

# **ACADEMY METALS INC.**

Interim Financial Statements

For the six months ended September 30, 2021

**(Unaudited - Expressed in Canadian Dollars)**

## **Notice of No Auditor Review**

These unaudited interim financial statements of Academy Metals Inc. (the "Company") have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

**ACADEMY METALS INC.**  
**Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	September 30 2021	March 31 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 13,276	\$ 21,995
GST receivable	3,297	1,388
<b>Total current assets</b>	<b>16,573</b>	<b>23,383</b>
<b>Exploration and evaluation assets</b> (Note 4)	<b>385,574</b>	<b>385,574</b>
	<b>\$ 402,147</b>	<b>\$ 408,957</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 6, 7 & 8)	\$ 359,339	\$ 303,284
Loans payable (Notes 7 & 8)	816,875	863,875
	<b>1,176,214</b>	<b>1,167,159</b>
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital (Note 5)	10,489,989	10,398,460
Reserves (Note 5)	709,307	709,307
Deficit	(11,973,363)	(11,865,969)
	<b>(774,067)</b>	<b>(758,202)</b>
	<b>\$ 402,147</b>	<b>\$ 408,957</b>

Nature and continuance of operations (Note 1)

Approved on behalf of the Board:

Director "Peter Born"  
Peter Born

Director "Richard Ko"  
Richard Ko

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

**ACADEMY METALS INC.**  
**Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>EXPENSES</b>				
Consulting and management fees (Note 8)	\$ 6,900	\$ 6,900	\$ 13,800	\$ 13,800
Office and general	4,851	5,064	8,577	10,491
Professional fees	3,949	3,531	9,796	5,658
Regulatory and filing fees	8,092	2,404	11,933	3,563
Share-based compensation	-	-	32,029	-
<b>Loss from operations</b>	<b>(23,792)</b>	<b>(17,899)</b>	<b>(76,135)</b>	<b>(33,512)</b>
<b>Other items</b>				
Interest and accretion expense	(15,569)	(15,497)	(31,259)	(30,592)
	(15,569)	(15,497)	(31,259)	(30,592)
<b>Net and comprehensive loss</b>	<b>\$ (39,361)</b>	<b>\$ (33,396)</b>	<b>\$ (107,394)</b>	<b>\$ (64,104)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	<b>\$ (0.06)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding</b>	<b>1,850,079</b>	<b>1,780,079</b>	<b>1,842,811</b>	<b>1,780,079</b>

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

**ACADEMY METALS INC.**  
**Statements of Changes in Equity**  
**(Expressed in Canadian Dollars)**

	Number of Shares	Share capital	Reserves	Deficit	Total
<b>Balance at March 31, 2020</b>	1,770,079	\$ 10,398,460	\$ 709,307	\$ (11,566,539)	\$ (458,772)
Net loss	-	-	-	(64,104)	(64,104)
<b>Balance at September 30, 2020</b>	1,770,079	\$ 10,398,460	\$ 709,307	\$ (11,630,643)	\$ (522,876)
<b>Balance at March 31, 2021</b>	1,780,079	\$ 10,398,460	\$ 709,307	\$ (11,865,969)	(758,202)
Share-based payments (Note 5)	-	-	32,029	-	32,029
Stock options exercised (Note 5)	70,000	91,529	(32,029)	-	59,500
Net loss	-	-	-	(107,394)	(107,394)
<b>Balance at September 30, 2021</b>	1,850,079	\$ 10,489,989	\$ 709,307	\$ (11,973,363)	\$ (774,067)

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

**ACADEMY METALS INC.**  
**Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

	<b>Six months ended</b>	
	<b>September 30</b>	
Cash provided by (used for):	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Net loss	\$ (107,394)	\$ (64,104)
Adjustments for non-cash items:		
Share-based compensation	32,029	-
Working capital adjustments:		
GST Receivable	(1,909)	(2,869)
Accounts payable and accrued liabilities	56,055	49,830
<b>Net cash flows used in operating activities</b>	<b>(21,219)</b>	<b>(17,143)</b>
<b>Investing activities</b>		
Additions to exploration and evaluation assets	-	(2,500)
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>(2,500)</b>
<b>Financing activities</b>		
Loan advances	5,000	25,000
Loan repayments	(52,000)	-
Exercise of options	59,500	-
<b>Net cash flows from financing activities</b>	<b>12,500</b>	<b>25,000</b>
<b>Change in cash</b>	<b>(8,719)</b>	<b>5,357</b>
<b>Cash, beginning of period</b>	<b>21,995</b>	<b>23,875</b>
<b>Cash, end of period</b>	<b>\$ 13,276</b>	<b>\$ 29,232</b>

No cash was paid for interest or income taxes during the 2021 and 2020 periods.

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

## **ACADEMY METALS INC.**

### **Notes to the interim financial statements**

**As at and for the six months ended September 30, 2021 and 2020**

**(Unaudited - Expressed in Canadian Dollars)**

#### **1. Nature and continuance of operations**

Academy Metals Inc., (“Academy” or the “Company”) is in the business of the acquiring, exploring and developing mineral exploration properties. The Company is currently in the exploration stage of developing its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “AM.V”. On June 24, 2021, the Company completed a share consolidation at a ratio of one new, post-consolidated share, for every ten old, pre-consolidated shares. All share amounts in these financial statements are reflected on a post-consolidated basis.

The Company’s head office, principal address and registered and records office is 313 – 515 West Pender Street, Vancouver, B.C., V6B 6H5.

These interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2021, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company has incurred operating losses since inception and at September 30, 2021, had a cumulative deficit of \$11,973,363. These uncertainties cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from proceeds of private placements of its common shares.

These interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

These financial statements were authorized for issue on November 29, 2021 by the directors of the Company.

#### **2. Basis of presentation**

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. These consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the year ended March 31, 2021, which have been prepared in accordance with IFRS.

These interim financial statements have been prepared on the historical cost basis, except for financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

## ACADEMY METALS INC.

### Notes to the interim financial statements

As at and for the six months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

### 3. Significant accounting policies

#### *Critical accounting judgments and key sources of estimation uncertainty*

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the interim financial statements:

- the determination that the Company will continue as a going concern for the next year.
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable.

#### **Accounting standards, interpretations and amendments issued but not yet effective**

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

### 4. Exploration and evaluation assets

A summary of the Company's exploration and evaluation assets is shown below:

	<b>Loughborough Claims</b>	<b>Enid Project</b>	<b>Margurete Gold</b>	<b>Other</b>	<b>Total</b>
Acquisition Costs					
<b>Balance, March 31, 2021</b>	\$ 1,294	\$ 300,000	\$ -	\$ 4	\$ 301,298
Additions	-	-	-	-	-
Disposition	-	-	-	-	-
Impairment	-	-	-	-	-
<b>Balance, September 30, 2021</b>	<u>1,294</u>	<u>300,000</u>	<u>-</u>	<u>4</u>	<u>301,298</u>
Exploration Costs					
<b>Balance, March 31, 2021</b>	-	84,268	-	8	84,276
Additions	-	-	-	-	-
Disposition	-	-	-	-	-
Impairment	-	-	-	-	-
<b>Balance, September 30, 2021</b>	<u>-</u>	<u>84,268</u>	<u>-</u>	<u>8</u>	<u>84,276</u>
<b>Total March 31, 2021</b>	<u>\$ 1,294</u>	<u>\$ 384,268</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 385,574</u>
<b>Total September 30, 2021</b>	<u>\$ 1,294</u>	<u>\$ 384,268</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 385,574</u>

## **ACADEMY METALS INC.**

### **Notes to the interim financial statements**

**As at and for the six months ended September 30, 2021 and 2020  
(Unaudited - Expressed in Canadian Dollars)**

#### **4. Exploration and evaluation assets (cont'd)**

##### ***Margurete Gold Property (British Columbia, Canada)***

On September 5, 2017, the Company entered into an agreement to earn 100% interest in certain mineral claims, referred to as the "Margurete Gold Property" by paying the following:

- \$50,000 in cash;
- A further \$90,000 in 18 months;
- A further \$200,000 in 36 months;
- The Company must complete \$300,000 exploration expenditures within 5 years of the signing of the agreement.

The purchaser has the right to accelerate any of the payments completed under this agreement.

A 1% GORR has been granted to the vendor, of which ½% can be purchased by the Company for \$1,000,000.

During the year ended March 31, 2018, the Company incurred \$50,000 in acquisition expenditures and \$35,480 in exploration expenditures on the Margurete Gold Property.

On June 6, 2018, the Company amended its Option Agreement for the Margurete Property, originally dated September 5, 2018. Under the amended terms, the previous GORR ("Gross Overriding Royalty") will be replaced with an NSR ("Net Smelter Return"). The arms-length Vendor shall retain a one percent (1%) NSR, with a buyback provision of one-half percent (1/2%) to the Company for \$1,000,000.

On August 7, 2019, the Company announced that it had received a default notice from the vendor with respect to an option agreement entered into by the Company in connection with the acquisition of the Margurete Gold Property ("Margurete").

During the year ended March 31, 2021, the Company was unable to renegotiate the terms of the option agreement and recorded an impairment of \$158,738 to write off all the accumulated costs.

The Company is currently in discussions with the vendor to renegotiate the terms of the option agreement.

##### ***Hewitt Point Project***

On March 5, 2019, the Company staked an additional 530 hectares of minerals claims in the Philips Arm Gold Camp. These additional claims are known as the Hewitt Point Project and expand the Margurete Gold Project.

##### ***Enid Project***

On April 8, 2019, the Company acquired an additional 739 hectares of mineral claims in the Phillips Arm Gold Camp known as the Enid Project which adjoins the Company's Margurete Gold Project. The additional claims comprising the Enid Project were purchased from an arm's length vendor for a one-time cash payment of \$300,000. In connection with the acquisition, the Vendor retained a 2.0% net smelter returns royalty, and one-half of the royalty may be purchased for a cash payment of \$1,000,000.

During the year ended March 31, 2021, the Company incurred \$Nil (2020 - \$300,000) in acquisition expenditures and \$2,500 (2020 - \$81,769) in exploration expenditures on the Enid Project.

Exploration and evaluation expenditures incurred on the Enid Project for the year ended March 31, 2021 related to an assessment report.



## **ACADEMY METALS INC.**

### **Notes to the interim financial statements**

**As at and for the six months ended September 30, 2021 and 2020**

**(Unaudited - Expressed in Canadian Dollars)**

#### **4. Exploration and evaluation assets (cont'd)**

##### ***Loughborough Claims***

On June 17, 2019, the Company acquired by staking an additional 739 hectares mineral claim, increasing the Company's holdings in the Philips Arm Gold Camp. This claim connects the Margurete Gold property to the western extent of Loughborough Inlet. During the year ended March 31, 2021, the Company incurred staking costs for this claim in the amount of \$nil (2020 - \$1,294).

#### **5. Share capital**

##### ***Authorized share capital***

Unlimited number of common shares without par value

##### ***Issued***

At September 30, 2021 there were 1,850,079 (March 31, 2021 – 1,780,079) issued and outstanding common shares.

##### **2021**

On April 13, 2021, the Company granted 70,000 incentive stock options to consultants of the Company. These options vested immediately and are exercisable at \$0.85 per share for a period of one year expiring on April 13, 2022.

On April 19, 2021, the Company issued 70,000 common shares pursuant to the exercise of these share options for gross proceeds of \$59,500.

On June 24, 2021, the Company consolidated all its issued and outstanding share capital on a basis of one post-consolidated share for ten pre-consolidated shares. All share and per share amounts in these financial statements have been retroactively adjusted to reflect this share consolidation.

##### **2020**

On April 4, 2019, the Company issued 50,000 common shares pursuant to the exercise of warrants at a price of \$0.13 per share for total cash proceeds of \$6,500.

On June 10, 2019, the Company issued 25,000 common shares pursuant to the exercise of warrants at a price of \$0.13 per share for total cash proceeds of \$3,250.

On July 4, 2019, the Company issued 25,000 common shares pursuant to the exercise of warrants at a price of \$0.13 per share for total cash proceeds of \$3,250.

**ACADEMY METALS INC.****Notes to the interim financial statements**

**As at and for the six months ended September 30, 2021 and 2020  
(Unaudited - Expressed in Canadian Dollars)**

**5. Share capital (cont'd)****Share-based payment reserve**

Share-based payment reserve records the fair value of warrants and options issued for services until such time that the options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

**Stock options**

The Company has a Stock Option Plan (the "Plan"), which follows the policies of the TSX-V regarding stock option awards granted to employees, directors and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

The following table summarizes activity related to stock options for the period ended September 30, 2021 and the year ended March 31, 2021:

	<b>Six months ended</b>		<b>Year ended</b>	
	<b>September 30, 2021</b>		<b>March 31, 2021</b>	
	<b>Number of Warrants</b>	<b>Weighted average exercise price</b>	<b>Number of Warrants</b>	<b>Weighted average exercise price</b>
Outstanding - beginning of period	-	\$ -	-	\$ -
Granted	70,000	\$ 0.85	-	\$ -
Exercised	(70,000)	0.85	-	-
Outstanding - end of period	-	\$ -	-	\$ -

During the six months ended September 30, 2021, the Company recorded share-based compensation of \$32,029 (2020 – \$Nil) related to the issuance of stock options. The weighted average fair value at grant date of options granted during the period ended September 30, 2021 was \$0.85 per option. The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	<b>September 30, 2021</b>
Expected stock price volatility	147%
Risk-free interest rate	0.28%
Dividend yield	-
Expected life of options	1 year
Stock price on date of grant	\$0.85
Forfeiture rate	-

**Warrants**

As at September 30, 2021, the Company has no warrants outstanding and there was no warrant activity in the six months ended September 30, 2021 or the year ended 2021.

## ACADEMY METALS INC.

### Notes to the interim financial statements

As at and for the six months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

#### 6. Accounts payable and accrued liabilities

	September 30		March 31	
	2021		2021	
Trade and interest payable	\$	306,339	\$	240,284
Accrued liabilities		53,000		63,000
	\$	328,632	\$	303,284

#### 7. Loans payable

Loans payable in the amount of \$816,875 (March 31, 2021 - \$863,375) are unsecured and bear interest between 5% and 10% per annum. The loans are due on demand and are required to be repaid upon the next round of financing completed by the Company.

As at September 30, 2021, \$155,018 (March 31, 2021 - \$123,759) in accrued interest was included in accounts payable.

#### 8. 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. 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.

During the six months ended September 30, 2021, the Company:

- Incurred consulting fees of \$3,000 (2020 - \$3,000) to a director of the Company.
- Incurred geological consulting fees of \$9,000 (2020 - \$9,000) to a company controlled by the CEO of the Company.
- Incurred accounting fees of \$1,800 (2020 - \$1,800) to the CFO of the Company.
- The Company recognized interest expense of \$2,645 (2020 - \$2,645) for loans received from directors and a former director. These loans are unsecured and bear interest at 10% per annum due upon completion of next financing. Included in accounts payable is interest owing on these loans of \$16,765 (March 31, 2021 - \$14,120).

At September 30, 2021, included in accounts payable and accrued liabilities is an amount of \$161,606 (March 31, 2021 - \$137,670) for fees owing to directors and a former director of the Company.

The Company had the following transactions with key management personnel:

	Six Months Ended	
	September 30,	September 30,
	2021	2020
Management and consulting fees	\$ 13,800	\$ 13,800
Total	\$ 13,800	\$ 13,800

#### 9. Capital management

The Company manages its capital structure, consists of working and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

## **ACADEMY METALS INC.**

### **Notes to the interim financial statements**

**As at and for the six months ended September 30, 2021 and 2020**

**(Unaudited - Expressed in Canadian Dollars)**

#### **9. Capital management (cont'd)**

The exploration and evaluation assets in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the period ended September 30, 2021.

#### **10. Financial instruments and risk management**

##### **Financial instruments**

###### ***Fair value***

As at September 30, 2021, the Company's financial instruments consisted of cash, receivables, accounts payable and accrued liabilities, and loans payable. The fair values of cash, receivables and accounts payable, and loans payable approximate their carrying values.

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

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices which are observable for the asset or liability either directly or indirectly;

Level 3: Inputs that are not based on observable market data

##### **Risk management**

###### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk on its GST receivable is minimal since it is recoverable from the Canadian government.

###### ***Foreign currency risk***

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

###### ***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to incur interest expense on loan payable balances at fixed rates. The risk is minimal.

**ACADEMY METALS INC.**

**Notes to the interim financial statements**

**As at and for the six months ended September 30, 2021 and 2020**

**(Unaudited - Expressed in Canadian Dollars)**

**10. Financial instruments and risk management (cont'd)**

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources.

**11. Subsequent events**

There are no subsequent events to report.