,061
Survey	5,500
Travel	5,307
Government grant	(6,500)
Balance, December 31, 2021	**$ 573,368**

West Gore Antimony Claims, Nova Scotia

On July 9, 2021, the Company entered into an option purchase and assignment agreement (the “1st Assignment Agreement”) with a related party, Consolidated Mineral Estates Ltd. (“Consolidated”), a private company with a common director, whereby Consolidated assigned to the Company all of its right, title and interest in and to the option agreement entered into between Consolidated and an optionor dated April 8, 2021 (the “1st Underlying Agreement”) for the acquisition of the West Gore Antimony property situated in Nova Scotia. Consideration paid by the Company under the 1st Assignment Agreement was 5,000,000 common shares issued at a fair value of $0.10 per share. Consideration payable under the 1st Underlying Agreement to acquire a 100% interest in the claims is as follows:

- $5,000 for grant of the option (paid);
- An additional $24,000 on or before August, 31, 2021 (paid);
- An additional $40,000 on or before April 8, 2022 (paid subsequent to December 31, 2022, see Note 13);
- An additional $60,000 on or before April 8, 2023; and
- An additional $5,000 (+HST) Royalty Payment (advance) on or before April 8, 2024 and thereafter annually until the commencement of commercial production.

Upon successful exercise of the option, under the 1st Underlying Agreement the Company shall be required to pay a 3% net smelter return royalty (“NSR”). One-half of the NSR may be purchased by the Company (leaving a 1.5% NSR remaining) for $500,000.

4. Exploration and Evaluation Assets (continued)

Grant-MacKinnon Claims, Nova Scotia

On July 9, 2021, the Company entered into an option purchase and assignment agreement (the "2nd Assignment Agreement") with Consolidated, whereby Consolidated assigned to the Company all of its right, title and interest in and to the option agreement entered into between Consolidated and optionors dated June 27, 2021 (the "2nd Underlying Agreement") for the acquisition of adjoining property claims to West Gore. Consideration paid by the Company under the 2nd Assignment Agreement was $1. Consideration payable under the 2nd Underlying Agreement to acquire a 100% interest in the property is as follows:

- $3,000 for grant of the option (paid);
- An additional $7,000 payable within 10 days of signing (paid);
- An additional $25,000 payable on or before August 27, 2022;
- An additional $50,000 payable on or before June 27, 2023;
- An additional $125,000 payable on or before June 27, 2024; and
- An additional $5,000 (+HST) Royalty Payment (advance) on or before June 27, 2025 and thereafter annually until the commencement of commercial production.

Upon successful exercise of the option, under the 2nd Underlying Agreement the Company shall be required to pay a 3% NSR. One-third of the NSR may be purchased by the Company (leaving a 2% NSR remaining) for $500,000, and a further one-third of the NSR may be purchased by the Company (leaving a 1% NSR remaining) for an additional $1,000,000.

5. Share Capital

a. Common Shares

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

As at December 31, 2021, there were 15,309,288 common shares issued and outstanding.

During the year ended December 31, 2021:

i. On June 1, 2021, the Company completed a non-brokered private placement of 2,200,000 common shares at a price of $0.01 per share for gross proceeds of $22,000.

ii. On June 17, 2021, the Company completed a non-brokered private placement of 650,000 common shares at a price of $0.10 per share for gross proceeds of $65,000.

iii. On June 28, 2021, the Company completed a non-brokered private placement of 4,776,788 common shares at a price of $0.10 per share for gross proceeds of $477,679.

iv. On July 21, 2021, the Company completed a non-brokered private placement of 2,134,500 common shares at a price of $0.10 per share for gross proceeds of $213,450.

v. On July 30, 2021, the Company issued 5,000,000 common shares at a fair value of $0.10 per share for property pursuant to the agreement dated July 9, 2021.

5. Share Capital (continued)

a. Common Shares (continued)

vi. On August 17, 2021, the Company completed a non-brokered private placement of 100,000 common shares at a price of $0.10 per share for gross proceeds of $10,000.

vii. On September 24, 2021, the Company completed a non-brokered private placement of 268,000 common shares at a price of $0.10 per share for gross proceeds of $26,800.

viii. On December 31, 2021, the Company completed a non-brokered private placement of 180,000 flow-through shares at a price of $0.28 per share for gross proceeds of $50,400. A cash finders' fee of $3,528 was paid in connection with this private placement, and the Company issued 12,600 finder's warrants valued at $1,650 using the Black-Scholes model with the following assumptions: risk-free interest rate – 0.95%, expected life – 3 years, volatility – 100%, dividend rate – 0%, and forfeiture rate – 0%. Each warrant is exercisable at $0.40 for a period of 36 months from the date of issuance, each exercisable for one common share at $0.40 for three years from the date of issuance. The Company recorded a flow-through premium of $32,400 for the issuance of the flow-through shares.

Share issuance cost of $40,724 was incurred in connection with these private placements.

During the period from incorporation on September 2, 2020 to December 31, 2020:

i. On September 2, 2020 (incorporation), the Company issued one common share at $0.01 which was subsequently repurchased by the Company for $0.01 and cancelled.

ii. On December 31, 2020, the Company received subscriptions for common shares in the amount of $7,000.

5. Share Capital (continued)

b. Stock options

The Company has adopted an incentive stock option plan on January 7, 2022, whereby options may be granted from time to time to directors, officers, employees and consultants of the Company with common shares to be reserved for issuance as options not to exceed 10% of the issued and outstanding common shares with no one individual being granted options for more than 5% of the issued and outstanding common shares.

There were no stock options issued and outstanding as of December 31, 2021.

c. Warrants

Special Warrants

vi. On September 15, 2021, the Company completed a non-brokered private placement of 195,000 special warrants at a price of $0.10 per special warrant for gross proceeds of $19,500. Each special warrant is convertible into one common share (a) at any time, at the discretion of the Company, (b) upon the issuance by a Canadian securities regulatory authority of a receipt for a final prospectus qualifying the issuance of the common shares upon conversion of the special warrants, or (c) on the date that is 18 months from the date of issuance of the special warrants. A cash finders' fee of $5,473 was paid and 200,000 compensation fee special warrants with a fair value of $20,000 were issued in connection with the non-brokered private placement. Each compensation fee special warrant is convertible into one common share under the same terms as the special warrants.

vii. On December 7, 2021, the Company completed a non-brokered private placement of 1,210,000 special warrants at a price of $0.25 per special warrant for gross proceeds of $302,500. Each special warrant is convertible into one common share on the earlier of (a) the date that is four months and a day from the date of issuance of the special warrants, and (b) the third business day after a receipt is issued for a final prospectus by a Canadian securities regulatory authority qualifying the issuance of the common shares upon conversion of the special warrants. In connection with the private placement, the Company paid cash finders' fee of $21,000 and issued 84,000 finder's warrants fair valued at $11,004 using the Black-Scholes model with the following assumptions: risk-free interest rate – 0.95%, expected life – 3 years, volatility – 100%, dividend rate – 0%, and forfeiture rate – 0%. Each warrant is exercisable at $0.40 for a period of 36 months from the date of issuance.

The expected volatility is based on the comparable companies' historical. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise.

(Expressed in Canadian Dollars)

5. Share Capital (continued)

c. Warrants (continued)

Special Warrants Outstanding

	Number of Warrants
Outstanding September 2, 2020 (incorporation) and December 31, 2020	**-**
Issued	1,605,000
Outstanding December 31, 2021	**1,605,000**

A summary of the Company's special warrants outstanding at December 31, 2021 is as follows:

Number of special warrants outstanding	Expiration Dates
195,000	September 15, 2023
200,000	September 15, 2023
1,210,000	April 8, 2022
1,605,000	

Warrants Outstanding

	Number of Warrants	Weighted Average Exercise Price
Outstanding September 2, 2020 (incorporation) and December 31 2020	**-**	**-**
Issued	84,000	$ 0.40
Issued	12,600	$ 0.40
Outstanding December 31, 2021	**96,600**	**$ 0.40**

A summary of the Company's warrants outstanding at December 31, 2021 is as follows:

Number of warrants outstanding	$ per share	Expiry date
84,000	$0.40	December 7, 2024
12,600	$0.40	December 31, 2024
96,600	**$0.40**	

6. Capital Disclosures

The Company includes cash and equity, comprising of issued common shares, contributed surplus and deficit, in the definition of capital.

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 of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2021. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

7. Related Party Transactions

The following transactions with related parties have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key management personnel compensation:

	For the year ended December 31, 2021	For the period from incorporation on September 2, 2020 to December 31, 2020
Consulting fees	$ 8,000	$ -
Total	$ 8,000	$ -

As at December 31, 2021, amounts due to related parties of $2,100 (2020 - $Nil) were owed to the Corporate Secretary of the Company. The amounts due are non-interest bearing, unsecured, and due on demand.

8. Non-cash Financing and Investing Transactions

	For the year ended December 31, 2021	For the period from incorporation on September 2, 2020 to December 31, 2020
Finder's warrants issued	$ 12,654	$ -
Compensation fee special warrants issued	20,000	-
Shares issued for property	500,000	-
Share issuance cost in accounts payable	8,545	-
Total	$ 541,199	$ -

9. Commitments

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined under Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that are allotted for such expenditure but have not yet been spent.

In connection with the flow-through shares issued during the year ended December 31, 2021, the Company has an obligation to incur qualified expenditures of $50,400 by December 31, 2022.

(Expressed in Canadian Dollars)

10. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	For the year ended December 31, 2021	For the period from incorporation on September 2, 2020 to December 31, 2020
Net loss for the period	$ (52,931)	$ (2,224)
Combined federal and provincial tax rate	27.00%	27.00%
Expected income tax expense (recovery) at statutory rates	(14,291)	(600)
Origination and reversal of temporary differences	(19,097)	-
Change in unrecognized deferred tax benefits	33,388	600
Deferred income taxes expense (recovery)	$ -	$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
Deferred income tax assets (liabilities)		
Share issue costs	$ 15,277	$ -
Equipment	30	-
Non-capital losses	18,681	600
	33,988	600
Tax benefits not recognized	(33,988)	(600)
Net deferred income tax assets	$ -	$ -

As of December 31, 2021, the Company has available non-capital losses of approximately $69,188 (2020 - $2,224) for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses expire as follows:

2040	$ 2,224
2041	66,964
	$ 69,188

The Company has available mineral resource related expenditure pools totaling approximately $573,368 which may be deducted against future taxable income on a discretionary basis.

11. Financial Instruments

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and currency risk.

a. Credit risk

The Company is exposed to credit risk by holding cash. The maximum exposure to credit risk is equal to the carrying value of the financial assets. This risk is minimized by holding the investments in large Canadian financial institutions or with Canadian governments. The Company has minimal accounts receivable exposure, and its various refundable credits are due from Canadian governments and accordingly, the Company has minimal credit risk.

b. Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations.

c. Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources. As at December 31, 2021, the Company was holding cash of $984,477 (2020 - $6,756) to satisfy accounts payable and accrued liabilities of $16,511 (2020 - $2,044) and amounts due to related parties of $2,100 (2020 - $Nil). The Company plans to obtain cash inflows from share capital financings. There can be no guarantee that management’s efforts to raise additional funds will be successful. The Company’s accounts payable and accrued liabilities and amounts due to related parties have contractual maturities of less than 30 days and are subject to normal trade terms.

d. Commodity price risk

The Company’s ability to raise capital to develop its mineral properties is subject to risks associated with fluctuations in the market prices of precious metals, graphite, base metals and rare earth elements.

e. Currency rate risk

The Company’s functional currency is the Canadian dollar. There is no significant foreign exchange risk to the Company. The Company does not engage in any form of derivative or hedging instruments.

11. Financial Instruments (continued)

f. Fair value hierarchy

Financial instruments recorded at fair value on the Statements of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Management considers that due to their short-term nature, the carrying amounts of financial assets and financial liabilities, which include cash, accounts payables and accrued liabilities, and due to related parties are assumed to approximate their fair values.

12. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At December 31, 2021, the Company's exploration and evaluation assets are located in Canada. All expenses and cash receipts pertaining to exploration and evaluation activities are capitalized.

13. Subsequent Event

On March 10, 2022, the Company acquired 100% of the shares of Slovak Antimony Corporation, s.r.o., a foreign entity registered in Slovakia, for $7,288 (EUR €5,000).

On March 29, 2022, the Company had 7,200,000 common shares subject to escrow. Under the escrow agreement, 10% of the total common shares to be released upon listing with the Canadian Securities Exchange and 15% of the remaining shares are to be released every six months following listing.

On April 1, 2022, the Company paid $40,000 pursuant to the property agreement option and purchase agreement for the West Gore Antimony claims as discussed in Note 4.

On April 8, 2022, 1,605,000 special warrants previously issued by the Company were converted into common shares in accordance with the terms of the special warrants.