Advance Lithium

CORP.

(formerly Advance Gold Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2022

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Advance Lithium Corp. (formerly Advance Gold Corp,)

Opinion

We have audited the consolidated financial statements of Advance Lithium Corp. (the “Company”), which comprise the consolidated statements of financial position as at May 31, 2022 and 2021, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates 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 information included in 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 auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's 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 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 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 auditor’s 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 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 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.

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

September 28, 2022

ADVANCE LITHIUM CORP.
(FORMERLY ADVANCE GOLD CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MAY 31, 2022 AND 2021
(Expressed in Canadian Dollars)

		May 31, 2022		May 31, 2021
ASSETS				
Current Assets				
Cash	$	4,385	$	48,970
Amounts receivable		242		627
Prepaid expenses (Note 10)		70,776		19,173
Total current assets		75,403		68,770
Non-Current Assets				
Equipment (Note 5)		46,588		77,936
Exploration and evaluation assets (Statements) (Notes 6 and 8)		749,851		3,078,950
Total assets	$	871,842	$	3,225,656
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (Notes 7 and 10)	$	393,067	$	194,952
Debentures (Notes 9 and 10)		92,079		112,726
Total current liabilities		485,146		307,678
EQUITY				
Share capital (Note 8)		9,550,856		8,645,074
Reserves (Note 8)		1,677,372		1,558,962
Deficit		(10,791,068)		(7,286,989)
Equity attributable to owners of parent		437,160		2,917,047
Equity attributable to non-controlling interests (Note 11)		(50,464)		931
Total equity		386,696		2,917,978
Total liabilities and equity	$	871,842	$	3,225,656

Nature and Continuance of Operations (Note 1)

Commitments (Note 12)

Subsequent events (Note 15)

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

ADVANCE LITHIUM CORP.
(FORMERLY ADVANCE GOLD CORP.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED MAY 31, 2022 AND 2021
(Expressed in Canadian Dollars)

		May 31, 2022		May 31, 2021
Operating expenses				
Advertising and promotion	$	103,186	$	85,702
Consulting fees		16,147		28,961
Interest, bank charges and foreign exchange		10,964		10,996
Management fees (Note 10)		90,000		90,000
Office and sundry		11,447		15,480
Professional fees		90,342		58,177
Stock-based compensation (Notes 8 and 10)		99,992		383,394
Telephone		5,570		5,203
Transfer agent and filing fees		25,024		27,212
Wages and benefits (Note 10)		89,118		28,637
Total expenses		(541,790)		(733,762)
Other items				
Foreign exchange gain (loss)		(10,938)		8,405
Impairment on exploration and evaluation assets (Statements)		(3,002,746)		-
Gain on settlement of debt (Note 7)		-		93
Total other items		(3,013,684)		8,498
Loss and Comprehensive loss for the year	$	(3,555,474)	$	(725,264)
Loss and Comprehensive loss for the year attributable to:				
Owners of the parent	$	(3,504,079)	$	(727,967)
Non-controlling interests		(51,395)		2,703
	$	(3,555,474)	$	(725,264)
Basic and diluted loss per common share	$	(0.05)	$	(0.01)
Weighted average number of common shares outstanding - basic and diluted		68,271,814		50,665,483

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

ADVANCE LITHIUM CORP.
(FORMERLY ADVANCE GOLD CORP.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Stock Option Reserve	Warrant Reserve	Deficit	Total	Non-controlling interests	Total Equity
Balance at May 31, 2021	57,083,139	$ 8,645,074	$ 1,036,044	$ 522,918	$ (7,286,989)	$ 2,917,047	$ 931	$ 2,917,978
Net and comprehensive loss	-	-	-	-	(3,504,079)	(3,504,079)	(51,395)	(3,555,474)
Stock-based compensation (Note 8)	-	-	99,992	-	-	99,992	-	99,992
Private placement (Note 8)	13,133,333	690,000	-	-	-	690,000	-	690,000
Share issuance costs (Note 8)	-	(59,218)	-	18,418	-	(40,800)	-	(40,800)
Shares issued for purchase of Lithium Property (Notes 6 and 8)	5,000,000	275,000	-	-	-	275,000	-	275,000
Balance at May 31, 2022	75,216,472	$ 9,550,856	$1,136,036	$ 541,336	$ (10,791,068)	$437,160	$ (50,464)	$ 386,696
Balance at May 31, 2020	38,899,034	$ 7,067,202	$ 652,650	$ 522,918	$ (6,559,022)	$ 1,683,748	$ (1,772)	$ 1,681,976
Net and comprehensive loss	-	-	-	-	(727,967)	(727,967)	2,703	(725,264)
Stock based compensation (Note 8)	-	-	383,394	-	-	383,394	-	383,394
Private placement (Note 8)	11,214,998	1,021,125	-	-	-	1,021,125	-	1,021,125
Warrants exercised (Note 8)	6,969,107	572,447	-	-	-	572,447	-	572,447
Share issuance costs (Note 8)	-	(15,700)	-	-	-	(15,700)	-	(15,700)
Balance at May 31, 2021	57,083,139	$ 8,645,074	$ 1,036,044	$ 522,918	$ (7,286,989)	$ 2,917,047	$ 931	$ 2,917,978

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

ADVANCE LITHIUM CORP.
(FORMERLY ADVANCE GOLD CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	May 31, 2022	May 31, 2021
Cash Used For:		
Operating Activities		
Net and comprehensive loss	$ (3,555,474)	$ (725,264)
Items not requiring cash:		
Impairment on mineral properties (schedule)	3,002,746	-
Interest on debentures	4,353	5,000
Gain on debt settlement	-	(93)
Stock-based compensation	99,992	383,394
Change in non-cash working capital items:		
Amounts receivable and taxes recoverable	385	2,642
Prepaid expenses	(51,603)	(15,130)
Accounts payable and accrued liabilities	50,764	45,857
Cash used in operating activities	(448,837)	(303,594)
Investing Activities		
Deferred exploration expenditures paid	(189,847)	(1,172,088)
Purchase of equipment	(3,101)	(55,681)
Cash used in investing activities	(192,948)	(1,227,769)
Financing Activities		
Issuance of common shares for cash	638,000	1,593,572
Payment of share issuance costs	(40,800)	(15,700)
Cash provided by financing activities	597,200	1,577,872
Increase (decrease) in cash	(44,585)	46,509
Cash, beginning of year	48,970	2,461
Cash, end of year	$ 4,385	$ 48,970

Supplemental information:

Deferred exploration expenditures included in accounts payable	268,794	94,443
Amortization expenses included in deferred exploration expenditures	34,449	32,315
Issuance of common shares to repay debentures (Note 8)	25,000	-
Issuance of common shares to settle accounts payable (Note 8)	27,000	-
Issuance of common shares for purchase of Lithium project (Note 6, 8)	275,000	-

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

ADVANCE LITHIUM CORP.
(FORMERLY ADVANCE GOLD CORP.)
CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS
FOR THE YEARS ENDED MAY 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	May 31, 2021	Acquisition Costs	Exploration and evaluation expenditure	Impairment	May 31, 2022
Kakamega property, Kenya	$ 421,525	$ -	$ 6,337	$ (276,086)	$ 151,776
Tabasquena property, Mexico	2,369,049	-	40,219	(2,409,268)	-
Venaditas property, Mexico	176,921	-	140,471	(317,392)	-
Lithium Property, Mexico	111,455	275,000	211,620	-	598,075
Balance, end of year	$ 3,078,950	$ 275,000	$ 398,647	$ (3,002,746)	$ 749,851

	May 31, 2020	Acquisition Costs	Exploration and evaluation expenditure	Impairment	May 31, 2021
Kakamega property, Kenya	$ 421,462	$ -	$ 63	$ -	$ 421,525
Tabasquena property, Mexico	1,292,591	-	1,076,458	-	2,369,049
Venaditas property, Mexico	176,921	-	-	-	176,921
Acquisition in advance	-	-	111,455	-	111,455
Balance, end of year	$ 1,890,974	$ -	$ 1,187,976	$ -	$ 3,078,950

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

ADVANCE LITHIUM CORP.
(FORMERLY ADVANCE GOLD CORP.)
CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS
- EXPLORATION EXPENDITURES –
FOR THE YEARS ENDED MAY 31, 2022 AND 2021
(Expressed in Canadian Dollars)

		May 31,2022		May 31,2021
Kakamega Property				
Opening balance	$	17,446	$	17,383
Administration		6,337		63
Impairment		(23,783)		-
Ending balance	$	-	$	17,446

		May 31,2022		May 31,2021
Tabasquena Property				
Opening balance	$	2,308,149	$	1,231,691
Camp		8,469		89,909
Geological and other consulting		(7,536)		240,671
Drilling		-		502,062
Supplies and maintenance		-		3,047
Fuel & transport		7,885		59,753
Geochemical		372		19,999
Administration		27,014		60,908
Community development		-		2,535
Tax recoverable		4,015		97,574
Impairment		(2,348,368)		-
Ending balance	$	-	$	2,308,149

		May 31, 2022		May 31, 2021
Venaditas Property				
Opening balance	$	42,664	$	42,664
Geological and other consulting		140,471		-
Impairment		(183,135)		-
Ending balance	$	-	$	42,664

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

ADVANCE LITHIUM CORP.
(FORMERLY ADVANCE GOLD CORP.)
CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS
- EXPLORATION EXPENDITURES –
FOR THE YEARS ENDED MAY 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	May 31, 2022	May 31, 2021
Lithium Property		
Opening balance	$ 111,455	$ -
Camp	26,764	3,741
Geological and other consulting	108,785	40,243
Drilling	25,385	24,380
Fuel and transport	15,259	8,735
Geochemical	6,558	12,583
Supplies and maintenance	-	2,673
Administration	2,409	9,001
Community development	5,337	-
Tax recoverable	21,123	10,099
Ending balance	$ 323,075	$ 111,455

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

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Advance Lithium Corp. (the "Company") was incorporated in the Province of British Columbia on September 28, 2004. The Company's shares are listed on the TSX-Venture Exchange (the "Exchange"). The Company is an exploration stage company engaged in the exploration and evaluation of mineral property interests. The Company's registered office is located at 1400 – 1040 West Georgia Street, Vancouver, British Columbia V6E 4H1 and the head office is located at 432 Royal Avenue, Kamloops, British Columbia V2B 3P7. On December 8, 2021, the Company announced that it had changed its name from Advance Gold Corp. to Advance Lithium Corp. On December 13, 2021, the stock began trading under the new symbol TSXV:AALI.

These consolidated financial statements have been prepared on the going concern basis, which contemplates that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred significant losses from inception and as at May 31, 2022 the Company had a deficit of $10,791,068 (May 31, 2021 - $7,286,989) and has a working capital deficiency of $409,743 as at May 31, 2022 (2021 – $238,908).

The ability of the Company to continue as going concern is in doubt and is dependent upon the continued financial support from its directors and its ability to continue to raise sufficient financing. Management is seeking equity financing and joint venture opportunities, the outcome of which cannot be predicted at this time. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments or reclassifications which would be necessary if the Company were unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements for the year ended May 31, 2022 were authorized for issue by the Board of Directors of the Company on September 28, 2022.

Statement of compliance

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

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its controlled entities and have been prepared on a historical cost basis, with the exception of certain financial instruments measured at fair value. All inter-company transactions and balances have been eliminated on consolidation.

The net interests of the Company's subsidiaries are presented below:

	Country of incorporation	Ownership May 31, 2022	Ownership May 31, 2021
Gold Rim Exploration Inc.	Kenya	100%	100%
Advance Gold S.A. de C.V. ("Advance Mexico")	Mexico	98%	98%

Comparative information

Certain amounts and balances of the prior year have been reclassified to conform with the presentation of the current year consolidated financial statements.

Financial Instruments:

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) 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.

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

(ii) 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 consolidated 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 consolidated statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) 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 consolidated statements of 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.

(iv) 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.

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 generally recognized in profit or loss.

Foreign Currency Translation

(i) Presentation and functional currency

The Company's functional and presentation currency is the Canadian dollar. Functional currency is also determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency. The Canadian dollar is the functional currency of both the Company's Kenyan subsidiary and Mexican subsidiary.

(ii) Foreign currency transactions

Transactions in currencies other than the functional currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position.

Gain and losses arising on foreign currency translations are included in the Company's consolidated statement of comprehensive loss.

Exploration and evaluation assets

Acquired properties are recognized at cost, or if acquired as part of a business combination, at fair value at the date of acquisition. All costs directly related to exploration activities are capitalized once the Company has obtained the legal right to explore. Acquisition costs include cash consideration and the fair value of common shares, issued for exploration and evaluation assets. Exploration expenditures, net of recoveries, are capitalized as incurred. After a property is determined by management to be commercially feasible, acquisition costs and their related deferred exploration expenditures on the property will be transferred to mineral properties under development. Prior to transfer the assets will be tested for impairment.

Exploration and evaluation assets acquired under an option agreement where payments are made at the sole discretion of the Company, are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the exploration and evaluation assets until the payments are in excess of acquisition costs, at which time they are then recognized in profit or loss in the Company's consolidated statements of comprehensive loss. Option payments are at the discretion of the optionor and, accordingly, are accounted for when receipt is reasonably assured.

The Company has farm-out arrangements with a third party on its exploration property. The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm-out arrangement but predesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal. The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, the sale of the respective areas of interest.

Decommissioning liability

The Company is required to recognize a liability when a legal or constructive obligation exists to dismantle, remove or restore its assets, including any obligation to rehabilitate environmental damage on its exploration and evaluation assets. As of May 31, 2022, and 2021, the Company has not incurred any such obligations.

Impairment of long-lived assets

At each reporting date, the carrying amounts of the Company's assets, including exploration and evaluation assets are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of comprehensive loss. For the purposes of assessing for indications of impairment and impairment testing, assets that do not have largely independent cash inflows are grouped into cash generating units. Cash generating units are the smallest identifiable groups of assets having independent cash inflows.

An impairment loss, excluding those recognized on goodwill, is reversed if 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 previously been recognized.

Income or Loss per share

The Company presents basic and diluted income or loss per share data for its common shares, calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted income or loss per share is determined by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. All of the share options and warrants were anti-dilutive as of May 31, 2022 and May 31, 2021.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that the shares are issued.

The proceeds from the issuance of shares are allocated between common shares and warrants based on residual value method. The value is first allocated to more easily measurable component based on fair value and the residual value, if any, to the less easily measurable component.

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Warrant reserve

The warrant reserve records the proceeds allocated to warrants on the issuance of units in private placements until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Income taxes

Current income tax:

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

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

Deferred income tax:

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. The preparation of financial statements also requires management to make judgments aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key uncertainties related to estimates that have a significant risk of resulting in a material adjustment within the next financial year and to judgments that have the most significant effect on the amounts recognized and disclosed in the consolidated financial statements.

Impairment of non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

Calculation of stock-based compensation

The Black-Scholes Option Pricing Model is used to determine the fair value for the stock options and utilizes subjective assumptions such as expected price volatility and expected life of the options. Discrepancies in these input assumptions can significantly affect the fair value estimate.

Useful life of equipment
The Company has changed the accounting estimate from declining balance method to useful life method as noticed below:

- Equipment – 3.33 years
- Automobile – 4 years
- Furniture – 10 years

The assets are not depreciated until available for use. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of equipment. Total carrying value of equipment at May 31, 2022 was $46,588 (2021 - $77,936).

Critical judgments used in applying accounting policies

Exploration and evaluation assets
Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for its mineral properties under exploration. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from exploration and evaluation assets and subject to different accounting treatment.

As at May 31, 2022 and 2021 management had determined that no reclassification of exploration and evaluation assets was required.

Income taxes
The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Going concern
The Company's assessment of its ability to continue as a going concern requires judgments about the Company's ability to execute its strategy by funding future working capital requirements (Note 1). The Company's objectives are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development.

Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of equity as well as its cash. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, or acquire or dispose of assets. The Company's investment policy is to invest its cash in highly liquid investments which are readily convertible into cash with maturities of three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company expects that its current capital resources will not be sufficient to carry out its exploration and evaluation plans and operations through its next fiscal year. The Company is planning to use equity financing to support ongoing operations; however, there is no assurance that additional funding and/or suitable joint venture agreements will be obtained. There were no changes in the Company's approach to capital management during the period. The Company has no externally imposed capital requirements.

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS

Fair Value

Fair value estimates are made at the reporting period end date, based on relevant market information. Estimated fair value amounts are designed to approximate amounts at which financial instruments could be exchanged in a current transaction between willing parties who are under no compulsion to act.

The Company uses a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value of financial instruments. The classifications are as follows: the use of quoted market prices for identical assets or liabilities (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3). The Company had no Level 2 or Level 3 financial instruments at May 31, 2022 and May 31, 2021, and there have been no transfers between levels.

The following is an analysis of the Company's financial assets measured at fair value as at May 31, 2022 and 2021:

		May 31, 2022	
	Level 1	Level 2	Level 3
Cash	$ 4,385	$ -	$ -

		May 31, 2021	
	Level 1	Level 2	Level 3
Cash	$ 48,970	$ -	$ -

Financial Risk Management

The Company's financial instruments potentially expose it to a variety of risks, including credit risk, foreign exchange risk (currency), liquidity and interest rate risk.

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. Financial instruments that potentially subject the Company to credit risk consist of cash and amounts receivable. The Company deposits the majority of its cash with high credit quality financial institutions in Canada reducing the credit risk. Amounts receivable consist of refundable tax credits. Therefore, the credit risk is considered to be minimal.

Currency risk

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. Certain assets and liabilities of the Company are denominated in Kenyan Shilling and Mexican Peso and are therefore subject to fluctuation against the Canadian dollar. Currency risk is considered to be moderate.

The Canadian dollar equivalent of financial instruments denominated in foreign currencies as at May 31, 2022 and 2021 is as follows:

	May 31, 2022	**May 31, 2021**
Cash	$ 108	$ 15,727
Accounts payable	(66,573)	(30,527)
	$ (66,465)	$ (14,800)

(Expressed in Canadian Dollars)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature, maturity, and fixed interest rate on debentures.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances. The Company's expected source of cash flow in the upcoming year is anticipated to be through equity financing and future loan facilities, and potential joint venture agreements. Cash on hand at May 31, 2022 is insufficient to fund the Company's operational needs for the next 12 months. Liquidity risk is assessed as high.

5. Equipment

Cost		Mining Equipment		Computer and office equipment		Automotive		Lithium Plant		Total
Balance, May 31, 2020	$	83,430	$	512	$	-	$	-	$	83,942
Additions		-		5,679		28,684		21,318		55,681
Balance, May 31, 2021	$	83,430		6,191		28,684		21,318	$	139,623
Additions		-		-		-		3,101		3,101
Balance, May 31, 2022	$	83,430	$	6,191	$	28,684	$	24,419	$	142,724
Accumulated depreciation										
Balance, May 31, 2020	$	29,295	$	77	$	-	$	-	$	29,372
Additions		21,746		409		10,160		-		32,315
Balance, May 31, 2021	$	51,041		486		10,160		-	$	61,687
Additions		26,308		947		7,194		-		34,449
Balance, May 31, 2022	$	77,349	$	1,433	$	17,354	$	-	$	96,136
Carrying amount										
As at May 31, 2021	$	32,389	$	5,705	$	18,524	$	21,318	$	77,936
Balance, May 31, 2022	$	6,081	$	4,758	$	11,330	$	24,419	$	46,588

6. EXPLORATION AND EVALUATION ASSETS

Kakamega Property, Kenya:

On April 20, 2011, the Company entered into an option and joint venture agreement with Aviva Corporation Ltd., which was subsequently acquired by a subsidiary of Barrick Gold Corporation and had its name changed to Acacia Mining plc. ("Acacia") in 2014, to earn at least a 75% interest in the Kakamega Property. Acacia completed all the requirements to earn the 75% interest in the property.

Once Acacia obtained a 75% interest, the Company may elect to participate as to its 25% share of all revenues, costs, assets and liabilities arising from the election to joint venture or, alternatively, elect to dilute their interest to 10% after which Acacia may convert the Company's interest in the property to a 3% net smelter royalty ("NSR").

On August 19, 2020, Shanta Gold Limited ("Shanta Gold") (AIM: SHG), the East Africa-focused gold producer purchased 100% of the shares of Barrick's subsidiary Acacia Exploration (Kenya) Ltd. from two subsidiaries of Barrick Gold Corporation. The terms of the JV agreement remain with Shanta Gold now in the role as the operator of the Joint Venture.

As at May 31, 2021, the Company's participation interest was diluted to 11.13% under the Option and Joint Venture agreement, giving Shanta Gold an 88.87% interest in the Kakamega Properties.

On July 31, 2021, the Company elected to further dilute its participation interest to 10.85% under the Option and Joint Venture agreement, giving Shanta Gold an 89.15% interest in the Kakamega Properties.

Shanta Gold submitted applications for license renewals for all three licenses on October 30, 2021, three months prior to the current license expiry date of January 30, 2022. The renewal, if approved, will be for an additional three year period. A condition of renewal is that approximately 50% of the license area must be relinquished, retaining 8.13 km2 on PL/2018/0210 (Bukura), 8.00 km2 on PL/2019/0211 (Sigalagala) and 3.95 km2 on PL/2018/0212 (Rosterman).

On October 31, 2021, the Company elected to further dilute its participation interest to 9.78% under the Option and Joint Venture agreement, giving Shanta Gold a 90.22% interest in the Kakamega Properties. Under the Joint Venture agreement, should a Joint Venture Party's interest be reduced to 10% or less, it shall cease to be a Joint Venture Party and shall be entitled to receive a net smelter royalty subject to various terms. Written notice has been provided by Shanta Gold obliging the Company to relinquish all of its remaining interest in exchange for the net smelter royalty. The Company now holds a 3% uncapped NSR on three exploration licences in Western Kenya.

On June 9, 2022, the Company sold the 3% Net Smelter Return on its three claims in Kenya to Orogen Royalties Inc. for US$120,000 and the transfer of 100% ownership of its Sarape epithermal gold project in Mexico. Orogen will retain a 1.5% royalty on the Sarape project.

The Company impaired the Kakamega Property to $151,776 (US$120,000) and recorded an impairment of $276,086.

Tabasquena Property, Mexico:

On July 20, 2017, Advance Mexico, a subsidiary of the Company, entered into an agreement with Hot Spring Mining S.A. de C.V. ("Hot Spring Mining") to acquire the Tabasquena Silver Mine in Zacatecas, Mexico ("Mining Concessions"). The Company issued 1,000,000 common shares to Hot Spring Mining in exchange for 100% interest in the Mining Concessions.

Hot Spring Mining will retain a 2.5% NSR of which the Company has the right to purchase a maximum of 1.5% NSR at $500,000 per each 0.5% NSR. In addition, two partners of Hot Spring Mining became consultants of the Company since October 2017.

On September 27, 2018, the Company acquired Exchange approval to purchase certain mining equipment assets on the Tabasquena project in exchange for 600,000 common shares with a fair value of $300,000, to be issued in tranches of 150,000 shares. On October 2, 2018, 150,000 common shares were issued with a fair value of $21,000, 150,000 common shares were issued on July 19, 2019 with a fair value of $21,000, and 150,000 common shares were issued on October 30, 2019 with a fair value of $21,000. The final 150,000 shares were issued on January 2, 2020 and have a fair value of $21,000.

During the year ended May 31, 2022, the Company fully impaired the Tabasquena Property as no further exploration work is planned in the near future.

Venaditas Property, Mexico:

On April 9, 2018, Advance Mexico entered into an agreement with Hot Spring Mining to acquire its 100% interest in the mining concession Venaditas in Zacatecas, Mexico. The Company issued 1,000,000 common shares to Hot Spring Mining in exchange for 100% interest in the Mining Concessions.

(Expressed in Canadian Dollars)

Hot Spring Mining will retain a 2.5% NSR of which the Company has the right to purchase a maximum of 1.5% NSR at $500,000 per each 0.5% NSR. In addition, two partners of Hot Spring Mining became consultants of the Company for a minimum period of 16 months at $2,000 per month each starting in January 2018. The agreement with the consultants were extended on September 1, 2019 for an additional 16 months. Exchange approval for the transaction was obtained in October 2018.

During the year ended May 31, 2022, the Company fully impaired the Venaditas Property as no further exploration work is planned in the near future.

Lithium Property, Mexico:

In February 2021, the Company entered into an option to purchase agreement to acquire a series of 13 lithium-potassium-boron prospective salars in central Mexico as well as a pilot plant designed and built using a patented extraction method. The Company has the right to acquire a 90% interest in the project with Hot Spring Mining retaining a 10% carried interest through to production, converting to a participating interest upon commercial production.

The Exchange approval was obtained on October 28, 2021 and the Company has paid to Hot Spring 5,000,000 shares and intends to purchase the test plant for USD$150,000 within 2 years of signing the agreement. If either the mining rights for the lithium project or the extraction method is sold, 50% of the proceeds will be retained by the Company and the remaining 50% will be paid to Hot Spring.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of the following:

		May 31, 2022		May 31, 2021
Trade payables	$	304,844	$	116,625
Accrued liabilities		79,796		49,427
Due to related parties (Note 10)		8,427		28,900
	$	393,067	$	194,952

During the year ended May 31, 2022, a vendor forgave debt owed by the Company in the amount of $nil (2021 - $93).

8. SHARE CAPITAL

(a) Authorized Share Capital

Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

(b) Issued Share Capital

Common Share Issuances:

On July 10, 2020, the Company closed a private placement to issue 4,014,998 units at $0.075 per unit for gross proceeds of $301,125. Each unit consists of one common share of the Company and one common share purchase warrant, each warrant being exercisable at $0.10 for 24 months. No value was allocated to the attachable warrants, using the residual value method, due to the proceeds being less than market value at the time.

On July 17, 2020, the Company issued 200,000 shares for exercised warrants for gross proceeds of $20,000.

On August 10, 2020, the Company issued 200,000 shares for exercised warrants for gross proceeds of $20,000.

On August 11, 2020, the Company closed a private placement to issue 7,200,000 units at $0.10 per unit for gross proceeds of $720,000. Each unit consists of one common share of the Company and one common share purchase warrant, each warrant being exercisable at $0.12 for 24 months. No value was allocated to the attachable warrants, using the residual value method, due to the proceeds being less than market value at the time. The Company incurred finder's fees of $15,700 in connection with this financing.

On October 5, 2020 the Company issued 574,415 shares for exercised warrants for gross proceeds of $57,442.

On January 18, 2021, the Company issued 800,000 shares for exercised warrants for gross proceeds of $64,000.

On February 5, 2021, the Company issued 1,153,846 shares for exercised warrants for gross proceeds of $92,308.

On February 17, 2021, the Company issued 400,000 shares for exercised warrants for gross proceeds of $32,000.

On February 19, 2021, the Company issued 1,375,000 shares for exercised warrants for gross proceeds of $110,000.

On February 24, 2021, the Company issued 703,846 shares for exercised warrants for gross proceeds of $56,307.

On February 26, 2021, the Company issued 1,105,000 shares for exercised warrants for gross proceeds of $88,400.

On March 26, 2021, the Company issued 457,000 shares for exercised warrants for gross proceeds of $31,990.

On June 17, 2021, the Company closed a private placement to issue 3,333,333 units at $0.06 per unit for gross proceeds of $200,000. Each unit consists of one common share of the Company and one common share purchase warrant, each warrant being exercisable at $0.075 for 24 months. No value was allocated to the attachable warrants, using the residual method, due to the proceeds being less than market value at the time. Finders' fees have been paid to certain finders in accordance with the Exchange policies in the amount of 8% cash and 266,667 Broker's warrants, each warrant being exercisable at $0.075 for 24 months, expiring June 17, 2023. The fair value of Broker's warrants was determined to be $12,722, using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 0.38%; expected life of 2 years; share price of $0.07 on the issuance date; expected volatility of 144% and dividend yield of nil.

On October 28, 2021, the Company issued 5,000,000 shares at a price of $0.055 per share to satisfy the requirements of the Lithium agreement (Note 6).

On November 23, 2021, the Company closed a private placement to issue 9,800,000 units at $0.05 per unit for gross proceeds of $490,000. Each unit consists of one common share of the Company and one common share purchase warrant, each warrant being exercisable at $0.065 for 12 months. No value was allocated to the attachable warrants, using the residual method, due to the proceeds being less than market value at the time. Finders' fees have been paid to certain finders in accordance with the Exchange policies in the amount of 8% cash and 200,000 Broker's warrants, each warrant being exercisable at $0.065 for 12 months, expiring November 23, 2022. The fair value of Broker's warrants was determined to be $5,696, using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 1.04%; expected life of 1 year; share price of $0.06 on the issuance date; expected volatility of 133% and dividend yield of nil. Included in the private placement are $25,000 (note 9) debentures and $27,000 accounts payable, which were settled with private placement units. No gain or loss was recognized.

(c) Stock Options

At the Annual General Meeting, held on March 27, 2020, shareholders approved to adopt a 10% Rolling Stock Option Plan ("the Plan") whereby the aggregate number of common shares reserved for issuance pursuant to the Plan and any other share compensation arrangement granted or made available by the Company from time to time shall not exceed in aggregate 10% of the total number of issued and outstanding Common Shares (the "Option Plan Shares"). The number of Option Plan Shares shall be increased or decreased from time to time as required if more or less Option Plan Shares are required to be issued due to any reorganization of the share capital of the Company. The term of any options granted under the Plan will be fixed by the Board of Directors and may not exceed ten years. The exercise price of options granted under the Plan will be determined by the Board of Directors, provided that it is not less than the lowest price permitted by the Exchange. The Plan was approved, ratified and confirmed at the annual general meeting held on February 19, 2021.

(Expressed in Canadian Dollars)

Any options granted pursuant to the Plan will terminate within 30 days of the option holder ceasing to act as an Eligible Person pursuant to and as defined in the Plan, unless such cessation is on account of death, disability or termination of employment with cause. If such cessation is on account of disability or death, the options terminate on the first anniversary of such cessation, and if it is on account of termination of employment with cause, the options terminate immediately. The Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the Company's shares.

A summary of stock option activity for the year ended May 31, 2022 and year ended May 31, 2021 is as follows:

	May 31, 2022		**May 31, 2021**	
	Number Outstanding	**Weighted Average Exercise Price**	**Number Outstanding**	**Weighted Average Exercise Price**
Outstanding, beginning	5,675,000	$ 0.11	1,875,000	$ 0.12
Granted	1,800,000	0.055	3,800,000	0.10
Outstanding, ending	7,475,000	$ 0.09	5,675,000	$ 0.11

As at May 31, 2022, the Company had stock options outstanding to acquire common shares of the Company as follows:

Expiry Date	**Options Outstanding**	**Options Exercisable**	**Exercise Price**	**Remaining Contractual Life (In Years)**
April 17, 2023	700,000	700,000	$ 0.12	0.88
April 24, 2024	1,175,000	1,175,000	0.12	1.90
September 23, 2025	2,000,000	2,000,000	0.12	3.32
May 4, 2026	1,800,000	1,800,000	0.08	3.93
February 5, 2027	1,800,000	1,800,000	0.055	4.69
	7,475,000	7,475,000	$ 0.09	3.34

On September 23, 2020, the Company granted 2,000,000 stock options to directors, employees and consultants of the Company at an exercise price of $0.12 per common share for a period of five years ending September 23, 2023. A share-based compensation expense of $249,355 was recognized during the period ended February 28, 2021, with the fair value determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 0.36%; expected life of 5 years; share price of $0.13 on the grant date; expected volatility of 181% and dividend yield of nil.

On May 4, 2021, the Company granted 1,800,000 stock options to directors, employees and consultants of the Company at an exercise price of $0.08 per common share for a period of five years ending May 4, 2026. A share-based compensation expense of $134,039 was recognized during the period ended May 31, 2021, with the fair value determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 0.93%; expected life of 5 years; share price of $0.08 on the grant date; expected volatility of 162% and dividend yield of nil.

On February 5, 2022, the Company granted 1,800,000 stock options to directors, employees and consultants of the Company at an exercise price of $0.055 per common share for a period of five years ending February 5, 2027. A share-based compensation expense of $99,992 was recognized during the period ended May 31, 2022, with the fair value determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 1.71%; expected life of 5 years; share price of $0.06 on the grant date; expected volatility of 156% and dividend yield of nil.

(Expressed in Canadian Dollars)

(d) Share purchase warrants

The following table summarizes the continuity of share purchase warrants:

	May 31, 2022			May 31, 2021		
	Number Outstanding	Weighted Average Exercise Price		Number Outstanding	Weighted Average Exercise Price	
Outstanding, beginning	18,417,241	$	0.11	15,799,585	$	0.09
Cancelled/Expired	(1,620,243)	$	0.10	(1,628,235)	$	0.10
Exercised	-	$	-	(6,969,107)	$	0.08
Granted	13,600,000	$	0.07	11,214,998	$	0.11
Outstanding, ending	30,396,998	$	0.09	18,417,241	$	0.11

As at May 31, 2022, the Company had share purchase warrants outstanding to acquire common shares of the Company as follows:

Expiry Date	Warrants Outstanding	Exercise Price		Remaining Contractual Life (In Years)
July 9, 2022(1)	3,082,000	$	0.07	0.11
July 10, 2022	4,014,998		0.10	0.11
July 28, 2022	7,200,000		0.12	0.16
November 23, 2022	10,000,000		0.065	0.48
February 27, 2023(2)	2,500,000		0.12	0.75
June 17, 2023	3,600,000		0.075	1.05
	30,396,998	$	0.09	0.41

(1) On June 25, 2021, the Exchange approved the application to extend the expiry date on 3,082,000 share purchase warrants, issued pursuant to a Private Placement Financing in July 2019, by 1 year to July 9, 2022. The Warrants' original exercise price of $0.07 per share will not change. Subsequent to year end the warrants expired, unexercised.

(2) On February 4, 2022, the TSX approved the extension of the expiry date of 2,500,000 warrants from this placement to February 27, 2023. All other terms remain unchanged.

The weighted average life of the outstanding share purchase warrants at May 31, 2022 was 0.41 years (2021 – 0.87 years).

(e) Reserves

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Warrant Reserve

The warrant reserve records the proceeds allocated to warrants on the issuance of units in private placements until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(Expressed in Canadian Dollars)

9. DEBENTURES

		May 31, 2022		**May 31, 2021**
Opening balance	$	112,726	$	107,726
Accrued interest		4,353		5,000
Redemption of debenture (note 8)		(25,000)		-
	$	92,079	$	112,726

On November 20, 2018, the Company closed a non-brokered private placement of 1,000 convertible debentures with a Director of the Company to raise $100,000. The convertible debentures have a term of one year and are convertible into units (the "Units") at a price of $0.09 per unit with no conversion feature recorded. Each Unit is comprised of one common share and one share purchase warrant. Each share warrant entitles the holder to purchase an additional common share at an exercise price of $0.11 per share for a period of two years. The debentures bear interest at 5% per annum, are unsecured and has a term of one year.

On November 13, 2019, the Company extended the debenture by one year to expire on November 20, 2020. The approval from the Exchange for the extension was granted on November 19, 2019. The expiry date of the warrants issuable on the conversion of the debenture with an original expiry date of November 20, 2020 was extended by one year to November 20, 2021. The Company has applied to extend the debenture's expiry date for another two years to November 20, 2023, which is subject to Exchange approval.

10. RELATED PARTY TRANSACTIONS

(a) Related party balances

Trade payables and accrued liabilities includes $8,427 (May 31, 2021 - $28,900) payable to officers of the Company (Note 7). The amount owing on the convertible debenture of $92,079 (May 31, 2021 - $112,726) is payable to a Director of the Company (Note 9). Prepaid expenses include $26,113 receivable from a director of the Company.

(b) Related party transactions

During the year ended May 31, 2022, $90,000 (2021 - $90,000) was paid to a company controlled by a director of the Company to fulfil the position of chief executive officer and $83,767 (2021 - $57,598) was paid to the chief finance officer of the Company.

During the year ended May 31, 2022, $83,327 (2021 - $287,546) of share-based compensation was given to directors of the Company to fulfil the position of chief executive officer, chief financial officer and related directors.

Transactions with related parties are incurred in the normal course of operations and initially recorded at fair value.

11. NON-CONTROLLING INTEREST

The Company has a 98% interest in Advance Mexico and the remaining 2% non-controlling interest is held by a director of Advance Mexico. As at May 31, 2022, the non-controlling interest liability included in equity is $(50,464) (2021 - $931).

		May 31, 2022		**May 31, 2021**
Balance, beginning of the year	$	931	$	(1,772)
Share of net loss		(51,395)		2,703
	8	(50,464)	$	931

(Expressed in Canadian Dollars)

12. COMMITMENTS

The Company has a management services agreement with the CEO of the Company requiring payments of $7,500 per month.

13. SEGMENTED INFORMATION

The Company's operations are all conducted in one industry segment, the exploration and development of exploration and evaluation assets.

The Company's total assets located within its geographic segments of Canada, Kenya and Mexico are as follows:

		May 31, 2022		May 31, 2021
Canada	$	49,478	$	37,495
Kenya		151,825		421,574
Mexico		670,539		2,766,587
	$	871,842	$	3,225,656

The Company's total loss within its geographic segments of Canada, Kenya and Mexico are as follows:

		For the Year ended May 31, 2022		For the Year ended May 31, 2021
Canada	$	(985,744)	$	(860,392)
Mexico		(2,569,730)		135,128
	$	(3,555,474)	$	(725,264)

14. INCOME TAXES

A reconciliation of the statutory tax rate to the effective rate for the Company is as follows:

		For the Year ended May 31, 2022		For the Year ended May 31, 2021
Statutory tax rate		27%-30%		27%-30%
Comprehensive loss for the year	$	(3,555,474)	$	(725,264)
Expected income tax recovery		(1,037,069)		(191,767)
Non-deductible expenses and other		250,591		(2,038)
Share issuance cost		(15,255)		(4,239)
Effect of deductible temporary differences not recognized		801,733		198,044
Income tax recovery	$	-	$	-

(Expressed in Canadian Dollars)

Significant components of the Company's deferred tax assets as of May 31, 2022 and May 31, 2021 are as follows:

		May 31, 2022		May 31, 2021
Deferred income tax assets:				
Equipment	$	16,968	$	22,679
Exploration and evaluation assets		350,961		273,492
Non-capital losses carry forwards		1,597,761		1,626,170
Share-issue costs		18,742		8,876
		1,984,432		1,931,217
Unrecognized deferred income tax assets		(1,984,432)		(1,931,217)
Deferred income tax assets	$	-	$	-

As at May 31, 2022, the Company has Canadian non-capital losses and Mexican tax losses which expire in various years to 2042, as follows:

Expiry Date		Canadian non-capital losses		Mexican tax losses
2026	$	61,087	$	-
2027		170,737		-
2028		149,740		-
2029		301,682		-
2030		284,640		-
2031		189,826		-
2032		246,562		3,140
2033		185,008		-
2034		276,045		-
2035		249,156		-
2036		149,172		-
2037		196,998		-
2038		285,446		-
2039		259,589		-
2040		124,621		-
2041		320,365		-
2042		416,414		-
	$	3,867,088	$	3,140

The Company has Canadian cumulative foreign resource expenditures of $866,155 available to reduce future taxable income. These expenses have no expiration date.

15. SUBSEQUENT EVENTS

On July 9, 2022, 3,082,000 warrants at $0.06 per share expired, unexercised.

On July 10, 2022, 4,014,998 warrants at $0.10 per share expired, unexercised.

On July 28, 2022, 7,200,000 warrants at $0.12 per share expired, unexercised.

On August 10, 2022, the Company announced that, subject to the approval of the Exchange, it proposes to undertake a non-brokered private placement of units (the "Units") at a price of two cents ($0.02) per Unit (the "Financing"). Each Unit shall be comprised of one common share in the capital of the Company and one common share purchase warrant with each warrant being exercisable to purchase one common share at a price of five cents ($0.05) per share at any time within 24 months of the date of issuance. The Financing will be for a maximum of $200,000 resulting in 10,000,000 Units being issued. Funds will be used to advance the Lithium and Sarape projects and for general corporate purposes.