



Consolidated Financial Statements of

**American CuMo Mining
Corporation**

December 31, 2021

American CuMo Mining Corporation Consolidated Statements of Financial Position (Expressed in Canadian dollars)			
		December 31	June 30
ASSETS	Note	2021	2021
Current		\$	\$
Cash and cash equivalents		299,577	137,831
Trade and other receivables	5	50,159	5,804
Prepaid expenses		10,433	90,433
Investments	4	8,140	8,140
		368,310	242,208
Non-current assets			
Reclamation bonds	12	51,799	51,799
Non-current deposit	11	123,940	123,940
Property, plant and equipment	7	1,246,058	1,218,145
Unproven mineral right interests	8	24,525,129	23,976,067
Total Non-Current Assets		25,946,926	25,369,951
Total Assets		26,315,236	25,612,159
LIABILITIES			
Current			
Trade and other payables	6&18	581,066	2,046,945
Convertible Debentures	11	1,829,660	3,990,850
Notes Payable	9	2,769,501	2,768,143
Promissory notes - current portion	10	980,715	980,715
		6,160,941	9,786,653
Non-current liabilities			
Promissory notes	10	4,782,043	3,208,607
Reclamation provision	12	304,634	177,854
Deferred income tax liability		1,597,340	1,597,340
		12,844,957	14,770,454
EQUITY			
Share capital	14	65,301,317	61,890,434
Share subscription receivable		-	(137,200)
Equity reserve		13,021,520	13,021,520
Non-controlling Interest		1	1
Deficit		(64,325,166)	(63,482,794)
Accumulated other comprehensive loss		(527,393)	(450,256)
Total Equity		13,470,279	10,841,705
Total Liabilities and Equity		26,315,236	25,612,159
Nature of Operations	1		
Subsequent event	20		
Commitments	18		
Contingencies	9 & 19		
Approved on Behalf of the Board of Directors		John Moeller	Shaun Dykes

See accompanying notes to the consolidated financial statements.

American CuMo Mining Corporation
Condensed consolidated interim statements of financial position - Unaudited
(Expressed in Canadian dollars)

		Three Months ended December 31		Six Months ended December 31	
	Note	2021	2020	2021	2020
		\$	\$	\$	\$
Expenses					
Interest expense and bank charges		(12,601)	3,784	266,305	4,267
Convertible note expense	9	47,990	67,882	49,897	145,347
Salaries and management fees	13	87,453	118,910	187,151	159,645
Office and miscellaneous		7,584	8,297	17,045	20,565
Consulting and professional fees		(4,763)	36,864	182,599	44,790
Rent		5,726	5,687	11,453	9,490
Shareholder comm. and regulatory		46,082	138,669	76,191	161,360
Travel and business development		10,645	1,275	17,029	3,754
Loss before other items		(188,116)	(381,368)	(842,372)	(549,218)
Other items					
Gain (loss) on sale of investments	4	-	(4,155)	-	(4,155)
Other income		-	(11,374)	-	-
Net loss before tax and othr items		(188,116)	(392,743)	(842,372)	(553,373)
Cumulative Foreign Exchange adjustment intercompany		-	350,167	-	128,601
Cumulative translation adjustment		543,584	(1,197,868)	(77,137)	(977,266)
Comprehensive loss		355,468	(1,244,599)	(919,509)	(1,402,038)
Loss per common share:		0.001	(0.007)	(0.004)	(0.008)
Weighted average number of common shares outstanding		251,281,810	188,438,370	251,281,810	178,987,155

See accompanying notes to the consolidated financial statements.

American CuMo Mining Corporation
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

		Six Months Ended December 31, 2021	
	Notes	2021	2020
OPERATING ACTIVITIES		\$	\$
Net loss after tax		(842,372)	(549,219)
Items not involving cash:			
Interest expense on promissory note		266,233	4,267
Interest accrued on convertible debentures		49,897	56,475
Interest accrued on notes payable		-	-
Foreign exchange		34,702	-
Changes in non-cash working capital items:			
(Increase) decrease in trade and other receivables		(44,355)	128,571
(Increase) decrease in prepaid expenses		80,000	20,433
Increase (decrease) in trade and other payables		1,465,879	(376,402)
		1,009,984	(715,875)
INVESTING ACTIVITIES			
Expenditures on unproven mineral right interests		(549,061)	216,244
		(549,061)	216,244
FINANCING ACTIVITIES			
Proceeds from exercise of warrants		292,500	-
Repayment of principal on convertible notes		-	39,662
		292,500	39,662
Net change in cash and cash equivalents		753,423	(459,969)
Effect of exchange rate changes on cash		(591,676)	633,256
Cash and cash equivalents, beginning of the period		137,831	4,597
Cash and cash equivalents, end of the period		299,577	177,884

See accompanying notes to the consolidated financial statements.

American CuMo Mining Corporation
Consolidated Statement of Changes in Equity

	Share Capital		Share Subs Receivable	Convertible Notes Equity	Equity Reserve	Deficit	Comprehensive (Loss) Income	Total Equity
	Number of Shares	Amount						
		\$	\$	\$	\$	\$	\$	\$
Balance at June 30, 2020	178,987,155	59,181,460		343,154	12,592,520	(61,248,488)	(571,958)	10,296,688
Net loss after tax	-	-		-	-	(2,234,306)	-	(2,234,306)
Conversion of convertible debentures	31,178,045	1,732,240	(137,200)	(343,154)	-	-	-	1,251,886
Warrants exercised	5,688,830	426,734	-	-	-	-	-	426,734
Acquisition of Bleiberg Project	10,000,000	550,000	-	-	-	-	-	550,000
Recognition of non-controlling interest								1
Share-based compensation	-	-	-	-	429,000	-	-	429,000
Cumulative translation adjustment	-	-	-	-	-	-	121,703	121,703
Balance at June 30, 2021	225,854,030	61,890,434	(137,200)	-	13,021,520	(63,482,793)	(450,255)	10,841,705
Net loss	-	-		-	-	(842,372)	-	(842,372)
International Cumo Share capital		1,591,724						1,591,724
Share property financing	15,000,000	1,200,271	-	-	-	-	-	1,200,271
Options / warrants Exercised	3,900,000	292,500	-	-	-	-	-	292,500
Conversion of convertible debentures	6,527,780	326,389	137,200	-	-	-	-	463,589
Cumulative translation adjustment	-	-		-	-	-	(77,138)	(77,138)
Balance on December 31, 2021	251,281,810	65,301,318	-	-	13,021,520	(64,325,165)	(527,393)	13,470,279

See accompanying notes to the consolidated financial statements.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

1. Nature of operations

American CuMo Mining Corporation (“CuMoCo”) is an exploration and development company with mineral right interests in the United States of America and Canada. CuMoCo was incorporated under the laws of British Columbia in 1971.

These consolidated financial statements include the accounts of CuMoCo and its wholly-owned subsidiaries (collectively, the “Company”): MSQ Operations Inc. (inactive) and 1156207 Ontario Ltd (inactive). These consolidated financial statements also include the accounts of:

- Poly Resources LLC (“Poly Resources”), in which CuMoCo has a 100% ownership interest.
- International CuMo Mining Corporation (formerly known as Idaho CuMo Mining Corporation) (“ICMC”), in which CuMoCo currently has an 81% ownership interest. The minority 19% interest was granted during the year ended June 30, 2021 to partially acquire the Bleiberg Project. Refer to Note 8.

The Company is in the process of exploring its mineral right interests in the United States and at the date of these consolidated financial statements, has not yet determined whether any of its mineral properties contain economically recoverable mineral reserves. Accordingly, the carrying amount of mineral right interests represents cumulative expenditures incurred to date and does not necessarily reflect present or future values. The recovery of these costs is dependent upon the discovery of economically recoverable mineral reserves and the ability of CuMoCo to obtain the necessary financing to complete their exploration and development and to resolve any environmental, regulatory, or other constraints. Uncertainty also exists with respect to the recoverability of the carrying value of certain mineral right interests. The ability of the Company to realize on its investment in resource properties is contingent upon resolution of the uncertainties and confirmation of the Company’s title to the mineral properties.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume 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 operations as they come due. The Company does not generate material cash flows from operations and accordingly, CuMoCo will need to raise additional funds through future issuance of securities or from other sources. Although CuMoCo has been successful in raising funds in the past, there can be no assurance CuMoCo will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. The Company has not determined whether any of its properties contain mineral reserves that are economically recoverable. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations. Since inception, the Company has incurred cumulative losses of \$64,325,166 (June 30, 2021: \$63,482,794) and as at December 31, 2021 had a working capital deficiency of \$5,792,631 (June 30, 2021: working capital deficiency of \$9,544,445), which may cast significant doubt regarding CuMoCo’s ability to continue as a going concern. Should CuMoCo be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

CuMoCo’s common shares are listed on the TSX Venture Exchange (“TSX-V”), under the trading symbol “MLY”. and on the OTC Pink Sheets in the United States, under the trading symbol “MLYCF”. CuMoCo’s share options and warrants are not listed

The head office and principal address of the Company is 638 Millbank, Vancouver, British Columbia, Canada V5Z 4B7.

These consolidated financial statements were authorized for issue by the Board of Directors on February 22, 2022 and have been prepared in accordance with and in full compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

2. Basis of presentation.

a) Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with IFRS and on an historical cost basis, except for financial instruments which have been measured at fair value. The consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

b) Adoption of new and revised standards and interpretations

Accounting standards adopted during the period

The Company did not adopt any new standards during the six months ended December 31, 2021 that had a material impact on the consolidated financial statements.

3. Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements include the financial statements of CuMoCo and its controlled subsidiaries (see Note 1). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intercompany transactions, balances, income and expenses are eliminated on consolidation.

Where the Company's interest is less than 100%, the interest attributable to outside shareholders is reflected in non-controlling interest. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date the interest was given up and the non-controlling interests' share of changes in equity since that date.

The current 19% non-controlling interest in ICMC has been recorded on the statement of financial position at \$1.

The current 5% non-controlling interest in Poly Resources has not been recorded on the statement of financial position as Poly Resources has net liabilities.

Significant accounting judgments and estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

- Judgments

- a) Unproven mineral right interests

The application of the Company's accounting policy for unproven mineral right interests requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is impaired with a corresponding charge to profit or loss in the period in which the new information becomes available.

- b) Title to unproven mineral right interests

Although the Company has taken steps to verify title to its unproven mineral right interests, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

- c) Convertible debentures

The Company presents convertible debentures separately in its debt and equity components on the consolidated statement of financial position. The fair value of a compound instrument at issuance is assigned to its respective debt and equity components. The fair value of the debt component is established first with the equity component being determined by the residual amount.

- d) Going concern

Critical judgement and estimates are applied for the determination that the Company will continue as a going concern for the next year.

Significant accounting judgments and estimates (cont'd)

- Estimates

- a) Share-based payments:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date in which they are granted. Estimating fair values for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield, and making assumptions about them. The model and assumptions used by the Company to estimate the fair value of share-based payments are disclosed in Note 14.

- b) Income taxes:

The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the reliability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

Foreign currency translation

The Canadian dollar is considered to be the functional currency and the presentation currency of the Company and all of its subsidiaries, with the exception of Idaho CuMo and Poly Resources.

The functional currencies of Idaho CuMo and Poly Resources are the United States ("US") dollar. These subsidiaries have been translated into the Canadian dollar in accordance with IAS 21, *Effects of Changes in Foreign Exchange Rates ("IAS 21")*. These guidelines require that assets and liabilities be translated using the exchange rate at period end, and income and expenses items are translated using the exchange rate at the dates of the transactions. All resulting exchange differences are recognized in other comprehensive loss.

For CuMoCo and its subsidiaries (with the exception of Idaho CuMo and Poly Resources) transactions denominated in currencies other than the Canadian Dollar are translated using the exchange rate in effect on the transaction date or at an average rate. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at historical rates. Exchange gains and losses arising from translation are recorded in the consolidated statements of loss and comprehensive loss.

Investments

Investments in which the Company exerts significant influence are accounted for using the equity method whereby the original cost of the investment is adjusted for the Company's share of earnings, losses and dividends. Investments in which the Company does not exert significant influence are classified as fair value through profit or loss and are measured at fair market value with unrealized gains or losses recorded in net loss before taxes.

Property, plant and equipment

Property, plant and equipment are recorded at cost, net of accumulated depreciation, and are depreciated as following:

- Office equipment and furniture: 30% declining balance method.

Unproven mineral right interests

The Company capitalizes into intangible assets all costs, net of any recoveries, of acquiring, exploring and evaluating an unproven mineral right interest, until the rights to which they relate are placed into production, at which time these deferred costs will be amortized over the estimated useful life of the rights upon commissioning the property, or written-off if the rights are disposed of, impaired or abandoned.

Management reviews the carrying amounts of mineral rights annually or when there are indicators of impairment and will recognize impairment based upon current exploration results and upon assessment of the probability of profitable exploitation of the rights. An indication of impairment includes but is not limited to expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned, and if the entity has decided to discontinue exploration activity in a specific area. Management's assessment of the mineral right's fair value is also based upon a review of other mineral right transactions that have occurred in the same geographic area as that of the rights under review.

Costs include the cash consideration and the fair value of shares issued on the acquisition of mineral rights. Rights acquired under option or joint venture agreements, whereby payments are made at the sole discretion of the Company, are not accrued and are only recorded in the accounts when the payments are made. Proceeds from property option payments received by the Company are netted against the deferred costs of the related mineral rights, with any excess being included in operations.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

There may be material uncertainties associated with the Company's title and ownership of its unproven mineral right interests. Ordinarily the Company does not own the land upon which an interest is located, and title may be subject to unregistered prior agreements or transfers or other undetected defects.

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

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 to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Reclamation provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. Any increase in a provision due solely to passage of time is recognized as interest expense.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

Share-based payments

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued for goods or services, the share-based payment is measured at the fair value of the goods and services received. Where the consideration cannot be specifically identified, they are measured at the fair value of the share-based payment.

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Income tax

Income tax expense represents the sum of tax currently payable and deferred tax.

- Current income tax

Current income tax assets and liabilities for the current and prior periods 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 by the date of the statement of financial position.

- Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer 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 for unused tax losses, tax credits and deductible temporary differences are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 substantively enacted at the date of the statement of financial position.

Income tax (cont'd)

Deferred income tax relating to items recognized directly in equity or OCI is recognized in equity or OCI and not in the statement of loss and comprehensive loss.

Income (loss) per share

Basic earnings (loss) per share are computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and conversion of notes, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is determined on a cost recovery basis.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are classified and measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of loss and comprehensive loss.

Financial instruments (cont'd)

The Company's financial instruments are classified and subsequently measured as follows:

<u>Account</u>	<u>Classification</u>
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Investments	FVTPL
Trade and other payables	Amortized cost
Convertible debentures	Amortized cost
Notes payable	Amortized cost
Secured loans	Amortized cost

Impairment of financial instruments

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

Assets measured at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and brokerage firms. There were no cash equivalents at December 31, 2021 and 2020.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as an adjustment to interest expense over the period of the borrowings using the effective interest method.

Fees paid to establish loan facilities are recognized as transaction costs of the loan and are deferred and recognized as an adjustment to the effective interest rate on the loan once drawn.

Compound financial instruments issued by the Company include convertible debentures that can be converted at a fixed conversion rate to share capital at the option of the holder. The liability component of convertible debentures is recognized initially at fair value of a similar liability that does not have an equity conversion option. The conversion component is initially valued at fair value based on generally accepted valuation techniques.

If convertible debentures are denominated in a currency that is different from the borrower's functional currency, both the liability and conversion components are carried as borrowings. Subsequent to initial recognition, the liability component of a convertible debenture is measured at amortized cost using the effective interest method. The conversion component of the convertible debenture is re-measured to fair value at each reporting period using the period end foreign exchange rate and changes in value are recognized as a component of finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability, or a portion of the liability, for at least 12 months after the reporting date.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

4. Investments

	December 31	June 30
	2021	2021
Beginning of year	8,140	12,295
Changes in fair Value	-	(4,155)
End of Year	8,140	8,140

Investments include the following:

		December 31	June 30
		2021	2021
Golden Cariboo Resources Inc	a)	20	20
Belmont resources	b)	3,006	3,006
Lucky Minerals	c)	5,113	5,113
End of Year		8,140	8,140

- a) The Company holds 4,300 shares of Golden Cariboo Inc.
- b) The Company holds 46,250 shares of Belmont Resources.
- c) The Company holds 48,699 shares of Lucky Minerals.

5. Trade and other receivables

Trade and other receivables are comprised of the following:

	December 31	June 30
	2021	2021
	\$	\$
Trade Receivables	36,564	286
GST Receivable	13,595	5,518
	50,159	5,804

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

6. Trade and other payables

Trade and other payables are comprised of the following:

	December 31	June 30
	2021	2021
	\$	\$
Trade Payables	581,066	2,046,063
Payables due to related parties (note 12)	-	882
	581,066	2,046,945

7. Property and equipment

	Office equipment and furniture	Land	Total
Cost:	\$	\$	\$
Balance at June 30, 2019	175,562	1,218,145	1,393,707
Additions	-	-	-
Balance at June 30, 2020	175,562	1,218,145	1,393,707
Additions	-	-	-
Balance at December 31, 2021	175,562	1,218,145	1,393,707
Accumulated depreciation:			
Balance at June 30, 2019	174,423	-	174,423
Depreciation	1,139	-	1,139
Balance at June 30, 2020	175,562	-	175,562
Depreciation		-	0
Balance at December 31, 2021	175,562	-	175,562
Carrying amount:			
At June 30, 2020	-	1,218,145	1,218,145
at December 31, 2021		1,246,058	1,246,058

Land includes the cost of acquiring three parcels of land in Boise County, Idaho and three parcels of land in Elko County, Nevada. All of the costs associated with the Elko County parcels have been fully impaired in prior years.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

8. Unproven mineral right interests

The Company's flagship project is the CuMo molybdenum project, located in Idaho, in the United States.

The Company also has other unproven mineral right interests in the United States and in Canada which have been optioned to other exploration companies.

CUMO PROJECT (United States)

CuMo Property

The CuMo Project is situated in the mountains of south-central Idaho, approximately 15 miles northeast of the town of Idaho City. It consists of 120 unpatented mineral claims.

The project was optioned to the Company by CuMo Molybdenum Mining Inc. in 2004. The terms of the option agreement called for 300,000 CuMoCo shares (issued) and a combination of advance royalty payments and work requirements outlined below.

1. Advance royalty payments:

- US\$10,000 upon signing (completed);
- US\$10,000 after 60 days (completed);
- US\$5,000 after 6 months (completed);
- US\$20,000 1st year anniversary (completed);
- US\$20,000 2nd year anniversary (completed);
- US\$15,000 3rd year anniversary (completed);
- US\$15,000 every 6 months thereafter (up-to-date).

These payments are to be credited against a 1.5% net smelter return ("NSR") which reduces to 0.5% NSR after cumulative payments of US\$3,000,000.

2. Work requirements:

- US\$25,000 during the first year (completed);
- At least US\$50,000 each year thereafter (up-to-date).

Adair Property

On February 5, 2017, the Company completed an agreement to acquire from a group of local prospectors twenty (20) unpatented mining claims adjacent to the CuMo property. The consideration payable for the claims was a one-time payment of the issuance of Idaho CuMo's 7-year term silver convertible debenture valued at US\$ 250,000 (issued), one million common shares of CuMoCo (issued), and the sum of US\$ 10,625 (paid) representing an advance on the initial 6-month interest payment on the convertible debenture.

GeoResources Property

On April 21, 2017, the Company entered into an option agreement to acquire from GeoResources Inc. a total of thirty-five (35) patented mining claims, covering an area of approximately 640 acres adjacent to the CuMo Project.

During the year ended June 30, 2019, the option agreement went into default. The Company wrote off the previously capitalized acquisition costs associated with the option agreement, resulting in an impairment loss of \$1,917,931.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

The CuMo Units issued per the terms of the GeoResources option agreement remain outstanding (see Note 10 c)).

BOISE PROPERTY (United States)

On July 8, 2012, the Company completed an option agreement to purchase three parcels of land that included surface rights located in Boise County, Idaho. These parcels of land, inclusive of six patented claims, are contiguous to and provide access to the CuMo project. The costs associated with this property are recorded in property and equipment (see Note 7).

CALIDA GOLD (United States)

On October 31, 2016, the Company entered into an option agreement to purchase certain mineral claims located in Lemhi County, Idaho. Subsequent to entering into the option agreement, Poly Resources staked an additional 45 claims at this property.

In July 2021, the Company returned the key claims to original owners and allowed all of the remaining claims to lapse. As a result, the Company wrote off the remaining balance related to this property, resulting in a write-down of unproven mineral right interests of \$1.

OTHER PROPERTIES (United States)

The Spruce Mountain property is made up of three parcels of land in Elko County, Nevada (see Note 7).

BLEIBERG PROPERTY (Austria)

On December 1, 2020, ICMC entered into a Purchase and Sale Agreement to acquire a 100% interest in 116 mining concessions making up the Bleiberg Property, located in Austria.

To acquire a 100% interest in the property, the Company is required to meet the following terms:

- Issue to the seller 10,000,000 common shares of CuMoCo upon the execution of the agreement(issued, at a value of \$550,000);
- Issue to the seller 20,000,000 common shares of ICMC upon the execution of the agreement (issued, at a nominal value of US\$1 due to an inability to otherwise accurately determine a value for the interest in ICMC);
- Within 10 days of ICMC completing a financing of US\$2,000,000, the seller is to be paid \$Euro 235,000; and
- If ICMC has not obtained a public listing within one year of completing the US\$2,000,000 financing, CuMoCo is to issue an additional 6,000,000 common shares to the seller.

The 116 mining concessions making up this property have been transferred to ICMC as at June 30,2021.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

	CuMo	Bleiberg	Calida	Total
	\$	\$	\$	\$
Balance. June 30, 2020	23,622,426	0	1	23,622,427
Exploration expenditures				
Environmental studies	181,522	-	-	181,522
Other items:				
Acquisition costs and payments	37,915	554,533	-	592,448
Impairment				
Exchange rate change	(417,196)	(3,133)	-	(420,329)
Balance. June 30, 2021	23,424,667	551,400	-	23,976,068
Exploration expenditures				
Engineering	24,840	-	-	24,840
Environmental studies	10,870	-	-	
	23,460,377	551,400	-	24,011,778
Other items:				
Acquisition costs and payments	19,017	564,036	1	583,053
Exchange rate change	(69,703)	-	-	(69,703)
Balance on December 31, 2021	23,409,691	1,115,436	1	24,525,129

9. Notes payable

In order to finance the ongoing development of the CuMo Project the Company borrowed from International Energy & Mineral Resources Investment (Hong Kong) Company Limited ("IEMR HK") the principal amount of \$1,500,000 and US\$1,500,000, and issued secured convertible notes (the "Notes") in respect of such indebtedness to IEMR HK (the "Financing"). These Notes matured in October and November 2017, respectively (the "Maturity Dates").

At the Maturity Dates, the Company made principal repayments of \$500,000 and US\$500,000 against the respective Notes.

On February 5, 2018, IEMR HK submitted a claim for judgement against the Company in the British Columbia Supreme Court for the outstanding \$1,000,000 and US\$1,000,000 principal amounts, plus interest and court costs. On March 2, 2018, the Company submitted a counterclaim against IEMR HK and other related entities for \$2,106,472 and US\$80,000, plus interest and other court costs.

Per the terms of the Financing, the Notes are no longer convertible into shares of the Company as the Maturity Dates have passed. As the conversion feature is no longer available to IEMR HK, the Notes were reclassified into Notes Payable as at June 30, 2018. At the Maturity Date the equity conversion feature of \$294,147 was transferred into Equity reserve.

The Notes Payable continue to accrue interest at a rate of 6.5% per annum, calculated and accrued annually.

During the Six months ended December 31, 2021, the Company reduced accrued interest \$146,212 as a result of debenture conversions (2020 accrued interest of \$149,604) in interest expense related to the outstanding Notes Payable principal amounts.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

The carrying values of the Notes Payable contain the following components:

	December 31	June 30
	2021	2021
	\$	\$
Principal	2,239,400	2,239,400
Accrued Interest	530,101	528,743
	2,769,501	2,768,143

This note is secured by all of the assets of the parent company, CuMoCo.

10. Promissory notes

Idaho CuMo has entered into five different promissory note agreements with separate third-party lenders as follows:

	Dec 31, 2021	June 30, 2021
a) Promissory notes comprised of the sale of Idaho CuMo Units ("CuMo Unit") for total proceeds of US\$1,250,000. Each CuMo Unit costs US\$250,000, consists of a promissory note which accrues annual interest at 8.5%, matures 7 years from the date of issuance and includes an option to enter into a Silver Purchase Agreement Right with the Company. Upon notice that the triggering event has occurred (the decision by the Company to go into production), the CuMo Unit holder has 30 days to enter into the Silver Purchase Agreement Right. The Silver Purchase Agreement Right allows the holder to purchase up to 375,000 ounces of refined silver from the Company at price of US\$5.00/ounce, plus make an upfront payment of US\$250,000.00. The Silver Purchase Agreement Right expires if: <ul style="list-style-type: none"> a. it is not entered into within 30 days of the triggering event; or b. if the principle amount of the loan is prepaid in whole or in part prior to maturity (this prepayment requires the consent of the lender); or c. the maturity date is reached. <p>These notes are secured by all of the assets of Idaho CuMo, except for the six patented claims that make up the Boise Property.</p>	\$ 1,584,750	\$ 1,549,250
b) Promissory note comprised of total proceeds of US\$500,000. This loan accrues annual interest at 8.5% and was amended on January 29, 2016 to extend the maturity date to December 31, 2025. This loan also includes an option to enter into a Silver Purchase Agreement Right (same terms as noted above in a)) with the Company. <p>This note is secured by the six patented claims which make up the Boise Property owned by Idaho CuMo.</p>	\$ 633,900	\$ 619,700
c) Promissory note comprised of total proceeds of US\$500,000, issued pursuant to an option agreement that has since gone into default. This note has the same terms as those disclosed in Note 10 a), except this note is unsecured.	\$ 633,900	\$ 619,700

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

- d) Promissory notes comprised of loans totalling US\$10,000. These loans accrue annual interest at 8.5%, paid semi-annually, and mature seven years from the grant dates. The loans also contain a Silver Purchase Agreement Right that allows the holders to purchase up to 1 ounce of silver for every \$1 of promissory note principal, at a price of US\$5.00/ounce. Note: originally was \$20,000 in loans but investor wanted to switch to tradeable notes under note e below. \$ 12,678 \$ 24,788
- e) Promissory notes comprised of loans totalling US\$1,089,000. These loans accrue annual interest at 7.5%, paid semi-annually, and mature seven years from the grant dates. They are listed for trading on the Vienna Stock exchange. The loans also contain a Silver Purchase Agreement Right that allows the holders to purchase up to 1 ounce of silver for every \$1 of promissory note principal, at a price of US\$5.00/ounce. \$ 1,380,634 \$ 0

Total principal outstanding	4,245,862	2,813,438
Accrued interest	1,516,896	1,375,884
Total	\$ 5,762,758	\$ 4,189,322

As at December 31, 2021, the Company has total promissory notes issued and outstanding in the amount of US\$3,349,000 (2021: US\$2,270,000). The Company has accrued aggregate interest of \$1,516,896 as at Dec 31, 2021 (June 30, 2021: \$1,375,884) in respect of these promissory notes.

11. Convertible debentures

As at Dec 31, 2021, the Company has borrowed \$2,753,500 from multiple lenders in exchange for issuing convertible debentures (the "Debentures"). The Debentures have the following terms:

Outstanding Principle

\$ 2,396,500

These Debentures pay interest at 8.75% per annum, payable on a quarterly basis, and are automatically renewed on an annual basis at the discretion of the lender, with a maximum duration of five years. In the event that the lender does not renew the Debenture, the Company has 90 days to repay the outstanding principal, plus any accrued interest. The Debentures are convertible into units of the Company at \$0.075 per unit until one year after the issue date, and then \$0.10 per unit thereafter. Each unit consists of one common share of the Company, and one warrant. The warrants are exercisable at \$0.1125 per share, and expire five years from the grant date. The Debentures can be converted into common shares any time after four months and one day from the issuance of the Debenture.

122,500

These Debentures pay interest at 8.75% per annum, payable on a quarterly basis, and have a maturity date that is five years from the issue date. The Debentures are convertible into units of the Company at \$0.05 per unit until one year after the issue date, and thereafter at a minimum of \$0.05 or at a 25% discount to the market price based on the 10 day average prior to the request to convert or at \$0.10 per unit, whichever is lower. Each unit consists of one common share of the Company, and one warrant. The warrants are exercisable at \$0.075 per share, and expire five years from the grant date. The Debentures can be converted into common shares any time after four months and one day from the issuance of the Debenture.

234,500

These Debentures pay interest at 8.75% per annum, payable semi-annually, and have a maturity date that is five years from the issue date.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

The Debentures are convertible into units of the Company at \$0.05 per unit until one year after the issue date, and then \$0.10 per unit thereafter. Each unit consists of one common share of the Company, and one warrant. The warrants are exercisable at \$0.075 per share, and expire five years from the grant date. The Debentures can be converted into common shares any time after four months and one day from the issuance of the Debenture.

\$ 2,753,500

The Company has accounted for this convertible debt by utilizing a valuation model to estimate the fair values of both the debt and the derivative instruments associated with the conversion feature, and to record the proceeds initially received on that basis. The derivative instruments are then adjusted to estimated fair value on an ongoing basis, while the debt is accreted to its face amount, inclusive of accrued interest, over its term. Both elements are aggregated within the balance sheet presentation of convertible debentures, with the related subsequent adjustments through operations also aggregated with Convertible debenture expense. On conversion, the current balances of the related debt, inclusive of the derivative liability, are transferred to share capital.

The continuity of the balances of the Debentures is as follows:

	Outstanding Debentures	Equity component of convertible Debentures	Accrued interest	Total
June 30, 2020	2,930,179	-343,154	688,618	3,275,643
Issuance of debentures (cash)	641,110		-	641,110
Issuance of debentures (transfer from secured notes, see Note 12)	71,680		-	71,680
Issuance of debentures (settlement of debt)	694,635			694,635
Conversion of debentures	(1,584,104)	343,154	(148,136)	(1,389,086)
Accrued interest	-	-	389,214	389,214
Revaluation of embedded derivative	0	-	307,654	307,654
June 30, 2021	2,753,500	0	1,237,350	3,990,850
Issuance of Debentures			-	-
Conversion of debentures	(1,453,500)	-	(738,276)	(2,191,776)
Accrued interest	-	-	30,586	30,586
Foreign exchange loss		-	-	-
December 31, 2021	1,300,000	0	529,660	1,829,660

The Debentures are secured by all of the assets of ICMC, except for the six patented claims that make up the Boise Property.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

12. Reclamation bonds and provisions

The Company's reclamation bonds relate to the following Company properties:

	31-Dec	June 30
	2021	2021
	\$	\$
Pine Tree	48,050	48,050
Cariboo	500	500
General reclamation costs	3,249	3,249
	51,799	51,799

These bonds are expected to be refunded to the Company once the government agencies are satisfied that the Company has performed all necessary reclamation activities.

The Company's estimated reclamation provisions relate to the following Company properties:

	31-Dec	June 30
	2021	2021
	\$	\$
CuMo	256,870	130,090
Pine Tree	47,764	47,764
Balance at the end of the year	304,634	177,854

Although the Company does not anticipate being required to perform significant reclamation activities, to be conservative, it has recorded provisions for estimated reclamation costs based on the assumption that the amounts of the reclamation bonds posted with government authorities and the amount of the non-current deposit (surety deposit), approximate the best estimate of the net present value of expected future reclamation costs that may need to be incurred by the Company.

The estimated reclamation provision is comprised of deposits to the Bureau of Land Management, the United States Forest Service, the third-party provider of the surety, and other agencies for the above properties.

13. Related party transactions

Details of the transactions between the Company and other related parties are disclosed below.

(a) Trading transactions

The Company's related parties consist of companies owned by or associated with executive officers and directors as follows:

	<u>Nature of transactions</u>
Dykes Geologic Systems Ltd.	Exploration and administration fees
Chief Financial Officer – Greg Powell	Management fees
Former Financial Officer – Trevor Burns	Management fees

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

During the Six months ended Dec 31 2021 and 2020, the Company incurred the following fees in the normal course of operations in connection with companies owned by key management and directors. Fees have been measured at the exchange amount which is determined on a cost recovery basis.

	Note	31-Dec 2021	31-Dec 2020
		\$	\$
Salaries and fees	(i)	123,453	106,500
		123,453	106,500

Dykes Geologic Systems Ltd. ("Geologic Systems") is 50% owned by Shaun Dykes, President and CEO of the Company, and 50% owned by his spouse. Dykes Geologic Systems Ltd. is the full legal name. The company is also known as Geologic Systems Ltd., which is its trade name. The \$123,453 in related parties consist of \$112,403 paid to Dykes Geologic Systems and \$11,050 paid to Greg Powell, CFO.

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Trade and other payables at Dec 31, 2020 included \$0 (June 30, 2021: \$882), which were due to officers, directors and private companies controlled by directors and officers of the Company.

(a) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the years ended Dec 31, 2021 and 2020 were as follows:

	Note	31-Dec 2021	31-Dec 2020
		\$	\$
Salaries and fees	(i)	123,453	106,500
		123,453	106,500

(i) Salaries and fees include salaries and management fees disclosed in Note 13(a).

14. Capital and equity reserve

(a) *Capital*

At December 31, 2021, the Company's authorized share capital consisted of an unlimited number of common shares without par value.

Fiscal 2021

Company issued 3,900,000 shares as the result of the exercise of warrants for proceeds of \$292,500.

Fiscal 2019

On January 7, 2019, the Company completed a private placement of 10,000,000 units for gross proceeds of \$500,617. Each unit was comprised of one common share, and one common share purchase warrant, with each warrant being exercisable at \$0.075 per share, and expiring two

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

years from the grant date. The Company issued 750,000 finder's warrants as finder's fees. The finder's warrants have the same terms as the unit warrants. The finder's warrants were valued at \$29,250.

(b) *Equity reserve*

Share Options

Equity reserve consists of the accumulated fair value of common share options and share purchase warrants recognized as share-based payments.

The Company has an incentive share option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock options. The maximum number of shares reserved for issuance upon exercise of all options granted under the plan is equal to 10% of the then issued and outstanding common shares. No more than 5% of the issued shares may be issued to any eligible person other than a consultant in any 12-month period unless disinterested shareholder approval has been obtained. No more than 2% of the issued shares may be issued to any one consultant in any 12-month period. No more than 2% of the issued shares may be issued to all employees in the aggregate conducting investor relations activities in any 12-month period.

The exercise price of share options is determined by the Board of Directors at the time of grant and may not be less than the discounted market price as calculated and defined in accordance with the policies of the TSX-V. Options granted must be exercised no later than 10 years commencing from the later of the date of grant or such lesser period as determined by the Board. Options shall terminate automatically or 90 days after optionees no longer act as officers, directors or consultants of the Company. In the case of death, options shall terminate within one year from the event.

Once approved, all options are considered vested and are exercisable at any time, except where other vesting periods are determined by the Board.

Share options outstanding during the Six months ended December 31, 2021 and June 30, 2021 were as follows:

(b) *Equity reserve (cont'd)*

Share Options (cont'd)

	Six months ended Dec 31, 2021		Year ended June 30, 2021	
	number of	wt avg	number of	wt avg
	options	exercise price	options	exercise price
Balance, beginning of year	17,775,000	0.11	10,725,000	0.18
Options granted	-	-	10,600,000	0.065
Options expired	-	-	(3,550,000)	0.18
Balance, December 31 2021	17,775,000	0.11	17,775,000	0.11

The following table summarizes information about stock options outstanding and exercisable at December 31, 2021:

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

	Options outstanding			Options exercisable		
		wt. avg. exercise	wt. avg. remaining	Options outstanding and exercisable	wt. avg. exercise	wt. avg. remaining
exercise price	Options outstanding	price \$	contractual life(years)		price \$	contractual life(years)
0.065	10,600,000	0.065	4.31	10,600,000	0.07	4.31
0.15	5,525,000	0.15	0.31	5,525,000	0.15	0.31
0.30	1,650,000	0.30	0.46	1,650,000	0.30	0.46
	17,775,000	0.11	2.71	17,775,000	0.11	2.71

Warrants

At December 31, 2021, the Company had 73,720,940 warrants outstanding as a result of the private placements and rights offerings.

The following table summarizes information about warrants outstanding and exercisable at December 31, 2021:

	Warrants Outstanding			Warrants exercisable		
		wt. avg. exercise	wt. avg. remaining	Warrants outstanding and exercisable	wt. avg. exercise	wt. avg. remaining
Exercise Price	Warrants outstanding	price \$	contractual life(years)		price \$	contractual life(years)
0.075	50,369,215	0.075	4.27	50,369,215	0.075	4.27
0.1125	4,849,360	0.1125	1.51	4,849,360	0.1125	1.51
0.125	18,502,365	0.125	1.18	18,502,365	0.125	1.18
	73,720,940	0.10	3.01	73,720,940	0.10	3.01

The warrants outstanding as at December 31, 2021 have a weighted-average remaining life of 3.01 years (June 30 2021: 3.26 years).

(b) *Equity reserve (cont'd)*

Warrants (cont'd)

Warrants outstanding during the six months ended December 31, 2021 and year end June 30, 2021 were as follows:

	Dec 31 2021		June 30 2021	
	number of Warrants	wt avg exercise price	number of Warrants	wt avg exercise price
Balance, beginning of year	59,890,940	0.12	48,743,225	0.12
Warrants granted	17,730,000	0.075	31,478,045	0.08
Warrants exercised	(3,900,000)	0.075	(5,688,830)	0.08
Warrants expired	-	-	(14,641,500)	0.15
Balance, end of year	73,720,940	0.10	59,890,940	0.12

15. Segmented information

The Company operates in two geographical areas, being Canada and the United States. The following is an analysis of the Company's assets by geographical area and reconciled to the Company's consolidated financial statements:

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

	31-Dec	June 30
	2021	2020
	\$	\$
Assets by geographic segment, at cost		
Canada		
Current assets	361,194	241,360
Reclamation bonds	3,749	3,749
	364,943	245,109
United States		
Current assets	7,116	848
Reclamation bonds	48,050	48,050
Non-current deposits	123,940	123,940
Property, plant and equipment	1,246,058	1,218,145
Unproven Mineral right interests	23,409,693	23,424,667
sub total	24,834,857	24,815,650
Austria		
Unproven mineral right interests	1,115,436	
sub total	1,115,436	
Total	26,315,236	25,060,759

16. Financial and capital risk management – Financial instruments

Financial risk management

The Company's activities expose it to a variety of financial risks, which include liquidity risk, interest rate risk, currency risk and credit risk.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through close controls on cash requirements and regular updates to short-term cash flow projections, and by raising additional capital as required from time to time.

The Company's financial liabilities fall due as indicated in the following table:

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

at June 30 2021	Total	Less than 1 year	between 1 and 2 years	between 2 and 5 years	over 5 years
Trade and other payables	2,590,283	2,590,283	-	-	-
Promissory Note	4,239,055	-	992,228	2,216,426	1,030,401
Convertible notes	3,275,643	3,275,643	-	-	-
Notes Payable	2,758,373	2,758,373	-	-	-
Secured Loans	71,680	-	-	71,680	-
	12,935,034	8,624,299	992,228	2,288,106	1,030,401
at December 31, 2021	Total	Less than 1 year	between 2 and 2 years	between 2 and 5 years	over 5 years
Trade and other payables	581,066	581,066	-	-	-
Promissory Note	5,762,758	-	3,975,262	406,862	1,380,634
Convertible notes	1,829,660	1,829,660	-	-	-
Notes Payable	2,769,501	2,769,501	-	-	-
	10,942,984	5,180,226	3,975,262	406,862	1,380,634

b) Currency risk

The Company faces foreign exchange risk exposures arising from transactions denominated in foreign currencies. The Company's main foreign exchange risks arise with respect to the United States dollar. The Company has elected not to actively manage this exposure at this time.

c) Interest Rate Risk

Included in the results of operations of the Company are interest income on U.S. dollar and Canadian dollar cash. The Company also has outstanding promissory notes, convertible debentures, notes payable and secured loans (the "debts") denominated in Canadian and U.S. dollars. The Company's interest rate risk mainly arises from the interest rate impact on the debts outstanding. The interest rate risk is minimal as the debts are at fixed interest rates. The Company receives interest on cash based on market interest rates.

d) Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and amounts receivable. Cash is maintained with financial institutions in Canada and the United States and is redeemable on demand. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk. In 2020, the Company's accounts receivable are due from a government agency and other miscellaneous amounts. The Company does not consider it has any significant credit risk exposure on this receivable.

Capital Risk Management

The Company's capital structure is comprised of working capital (current assets minus current liabilities) and equity. The Company's objectives when managing its capital structure is to maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations. The Company's corporate office is responsible for capital management. In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets.

As of Dec 31, 2021, the Company is managing its existing working capital to ensure that it will be able to meet current commitments. The Company will need to raise additional capital during fiscal 2021 to continue development of the CuMo Project and fund ongoing operations.

Capital management is undertaken to ensure a secure, cost-effective supply of funds to ensure the Company's corporate and project requirements are met.

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

Financial Instruments by Category

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables (excluding sales tax), investments, trade and other payables, convertible debentures, notes payable, secured loans and deposits. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

The fair value of cash and cash equivalents, trade and other receivables (excluding sales tax), trade and other payables, convertible debentures, notes payable and secured loans approximate their carrying values due to the short-term maturities of these financial instruments. Investments consist of financial instruments traded in active markets and their fair value is based on quoted market prices at the statement of financial position date.

The Company is required to make disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

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

As at Dec 31 2021, the Company's financial instruments measured at fair value on a recurring basis were investments, which were classified as "Level 1".

The Company has made the following classifications for its financial instruments:

	December 31 2021	June 30, 2021
	\$	\$
Financial Assets		
Subsequently measured at amortized cost:		
Cash and cash equivalents	299,577	137,831
Trade and other receivables	50,159	5,804
	<u>349,737</u>	<u>143,635</u>
Fair value through profit or loss:		
Investments	8,140	8,140
	<u>357,877</u>	<u>151,775</u>
Financial Liabilities		
Subsequently measured at amortized cost:		
Trade and other payables	581,066	2,046,945
Convertible debentures	1,829,660	3,990,850
Notes payable	2,769,501	2,768,143
Promissory notes	5,762,758	4,189,322
	<u>10,942,984</u>	<u>12,995,260</u>

17. Commitments

American CuMo Mining Corporation

Notes to the Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian dollars)

- a) During 2016 the Company entered into a surety agreement that guarantees the reclamation bond on the CuMo Property (see Note 12). In order to maintain the good standing of this surety, the Company is required to make an annual payment of US\$8,340.

18. Contingencies

- a) During the year ended June 30, 2013, the Company received an invoice for \$77,705 from Multi-Power Products Ltd., a supplier of drill supplies, and disputed this invoice. The drill supplies were shipped directly by the supplier to a Mexican company owned by a former director and officer of the Company. During the year ended June 30, 2014, Kirkness Diamond Drilling (a former subsidiary of the Company) and the Company were served with a Notice of Civil Claim by the supplier.
- b) On April 1, 2016, the Company was notified of an action by a former officer of the Company regarding unpaid fees. The trial for this claim has been set for August 2, 2022. The Company believes this claim is without merit.
- c) On February 5, 2018, IEMR HK submitted a claim for judgement against the Company (see Note 9).
- e) On March 22, 2019, the Company was served with a notice of claim filed by ACEPAC. ACEPAC seeks a claim for judgement against CuMoCo in the amount of \$US1,000,000, plus interest, as well as damages for breach of contract and breach of trust and special costs. The claim relates to the \$US1,000,000 payment received by Poly Resources, in connection with the MOU between CuMoCo, Poly Resources and Millennia (see Note 6). On August 24, 2021, CuMoCo and ACEPAC entered into a Settlement and Release Agreement whereby ICMC agreed to issue US\$1,000,000 in ICMC Silver Units (a promissory note for US\$1,000,000 and Silver Purchase Rights, being the right to enter into a silver purchase and sale agreement with ICMC) to CuMoCo. In turn, CuMoCo assigned the ICMC Silver Units to ACEPAC in full and final satisfaction of the claim.

ACEPAC, in turn, assigned its 5% ownership in Poly Resources to CuMoCo.

19. Supplemental non-cash disclosures

Non-cash investing and financing activities:

- The Company incurred \$549,061 in unproven mineral rights interest expenditures which were amounts in accounts payable as at December 31, 2021 (June 30 2021: \$521,501).

20. Comparative amounts

Certain comparative amounts have been reclassified to conform with the current period presentation.