Advance Lithium

CORP.

(formerly Advance Gold Corp.)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2022

(Expressed in Canadian dollars)

MANAGEMENT'S COMMENTS ON
UNAUDITED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Advance Lithium Corp. as at August 31, 2022 and three months ended August 31, 2022 and August 31, 2021 have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

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

	August 31, 2022	May 31, 2022
ASSETS		
Current Assets		
Cash	$ 40,005	$ 4,385
Amounts receivable	802	242
Prepaid expenses	59,845	70,776
	100,652	75,403
Non-Current Assets		
Equipment (Note 5)	38,370	46,588
Exploration and evaluation assets (Statement) (Note 6)	624,334	749,851
	$ 763,356	$ 871,842
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7 and 10)	$ 373,690	$ 393,067
Debentures (Note 9)	93,024	92,079
Share subscriptions (Note 14)	28,000	-
	494,714	485,146
EQUITY		
Share capital (Note 8)	9,550,856	9,550,856
Reserves (Note 8)	1,677,372	1,677,372
Deficit	(10,909,313)	(10,791,068)
Equity attributable to owners of parent	318,915	437,160
Equity attributable to non-controlling interests (Note 11)	(50,273)	(50,464)
Total equity	268,642	386,696
	$ 763,356	$ 871,842

Nature and Continuance of Operations (Note 1)
Commitments (Note 12)
Subsequent event (Note 14)

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

ADVANCE LITHIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	August 31, 2022	August 31, 2021
Operating expenses		
Advertising and promotion	$ 19,955	$ 14,421
Exploration, evaluation and project expenses	13,084	-
Interest, bank charges and foreign exchange loss	1,325	2,368
Management fees (Note 10)	22,500	22,500
Office and sundry	394	2,462
Professional fees	27,009	14,186
Rent and telephone	1,245	1,095
Transfer agent and filing fees	5,679	5,159
Wages and benefits (Note 10)	24,234	20,629
Impairment of Equipment	6,081	-
	(121,506)	(82,820)
Other income (loss)		
Foreign exchange gain (loss)	3,452	(11,391)
Loss and Comprehensive loss for the period	$ (118,054)	$ (94,211)
Loss and Comprehensive loss for the period attributable to:		
Owners of the parent	(118,245)	(96,145)
Non-controlling interests	191	1,934
	$ (118,054)	$ (94,211)
Basic And diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	75,216,472	57,768,070

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

ADVANCE LITHIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED AUGUST 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, 2022	75,216,472	$ 9,550,856	$ 1,136,036	$ 541,336	$(10,791,068)	$437,160	$ (50,464)	$ 386,696
Net and comprehensive loss	-	-	-	-	(118,245)	(118,245)	191	(118,054)
Balance at August 31, 2022	75,216,472	$ 9,550,856	$ 1,136,036	$ 541,336	$(10,909,313)	$318,915	$(50,273)	$268,642

	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	-	-	-	-	(96,145)	(96,145)	1,934	(94,211)
Share issuance costs (Note 8)	-	(16,750)	-	-	-	(16,750)	-	(16,750)
Private placement (Note 8)	3,333,333	200,000	-	-	-	200,000	-	200,000
Balance at August 31, 2021	60,416,472	$ 8,828,324	$ 1,036,044	$ 522,918	$ (7,383,134)	$ 3,004,152	$ 2,865	$ 3,007,017

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ADVANCE LITHIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	August 31, 2022	August 31, 2021
Cash Provided By (Used For):		
Operating Activities		
Comprehensive loss for the period	$ (118,054)	$ (94,211)
Items not requiring cash:		
Accrued interest on debentures	945	1,260
Write-off mineral property	6,081	-
Change in non-cash working capital items:		
Amounts receivable	(560)	596
Prepaid expenses	10,931	(19,357)
Accounts payable and accrued liabilities	(19,377)	5,778
Share subscriptions	28,000	-
Cash used for operating activities	(92,034)	(105,934)
Investing Activities		
Capital assets purchased	-	(3,108)
Deferred exploration expenditures paid (recovered)	(24,122)	(60,305)
Proceeds on sale of exploration and evaluation assets	151,776	-
Cash used for investing activities	127,654	(63,413)
Financing Activities		
Issuance of common shares for cash	-	200,000
Payment of share issuance costs	-	(16,750)
Cash provided by financing activities	-	183,250
Increase in cash	35,620	13,903
Cash, beginning of period	4,385	48,970
Cash, end of period	$ 40,005	$ 62,873

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

ADVANCE LITHIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	May 31, 2022	Acquisition Costs	Proceeds of disposition	Exploration and evaluation expenditures	August 31, 2022
Kakamega property, Kenya	$ 151,776	$ -	$ (151,776)	$ -	$ -
Tabasquena property, Mexico	-	-	-	-	-
Venaditas property, Mexico	-	-	-	-	-
Lithium property, Mexico	598,075	-	-	26,259	624,334
Sarape property, Mexico	-	-	-	-	-
Balance, end of period	$ 749,851	$ -	$ (151,776)	$ 26,259	$ 624,334

	May 31, 2021	Acquisition Costs	Proceeds of disposition	Exploration and evaluation expenditures	August 31, 2021
Kakamega property, Kenya	$ 421,525	$ -	$ -	$ -	$ 421,525
Tabasquena property, Mexico	2,369,049	-	-	6,851	2,375,900
Venaditas property, Mexico	176,921	-	-	-	176,921
Acquisition in advance	111,455	-	-	61,007	172,462
Balance, end of period	$ 3,078,950	$ -	-	$ 67,858	$ 3,146,808

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ADVANCE LITHIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS
- EXPLORATION EXPENDITURES -
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	August 31, 2022	August 31, 2021
Kakamega Property		
Opening balance	$ -	$ 17,446
	$ -	$ 17,446

	August 31, 2022	August 31, 2021
Tabasquena Property		
Opening balance	$ -	$ 2,308,149
Camp	-	6,082
Geological and other consulting (recovery)	-	(7,584)
Fuel & transport	-	1,759
Geochemical	-	373
Administration	-	6,221
Total expenditure	-	6,851
	$ -	$ 2,315,000

	August 31, 2022	August 31, 2021
Venaditas Property		
Opening balance	$ -	$ 42,664
	$ -	$ 42,664

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ADVANCE LITHIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS
- EXPLORATION EXPENDITURES -
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021

(Expressed in Canadian Dollars)

		August 31, 2022		August 31, 2021
Lithium Property				
Opening balance	$	323,075	$	111,455
Camp		5,190		2,627
Geological and other consulting		20,979		24,431
Drilling		-		25,127
Fuel & transport		-		8,624
Administration		90		198
Total expenditure		26,259		61,007
	$	349,334	$	172,462

		August 31, 2022		August 31, 2021
Sarape Property				
Opening balance	$	-	$	-
Total expenditure		-		-
	$	-	$	-

The accompanying notes are an integral part of these interim 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 interim consolidated financial statements have been prepared on the going concerns 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 August 31, 2022 the Company had a deficit of $10,909,313 (May 31, 2022 - $10,791,068) and has a working capital deficiency of $394,062 as at August 31, 2022 (May 31, 2022 $409,743 deficiency).

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 interim consolidated financial statements for period ended August 31, 2022 were authorized for issue by the Board of Directors of the Company on October 31, 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 interim 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 interest of the Company's subsidiaries are presented below:

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

Comparative information

Certain amounts of the prior year balances have been reclassified to conform with the presentation of the current period 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 consolidated 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 August 31, 2022, and May 31, 2022, 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 August 31, 2022 and May 31, 2022.

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 consolidated 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 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 depreciates assets using the useful life method as noted 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 August 31, 2022 was $38,370 (May 31, 2022 - $46,588).

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 August 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 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.

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.

(Expressed in Canadian Dollars)

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 August 31, 2022 and May 31, 2022 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 August 31, 2022 and May 31, 2022:

			August 31, 2022			
		Level 1		Level 2		Level 3
Cash	$	40,005	$	-	$	-

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

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 August 31, 2022 and May 31, 2022 is as follows:

		August 31, 2022		**May 31, 2022**
Cash	$	199	$	108
Accounts payable and accruals		(348,250)		(66,573)
	$	(348,051)	$	(66,465)

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 August 31, 2022 is insufficient to fund the Company's operational needs for the next 12 months. Liquidity risk is assessed as high.

(Expressed in Canadian Dollars)

5. EQUIPMENT

Cost		**Mining Equipment**		**Computer and office Equipment**		**Automotive**		**Lithium Plant**		**Total**
Balance, May 31, 2022	$	83,430	$	6,191	$	28,684		24,419	$	142,724
Additions		-		-		-		-		-
Balance, August 31, 2022	$	83,430	$	6,191	$	28,684	$	24,419	$	142,724
Accumulated depreciation										
Balance, May 31, 2022	$	77,349	$	1,433	$	17,354	$	-	$	96,136
Additions		-		249		1,888		-		2,137
Impairment		6,081		-		-		-		6,081
Balance, August 31, 2022	$	83,430	$	1,682	$	19,242	$	-	$	104,354
Carrying amount										
As at May 31, 2022	$	6,081	$	4,758	$	11,330		24,419	$	46,588
Balance, August 31, 2022	$	-	$	4,509	$	9,442		24,419	$	38,370

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.

During the year ended May 31, 2022, the Company impaired the Kakamega Property to $151,776 (US$120,000) and recorded an impairment of $276,086.

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.

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.

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.

(Expressed in Canadian Dollars)

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.

Sarape Property, Mexico:

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.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		August 31, 2022		May 31, 2022
Trade payables	$	328,641	$	304,844
Accrued liabilities		82,298		79,796
Due to (from) related parties (Note 10)		(37,249)		8,427
	$	373,690	$	393,067

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.

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 quarter ended August 31, 2022 and year ended May 31, 2022 is as follows:

(Expressed in Canadian Dollars)

	August 31, 2022		May 31, 2022	
	Number Outstanding	**Weighted Average Exercise Price**	**Number Outstanding**	**Weighted Average Exercise Price**
Outstanding, beginning	7,475,000	$ 0.09	5,675,000	$ 0.11
Granted	-	-	1,800,000	0.055
Outstanding, ending	7,475,000	$ 0.09	7,475,000	$ 0.09

As at August 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	0.63
April 24, 2024	1,175,000	1,175,000	0.12	1.65
September 23, 2025	2,000,000	2,000,000	0.12	3.07
May 4, 2026	1,800,000	1,800,000	0.08	3.68
February 5, 2027	1,800,000	1,800,000	0.055	4.43
	7,475,000	7,475,000	$ 0.09	3.09

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.

(d) Share purchase warrants

The following table summarizes the continuity of share purchase warrants:

	August 31, 2022		May 31, 2022	
	Number Outstanding	**Weighted Average Exercise Price**	**Number Outstanding**	**Weighted Average Exercise Price**
Outstanding, beginning	30,396,998	$ 0.09	18,417,241	$ 0.11
Cancelled/Expired	(14,296,998)	$ 0.10	(1,620,243)	$ 0.10
Granted	-	$ -	13,600,000	$ 0.07
Outstanding, ending	16,100,000	$ 0.076	30,396,998	$ 0.09

(Expressed in Canadian Dollars)

As at August 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)
November 23, 2022	10,000,000		0.065	0.23
February 27, 2023[(1)]	2,500,000		0.12	0.30
June 17, 2023	3,600,000		0.075	0.79
	16,100,000	$	0.076	0.60

(1) 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 August 31, 2022 was 0.60 years (May 31, 2022 – 0.41 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.

9. DEBENTURES

		August 31, 2022		May 31, 2022
Opening balance	$	92,079	$	112,726
Accrued interest		945		4,353
Redemption of debenture (note 8)		-		(25,000)
	$	93,024	$	92,079

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 will apply to extend the debenture's expiry date for another year to November 20, 2022, which is subject to Exchange approval.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

(a) Related party balances

Trade payables and accrued liabilities includes $(37,249) (May 31, 2022 - $8,427) payable to (receivable from) officers of the Company (Note 7). The amount owing on the convertible debenture of $93,024 (May 31, 2022 - $92,079) is payable to a Director of the Company (Note 9).

(b) Related party transactions

During the quarter ended August 31, 2022, $22,500 (2021 - $22,500) was paid to a company controlled by a director of the Company to fulfil the position of chief executive officer and $24,234 (2021 - $20,629) was paid to the chief finance officer of the Company.

During the quarter ended August 31, 2022, share-based compensation expenses were $nil for the related parties.

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 August 31, 2022, the non-controlling interest liability included in equity is ($50,273) (May 31, 2022 - $(50,464)).

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:

		August 31, 2022		May 31, 2022
Canada	$	97,105	$	49,478
Kenya		-		151,825
Mexico		666,251		670,539
	$	763,356	$	871,842

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

		For the Quarter ended August 31, 2022		For the Year ended May 31, 2022
Canada	$	(96,344)	$	(985,744)
Kenya		-		-
Mexico		(21,710)		(2,569,730)
	$	(118,054)	$	(3,555,474)

14. SUBSEQUENT EVENT

On October 5, 2022, the Company closed a private placement to issue 3,750,000 units at $0.02 per unit for gross proceeds of $75,000. Each unit consists of one common share of the Company and one common share purchase warrant, each warrant being exercisable at $0.05 for 24 months. Finders' fees were paid to certain finders in accordance with the Exchange policies in the amount of 8% cash and 300,000 Broker's warrants, each warrant being exercisable at $0.05 for 24 months, expiring October 5, 2024.