

**ARCHER EXPLORATION CORP.  
(formerly Lift Capital Corp.)**

**Financial Statements**

For the years ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

## Independent Auditor's Report

To the Shareholders of Archer Exploration Corp. (formerly Lift Capital Corp.)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Archer Exploration Corp. (formerly Lift Capital Corp.) (the "Company"), which comprise the statements of financial position as at September 30, 2021 and 2020, and the statements of loss and comprehensive loss, changes in shareholders equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company's ability to continue as a going concern will be dependent upon its ability to develop profitable cash inflows from its products or to continue raising equity financing from external sources. As at September 30, 2021, the Company has a cumulative deficit of \$743,203 and a current year net loss of \$734,797. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

## **CHARTERED PROFESSIONAL ACCOUNTANTS**

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Vancouver, BC, Canada  
January 28, 2022

**Archer Exploration Corp. (formerly Lift Capital Corp.)****Statements of Financial Position**

As at September 30, 2021 and 2020

(Expressed in Canadian dollars)

	Note	2021	2020
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash		731,346	217,486
Prepaid expenses	5	761,334	-
GST/HST receivable		5,597	-
		<b>1,498,277</b>	217,486
Exploration and evaluation assets	6	<b>37,500</b>	-
<b>Total assets</b>		<b>1,535,777</b>	217,486
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Trade and other payables	8	224,611	8,392
		<b>224,611</b>	8,392
<b>Total liabilities</b>		<b>224,611</b>	8,392
<b>Shareholders' Equity</b>			
Share capital	4, 7	1,174,961	217,500
Warrants reserve	7	429,952	-
Share-based payments reserve	7	21,956	-
Shares to be issued	7	427,500	-
Deficit		(743,203)	(8,406)
<b>Total shareholders' equity</b>		<b>1,311,166</b>	209,094
<b>Total liabilities and shareholders' equity</b>		<b>1,535,777</b>	217,486

**Nature of operations** (Note 1)**Subsequent events** (Note 11)

These financial statements are approved and authorized for issuance on behalf of the Board of Directors on January 28, 2022.

*"Jeff Wilson"*Jeff Wilson,  
Director*"Michael Konnert"*Michael Konnert,  
Director*The accompanying notes are an integral part of these financial statements.*

**Archer Exploration Corp. (formerly Lift Capital Corp.)****Statements of Loss and Comprehensive Loss**

For the years ended September 30, 2021 and 2020

(Expressed in Canadian dollars, except number of shares outstanding)

	Note	2021	2020
		\$	\$
<b>Operating expenses</b>			
Exploration and evaluation		182,807	-
Filing and legal fees		35,761	-
General and administrative		36,751	706
Marketing		525	-
Professional fees	8	279,999	7,700
Rent		12,600	-
Share-based payments	7, 8	21,956	-
		<b>570,399</b>	<b>8,406</b>
<b>Other expenses (income)</b>			
Impairment of option agreement rights	4	164,413	-
Interest income		(15)	-
<b>Net loss and comprehensive loss for the year</b>		<b>(734,797)</b>	<b>(8,406)</b>
<b>Loss per share</b>			
Basic and diluted		(0.05)	(0.00)
<b>Weighted average number of shares</b>			
Basic and diluted		14,417,184	4,796,721

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

**Archer Exploration Corp. (formerly Lift Capital Corp.)****Statements of Cash Flows**

For the years ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

	Note	2021	2020
		\$	\$
<b>Operating activities</b>			
Net loss for the year		(734,797)	(8,406)
Items not affecting cash:			
Share-based payments	7, 8	21,956	-
Impairment of option agreement rights	4	164,413	-
Changes in non-cash working capital:			
Prepaid expenses		(761,334)	-
GST/HST receivable		(5,597)	-
Trade and other payables	8	216,219	8,392
<b>Net cash used in operating activities</b>		<b>(1,099,140)</b>	<b>(14)</b>
<b>Investing activities</b>			
Payment for exploration and evaluation assets	6	(37,500)	-
<b>Net cash used in investing activities</b>		<b>(37,500)</b>	<b>-</b>
<b>Financing activities</b>			
Proceeds from the issuance of special warrants	7	120,000	-
Proceeds from private placement	7	1,148,000	217,500
Share issuance costs	7	(45,000)	-
Share subscriptions received	7, 11	427,500	-
<b>Net cash provided by financing activities</b>		<b>1,650,500</b>	<b>217,500</b>
Net change in cash		513,860	217,486
Cash, beginning of the year		217,486	-
<b>Cash, end of the year</b>		<b>731,346</b>	<b>217,486</b>
<b>Supplemental disclosure of non-cash transactions:</b>			
Amounts paid for interest		-	-
Amounts paid for taxes	10	-	-
Issuance of common shares for amalgamation	4, 7	164,413	-

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

**Archer Exploration Corp. (formerly Lift Capital Corp.)**

**Statements of Changes in Shareholders' Equity**

For the years ended September 30, 2021 and 2020

(Expressed in Canadian dollars, except number of shares outstanding)

	Note	Number of shares	Share capital	Warrants reserve	Share-based payments reserve	Shares to be issued	Deficit	Total shareholders' equity
		#	\$	\$	\$	\$	\$	\$
<b>Balance, September 30, 2019</b>		1	1	-	-	-	-	1
Repurchase of incorporation share		(1)	(1)	-	-	-	-	(1)
Issuance of common shares for cash		9,300,000	217,500	-	-	-	-	217,500
Net loss for the year		-	-	-	-	-	(8,406)	(8,406)
<b>Balance, September 30, 2020</b>		9,300,000	217,500	-	-	-	(8,406)	209,094
Issuance of common shares for amalgamation	7	3,288,250	164,413	-	-	-	-	164,413
Issuance of special warrants for cash	7	-	-	120,000	-	-	-	120,000
Issuance of common shares upon special warrant conversion	7	1,200,000	79,028	(79,028)	-	-	-	-
Private placement issuance for cash	7	5,740,000	867,928	280,072	-	-	-	1,148,000
Share issuance costs	7	-	(153,908)	108,908	-	-	-	(45,000)
Share subscriptions received	7	-	-	-	-	427,500	-	427,500
Share-based payments	7, 8	-	-	-	21,956	-	-	21,956
Net loss for the year		-	-	-	-	-	(734,797)	(734,797)
<b>Balance, September 30, 2021</b>		<b>19,528,250</b>	<b>1,174,961</b>	<b>429,952</b>	<b>21,956</b>	<b>427,500</b>	<b>(743,203)</b>	<b>1,311,166</b>

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

**Archer Exploration Corp. (formerly Lift Capital Corp.)**

**Notes to the Financial Statements**

For the years ended September 30, 2021 and 2020

(In Canadian dollars, except where noted)

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**1. NATURE OF OPERATIONS**

Archer Exploration Corp. (formerly Lift Capital Corp.) (the “Company”) was incorporated under the laws of the Province of British Columbia on October 26, 2018. The Company is focusing on the exploration of mineral claims located in Quebec, Canada. The Company’s registered and records office is 400 Burrard Street - Suite 1050, Vancouver BC, V6C 3A6, Canada. These financial statements for the years ended September 30, 2021 and 2020 (the “financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. There are material uncertainties that may cast significant doubt about the appropriateness of the going concern assumption as the Company is in the development stage and has not generated any revenues. As at September 30, 2021, the Company has a deficit of \$743,203 (September 30, 2020 - \$8,406) and for the year then ended, incurred a net loss of \$734,797 (2020 - \$8,406). The Company’s continuing operations as intended are dependent upon the ability to obtain the necessary financing to explore and commercialize its mineral claims and administer overhead expenses. Should the Company fail to commercialize its mineral claims, its ability to raise sufficient financing to maintain operations may be impaired and, accordingly, the Company may be unable to realize the carrying value of its net assets. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

In 2020, the global outbreak of coronavirus (COVID-19) resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a potential material impact to the Company’s project exploration activities, cash flows and liquidity. Various restrictions on gatherings, work and access to remote communities near the Company’s projects may also impact the Company’s ability to perform exploration activities at the projects.

**2. BASIS OF PRESENTATION**

**a) Statement of compliance**

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements present the business of the Company, representing the activities, assets and liabilities of the Company that relate to or have been assigned to the Company.

**b) Basis of presentation**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

**c) Approval of the consolidated financial statements**

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on January 28, 2022.



**Archer Exploration Corp. (formerly Lift Capital Corp.)**

**Notes to the Financial Statements**

For the years ended September 30, 2021 and 2020

(In Canadian dollars, except where noted)

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**3. SIGNIFICANT ACCOUNTING POLICIES**

**a) Financial instruments**

(i) Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and iii) is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at fair value through profit or loss*

Financial assets measured at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

*Financial assets measured at fair value through other comprehensive income ("FVTOCI")*

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

There are no financial assets classified as measured at FVTOCI.

*Financial assets measured at amortized cost*

A financial asset is subsequently measured at amortized cost, using the effective interest method, net of any impairment allowance.

There are no financial assets classified as measured at amortized cost.

(ii) Derecognition

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of operations.

(iii) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable. The Company's financial liabilities include trade and other payables.

**Archer Exploration Corp. (formerly Lift Capital Corp.)**

**Notes to the Financial Statements**

For the years ended September 30, 2021 and 2020

(In Canadian dollars, except where noted)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

(iv) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash and accounts payable. Their carrying values approximate the fair values due to short-term maturity of these instruments.

**b) Common shares**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**c) Share purchase warrants**

Share purchase warrants are classified as a component of equity. The proceeds from the issue of units are allocated between common shares and share purchase warrants on a prorated basis on relative fair values as follows: the fair value of common shares is based on the market close on the date the units are issued and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

Share purchase warrants are initially recorded as a part of warrant reserves in equity at the recognized fair value. Upon exercise of the share purchase warrants the previously recognized fair value of the warrants exercised is reallocated to share capital from warrant reserves. The proceeds generated from the payment of the exercise price are also allocated to share capital.

Where modification to warrant agreements occur, such as an extension of the expiry date, the fair value is reassessed based on the modified terms. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. This incremental fair value is recognized within equity.

**d) Earnings (loss) per share**

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**e) Share issuance costs**

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as share issue costs.

**f) Exploration and evaluation assets**

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

**Archer Exploration Corp. (formerly Lift Capital Corp.)**

**Notes to the Financial Statements**

For the years ended September 30, 2021 and 2020

(In Canadian dollars, except where noted)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

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

**g) Income taxes**

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets, as well as in the amounts recognized in income in the period in which the change occurs.

**h) Share-based payment transactions**

The Company records all share-based payments at fair value. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized through profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

Options and warrants issued as consideration in connection with common share placements are recorded at their fair value on the date of issuance as share issuance costs. Upon exercise of stock options and warrants, share capital is recorded for the consideration received and for the fair value amounts previously recorded to share-based payments reserve. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

**i) Use of estimates and judgments**

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

**Archer Exploration Corp. (formerly Lift Capital Corp.)**

**Notes to the Financial Statements**

For the years ended September 30, 2021 and 2020

(In Canadian dollars, except where noted)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

*Going concern*

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

*Recovery of deferred tax assets*

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement

**j) Future accounting changes**

The Company has not yet adopted the following revised or new IFRS that are not yet effective on July 31, 2021. All of the new and revised standards described below may be early-adopted. The Company is currently assessing the impact that these standards may have on the Company's consolidated financial statements.

*Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*

IAS 1, *Presentation of Financial Statements* has been revised to incorporate amendments issued by the IASB in January 2020. The amendments clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

**4. AMALGAMATION**

On October 13, 2020, the Company entered into an Amalgamation Agreement between the Company, Altair Capital Corp. ("Altair") and 1269569 B.C. Ltd., a wholly owned subsidiary of the Company, whereby the entities will continue operations as one company. The Company acquired all the shares of Altair by issuing 248 common shares for each Class A common share of Altair and one common share for each Class B common share of Altair. In total, the Company issued 3,288,250 common shares at a fair value of \$0.05 per share, (the share price of the most recent private placement) for gross proceeds of \$164,413.

Included in the Amalgamation Agreement was the acquisition of a right held by Altair to an option agreement for mining properties. The valuation of the right to option was calculated based on the issuance of 3,288,250 common shares at a fair value of \$0.05 per share for aggregate consideration of \$164,413 and was recorded as an intangible asset. On January 4, 2021, the Company decided not to pursue the Altair property outlined in the agreement. Accordingly, the right to option agreement asset was fully written off during the year ended September 30, 2021.

**5. PREPAID EXPENSES**

As at September 30, 2021, the Company has a refundable deposit of \$761,334 (US\$600,000) related to a non-binding letter of intent with Echelon Minerals Ltd. ("Echelon"), pursuant to which the Company may acquire all of the issued and outstanding ordinary shares of Echelon.

## Archer Exploration Corp. (formerly Lift Capital Corp.)

### Notes to the Financial Statements

For the years ended September 30, 2021 and 2020

(In Canadian dollars, except where noted)

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#### 6. EXPLORATION AND EVALUATION ASSETS

On August 1, 2020, and as amended on October 19, 2021, the Company entered into an option agreement with Geomap Exploration Inc. ("Geomap") whereby the Company was granted an exclusive option to acquire a 100% interest in a mineral property located in Lac Paul, Quebec.

Under the terms of the option agreement, the Company is required to make the following payments:

- \$37,500 within 90 days of the agreement date (paid);
- \$50,000 on or before May 31, 2022; and
- \$75,000 on or before the 24-month anniversary of the Listing Date.

In addition, the Company is required to issue 750,000 common shares, as follows:

- 250,000 common shares on or before May 31, 2022; and
- 500,000 common shares on or before the 24-month anniversary of the Listing Date.

The Company is also required to incur expenditures on the property, as follows:

- \$110,000 on or before the 12-month anniversary of the Listing Date; and
- an additional \$300,000 on or before the 24-month anniversary of the Listing Date.

Geomap will retain a 3.0% net smelter royalty on the property, of which 1/3 (or 1.0%) can be repurchased by the Company at any time for \$1,000,000.

The Company's Listing Date was February 11, 2021.

#### 7. SHARE CAPITAL

##### a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

##### b) Share issuances

During the year ended September 30, 2021, the Company had the following share transactions:

- On November 6, 2020, the Company issued 3,288,250 common shares with a fair value of \$164,413 to enter into an amalgamation agreement which included the acquisition of the right to option agreement (see Note 4).
- On February 3, 2021, the 1,200,000 special warrants were automatically converted into units, following the final receipt and listing of the Company on the Canadian Stock Exchange. The units consisted of 1,200,000 common shares and 1,200,000 share purchase warrants exercisable at \$0.15 and expiring two years.
- On July 20, 2021, pursuant to a private placement, the Company issued 5,740,000 units of the Company at \$0.20 per share for gross proceeds of \$1,148,000. Each unit consists of one common share and one-half common share purchase warrant to acquire an additional common share for \$0.50 for a period of twenty-four months from the date of closing. The Company also paid out finders' fees totalling \$45,000 cash and issuing 225,000 broker warrants with the same terms as the warrants noted above. The broker warrants were valued at \$108,908 using the Black-Scholes pricing model with the following assumptions: a two-year expected average life, share price of \$0.75; 108% volatility; risk-free interest rate of 0.46%; and an expected dividend yield of 0%.

During the year ended September 30, 2020, the Company had the following share transactions:

- On January 15, 2020, the Company issued 1,500,000 shares of common stock at \$0.005 per share for gross proceeds of \$7,500. At the same time, the Company re-purchased the incorporation share for \$1.
- On March 15, 2020, the Company issued 6,000,000 units at \$0.02 per unit for gross proceeds of \$120,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable at \$0.10 per common share and expires two years from the grant date.
- On July 1, 2020, the Company issued 1,800,000 units at \$0.05 per unit for gross proceeds of \$90,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable at \$0.10 per common share and expires two years from the grant date.

**Archer Exploration Corp. (formerly Lift Capital Corp.)****Notes to the Financial Statements**

For the years ended September 30, 2021 and 2020

(In Canadian dollars, except where noted)

**7. SHARE CAPITAL (continued)****c) Special warrants**

On November 20, 2020, the Company issued 1,200,000 special warrants at a price of \$0.10 for proceeds of \$120,000. In February 2021, the 1,200,000 special warrants were automatically converted into units, following the final receipt and listing of the Company on the Canadian Stock Exchange. The units consisted of 1,200,000 common shares and 1,200,000 share purchase warrants exercisable at \$0.15 and expiring two years from the grant date. The total fair value of the common shares was \$79,028. The share purchase warrants were valued at \$40,972 using the Black-Scholes pricing model with the following assumptions: a two-year expected average life, share price of \$0.10; 119% volatility; risk-free interest rate of 0.21%; and an expected dividend yield of 0%.

**d) Warrants**

The following is a summary of the Company's warrants for the years ended September 30, 2021 and 2020:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, September 30, 2019	-	-
Issued	7,800,000	0.10
Balance, September 30, 2020	7,800,000	0.10
Issued	4,295,000	0.40
<b>Balance, September 30, 2021</b>	<b>12,095,000</b>	<b>0.21</b>

Expiry date	Warrants	Weighted average exercise price	Weighted average remaining life
	#	\$	years
March 15, 2022	6,000,000	0.10	0.45
July 1, 2022	1,800,000	0.10	0.75
February 3, 2023	1,200,000	0.15	1.35
July 20, 2023	3,095,000	0.50	1.80
<b>Balance, September 30, 2021</b>	<b>12,095,000</b>	<b>0.21</b>	<b>0.93</b>

**e) Stock options**

The Company has a Stock Option Plan (the "Plan") under which directors, employees and consultants are eligible to receive stock option grants. Under the Plan, granted options are exercisable over periods up to 10 years as determined by the Board of Directors. The maximum number of outstanding options under the plan is limited to 10% of the number of issued and outstanding common shares.

The exercise price of each option is determined by the Board of Directors at the time of grant and cannot be less than the price permitted by the Exchange. Currently, the Exchange requires that the exercise price of options must be equal to or greater than the discounted market price (as defined in the policies of the Exchange). The exercise price of options is solely payable in cash. The Board of Directors has the discretion to determine the term and vesting provisions of any options granted under the Plan at the time of grant subject to the policies of the Exchange.

A summary of the Company's stock option activity is as follows:

	Number of options	Weighted average exercise price
	#	\$
Balance, September 30, 2019 and 2020	-	-
Granted	1,045,313	0.12
<b>Balance, September 30, 2021</b>	<b>1,045,313</b>	<b>0.12</b>

**Archer Exploration Corp. (formerly Lift Capital Corp.)****Notes to the Financial Statements**

For the years ended September 30, 2021 and 2020

(In Canadian dollars, except where noted)

**7. SHARE CAPITAL (continued)**

A summary of the Company's stock options outstanding and exercisable at September 30, 2021 is presented below:

<b>Expiry date</b>	<b>Weighted average exercise price</b>	<b>Options outstanding</b>	<b>Options exercisable</b>
	\$	#	#
October 15, 2022	0.10	40,000	40,000
January 4, 2023	0.10	5,000	5,000
June 8, 2026	0.12	1,000,313	200,063
<b>Balance, September 30, 2021</b>		<b>1,045,313</b>	<b>245,063</b>

The weighted average remaining contractual life of options outstanding is 4.53 years.

During the year ended September 30, 2021, the Company granted a total of 1,045,313 stock options (2020 - nil) with a total fair value of \$66,046 (2020 - \$nil), of which \$21,956 was expensed. The weighted average assumptions used in the Black-Scholes option pricing model were as follows:

	June 8, 2021	Oct 15 – Jan 4, 2021
Expected life	5 years	2 years
Expected volatility	115%	113%
Risk-free rate	0.87%	0.20%
Dividend yield	Nil	Nil

**f) Loss per share**

At September 30, 2021 and 2020, all the outstanding share options were anti-dilutive for the periods then ended as the Company was in a loss position.

**g) Shares to be issued**

During the year ended September 30, 2021, the Company received \$427,500 in proceeds for a non-brokered private placement which closed on October 1, 2021 (see Note 11).

**8. RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Corporate Officers.

During the years ended September 30, 2021 and 2020, the Company incurred the following expenses in the ordinary course of business with a related party that is not a subsidiary of the Company.

	<b>2021</b>	<b>2020</b>
	\$	\$
Professional fees	<b>126,321</b>	1,500
Share-based payments	<b>15,077</b>	-

As at September 30, 2021, the Company had \$46,916 (September 30, 2020 - \$1,500) due to related parties included in trade and other payables. Interest is not charged on outstanding balances and there are no specific terms of repayment.

**Archer Exploration Corp. (formerly Lift Capital Corp.)**

**Notes to the Financial Statements**

For the years ended September 30, 2021 and 2020

(In Canadian dollars, except where noted)

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**9. FINANCIAL INSTRUMENT RISKS**

The Company's financial instruments are exposed to the following risks:

**a) Credit risk**

The Company's primary exposure to credit risk is potential liquidity constraints on cash amounting to \$731,345 at September 30, 2021 (September 30, 2020 - \$217,486). As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

**b) Interest rate risk**

The Company's current policy is to invest excess cash in investment grade short-term deposit certificates issued by its financial institution. The Company is not currently exposed to any material interest rate risk.

**c) Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources. As at September 30, 2021, the Company has sufficient funds to meet its current obligations of \$224,611 (September 30, 2020 - \$8,392). The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

**d) Market and currency risk**

The Company's financial instruments consist of cash, and accounts payable and accrued liabilities. It is not exposed to a material degree of currency risk because it has few transactions in foreign currencies and does not have foreign mineral properties. The Company is not exposed to market risk because it does not own publicly traded marketable securities and does not have investments in other companies.

**e) Fair value of financial instruments**

The fair values of the Company's financial assets and liabilities approximates their carrying amounts unless otherwise noted. 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 that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

Cash is measured at fair value using level 1 inputs. As at September 30, 2021, the Company has the cash balance of \$731,345 (September 30, 2020 - \$217,486).

The carrying value of accounts payable approximates its fair values due to its short-term to maturity. Assets and liabilities are classified on the lowest level of input that is significant to the fair value measurement.

During the years ended September 30, 2021 and 2020, there were no transfers between level 1, level 2, and level 3 classified assets and liabilities.



**Archer Exploration Corp. (formerly Lift Capital Corp.)****Notes to the Financial Statements**

For the years ended September 30, 2021 and 2020

(In Canadian dollars, except where noted)

**10. DEFERRED INCOME TAX**

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

	2021	2020
	\$	\$
Loss for the year	<b>(734,797)</b>	(8,406)
Expected income recovery	<b>(198,000)</b>	(2,000)
Non-deductible expenditures and non-taxable revenues	<b>50,000</b>	-
Share issuance costs	<b>(12,000)</b>	-
Change in unrecognized deferred tax assets	<b>160,000</b>	2,000
<b>Provision for income tax recovery</b>	<b>-</b>	<b>-</b>

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

Deferred tax assets (liabilities)	2021	2020
	\$	\$
Share issuance costs and financing fees (20(1)(e))	<b>10,000</b>	-
Non-capital losses	<b>103,000</b>	2,000
Exploration and evaluation assets	<b>49,000</b>	-
<b>Net deferred tax asset</b>	<b>162,000</b>	<b>2,000</b>

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2021	Expiry date range	2020	Expiry date range
Temporary differences	\$		\$	
Share issuance costs and financing fees (20(1)(e))	<b>36,000</b>	<b>2021 to 2045</b>	-	No expiry date
Non-capital losses	<b>383,000</b>	<b>2021 to 2041</b>	8,000	2021 to 2040
Exploration and evaluation assets	<b>183,000</b>	<b>No expiry date</b>	-	No expiry date
	<b>602,000</b>		8,000	
Canada	<b>602,000</b>		8,000	

**11. SUBSEQUENT EVENTS**

On October 1, 2021, the Company closed its non-brokered private placement, previously announced on September 10, 2021. The private placement raised gross proceeds of \$1,500,000 issuing 5,999,998 units (the "Units") at a price of \$0.25 per Unit (the "Private Placement"). Each Unit consists of one common share and one-half common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire an additional common share for \$0.50 for a period of twenty-four months from the date of closing of the Private Placement.

On October 20, 2021, the Company granted an aggregate of 1,500,000 stock options to a director and officers of the Company. These stock options have an exercise price of \$0.51, a five-year life, and vest over a period of 36 months with 20% vested upon the date of grant, 20% will vest on October 20, 2022, 20% will vest on October 20, 2023, and 40% will vest on October 20, 2024.

On December 13, 2021, the Company entered into a securities exchange agreement with Echelon Minerals Ltd. ("Echelon") and the shareholders of Echelon, pursuant to which it will acquire all of the issued and outstanding shares of Echelon. Subject to customary closing conditions and regulatory approvals, Archer will acquire 100% of the issued and outstanding shares of Echelon in consideration for an aggregate 2,524,772 common shares of the Company at a deemed price of \$0.50 per share.