

NEVADA LITHIUM RESOURCES INC.
(FORMERLY HERMES ACQUISITION CORP.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended January 31, 2022 and the period from December 17, 2020 (date of incorporation) to January 31, 2021

Expressed in Canadian dollars - Unaudited

Notice of Disclosure of Non-Auditor Review of the Condensed Interim Consolidated Financial Statements for the three and nine months ended January 31, 2022 and the period from December 17, 2020 (date of incorporation) to January 31, 2021.

Pursuant to subsection 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations, issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Nevada Lithium Resources Inc. for the interim period ended January 31, 2022, have been prepared in accordance with the International Accounting Standard 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company's management.

The Company's independent auditors, Davidson & Company, LLP, have not performed a review of these condensed interim consolidated financial statements.

April 1, 2022

NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)**Condensed Interim Consolidated Statements of Financial Position**

As at January 31, 2022 and April 30, 2021

Expressed in Canadian dollars - Unaudited

	Notes	January 31, 2022	April 30, 2021
		\$	\$
ASSETS			
Current			
Cash		163,091	1,526,715
Sales tax receivable		42,492	3,059
Prepaid expenses		153,531	-
		359,114	1,529,774
Non-current			
Exploration and evaluation assets	5	8,675,464	3,517,744
Total assets		9,034,578	5,047,518
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6	107,246	90,987
Total liabilities		107,246	90,987
SHAREHOLDERS' EQUITY			
Share capital	7	5,195,264	4,681,064
Subscriptions receivable	7	-	(31,225)
Reserves	7	786,091	161,436
Special warrants	7	5,008,877	18,200
Share subscription received in advance	7	-	266,194
Deficit		(2,062,900)	(139,138)
Total shareholders' equity		8,927,332	4,956,531
Total liabilities and shareholders' equity		9,034,578	5,047,518

Nature of operations and going concern (note 1)

Subsequent events (note 11)

Approved and authorized for issue on behalf of the Board of Directors on April 1, 2022:*"Scott Eldridge"*

Director

"Kelvin Lee"

Director

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

NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

For the three and nine months ended January 31, 2022 and the period from December 17, 2020 (date of incorporation) to January 31, 2021

Expressed in Canadian dollars, except number of shares - Unaudited

	Notes	Three months ended January 31, 2022 \$	Nine months ended January 31, 2022 \$	Period from incorporation to January 31, 2021 \$
Operating expenses				
Filing fees		25,283	67,650	-
General and administrative		1,600	15,212	-
Management and consulting	6	158,023	266,683	-
Marketing and shareholder communication		204,445	582,181	15,075
Professional fees		169,678	365,384	-
Share-based compensation	7	34,199	624,655	-
Total operating expenses		593,228	1,921,765	15,075
Unrealized foreign exchange loss		-	1,997	-
Loss and comprehensive loss		593,228	1,923,762	15,075
Loss per share				
Basic and diluted		0.01	0.04	0.00
Weighted average number of shares outstanding				
Basic and diluted		49,557,000	49,438,710	22,183,889

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

NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

For the nine months ended January 31, 2022 and the period from December 17, 2020 (date of incorporation) to April 30, 2021

Expressed in Canadian Dollars, except number of shares - Unaudited

	Notes	Number of common shares #	Share capital \$	Subscriptions receivable \$	Reserves \$	Special warrants \$	Share subscription received in advance \$	Deficit \$	Total shareholders' equity \$
Balance, December 17, 2020		1	0.01	-	-	-	-	-	0.01
Shares repurchased		(1)	(0.01)	-	-	-	-	-	(0.01)
Shares issued for mineral property	4	7,000,000	1,400,000	-	-	-	-	-	1,400,000
Shares issued - private placements	7	23,000,000	347,500	-	-	-	-	-	347,500
Share subscription deposit		-	-	-	-	-	668,587	-	668,587
February 2021 Special Warrants subscription deposits	7	-	-	-	-	14,100	-	-	14,100
Loss and comprehensive loss		-	-	-	-	-	-	(15,075)	(15,075)
Balance, January 31, 2021		30,000,000	1,747,500	-	-	14,100	668,587	(15,075)	2,415,112
Shares issued - private placements	7	15,475,000	3,342,600	(31,225)	-	-	(668,587)	-	2,642,788
Share issue costs - private placements	7	1,238,000	(409,036)	-	161,436	-	-	-	(247,600)
February 2021 Special Warrants issued	7	-	-	-	-	4,100	-	-	4,100
Share subscription deposit		-	-	-	-	-	266,194	-	266,194
Loss and comprehensive loss		-	-	-	-	-	-	(124,063)	(124,063)
Balance, April 30, 2021		46,713,000	4,681,064	(31,225)	161,436	18,200	266,194	(139,138)	4,956,531
Shares issued - private placements	7	2,480,000	496,000	31,225	-	-	(266,194)	-	261,031
Conversion of February 2021 Special Warrants	7	364,000	18,200	-	-	(18,200)	-	-	-
Special warrants issued	7	-	-	-	-	5,687,022	-	-	5,687,022
Special warrants issuance costs	7	-	-	-	-	(678,145)	-	-	(678,145)
Share-based compensation	7	-	-	-	624,655	-	-	-	624,655
Loss and comprehensive loss		-	-	-	-	-	-	(1,923,762)	(1,923,762)
Balance, January 31, 2022		49,557,000	5,195,264	-	786,091	5,008,877	-	(2,062,900)	8,927,332

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

NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)**Condensed Interim Consolidated Statement of Cash Flows**

For the nine months ended January 31, 2022 and the period from December 17, 2020 (date of incorporation) to January 31, 2021

Expressed in Canadian dollars - Unaudited

	Nine months ended January 31, 2022	Period from incorporation to January 31, 2021
	\$	\$
Operating activities		
Net loss for the period	(1,923,762)	(15,075)
Adjustments for non-cash items:		
Share-based compensation	624,655	-
Changes to non-cash working capital items:		
Sales tax receivable	(39,433)	-
Prepaid expenses	(153,531)	-
Accounts payable and accrued liabilities	16,259	15,075
Net cash used in operating activities	(1,475,812)	-
Investing activities		
Property option payments	(5,157,720)	(200,000)
Net cash used in investing activities	(5,157,720)	(200,000)
Financing activities		
Proceeds from issuance of common shares	261,031	347,500
Share subscription deposit	-	668,587
Proceeds from issuance of special warrants	5,516,051	14,100
Special warrants issuance costs paid in cash	(507,174)	-
Net cash provided by financing activities	5,269,908	1,030,187
Net change in cash	(1,363,624)	830,187
Cash, beginning of period	1,526,715	-
Cash, end of period	163,091	830,187

Supplemental disclosures with respect to cash flows:

1. Proceeds from issuance of common shares includes the receipt of \$31,225 of subscriptions receivable.
2. There were no cash interest payments or income taxes paid in the nine months ended January 31, 2022 (2021 - \$nil).

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

NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2022, and the period from December 17, 2020 (date of incorporation) to January 31, 2021

Expressed in Canadian dollars, unless otherwise noted - Unaudited

1. NATURE OF OPERATIONS AND GOING CONCERN

Nevada Lithium Resources Inc. (formerly Hermes Acquisition Corp) (the “Company”) is in the business of the exploration and evaluation of mineral properties. The Company was incorporated under the Business Corporations Act of British Columbia on December 17, 2020. On March 2, 2021, the Company changed its name from Hermes Acquisition Corp to Nevada Lithium Resources Inc. The address of the Company’s registered and records office and principal place of business is 1500-1055 West Georgia Street, P.O Box 11117, Vancouver, British Columbia, Canada, V6E 4N7.

On January 29, 2021, the Company acquired Nevada Lithium Corp, based in Nevada, USA. Nevada Lithium Corp is a 100% owned subsidiary of the Company.

The Company’s exploration and evaluation asset (note 5) does not presently host any known mineral deposits and due to the high degree of risk involved, there can be no assurance that the Company’s exploration activities will result in any deposits being located or, that the Company’s exploration activities will result in a profitable mining operation in the future.

These unaudited condensed interim consolidated financial statements (the “interim financial statements”) have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. At January 31, 2022, the Company had working capital of \$251,868 and an accumulated deficit of \$2,062,900. The Company has no sources of operating cash flows, and there is no assurance that sufficient funding (including adequate financing) will be available to conduct the required exploration and development of its mineral property projects. These factors present a material uncertainty over the Company’s ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern.

As of the date of these interim financial statements, the ongoing coronavirus pandemic, COVID-19, has not had a determinable impact on the Company’s ability to access capital and conduct exploration and evaluation activities. However, the ongoing COVID-19 pandemic continues to develop and may impact the Company’s ability to raise funding or explore its properties should travel restrictions related to COVID-19 be extended or expanded in scope.

2. BASIS OF PRESENTATION

a) Statement of compliance

These interim financial statements were approved and authorized for issuance on April 1, 2022 by the directors of the Company.

These interim 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”) applicable to the preparation of interim financial statements including International Accounting Standard 34 - Interim Financial Reporting. These interim financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the period from December 17, 2020 (date of incorporation) to April 30, 2021 (the “annual financial statements”), which include the information necessary and useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s use of judgements and estimates and significant accounting policies were presented in note 3 of those annual financial statements and have been consistently applied in the preparation of the interim financial statements.

NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2022, and the period from December 17, 2020 (date of incorporation) to January 31, 2021

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2. BASIS OF PRESENTATION (Continued)

b) Basis of measurement

These interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out in note 3 of the annual financial statements. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except cash flow information.

c) Principles of consolidation

Subsidiaries are entities controlled by the Company and are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align with the policies adopted by the Company. All intercompany balances are eliminated on consolidation.

The interim financial statements include accounts of the Company and its wholly owned subsidiary, Nevada Lithium Corp, from the date of acquisition on January 29, 2021.

d) Functional and presentation currency

Each entity in the Company's consolidation measures its results using the primary economic environment in which the entity operates. Transactions in currencies other than the functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of statement of financial position. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss. The Company's reporting currency is the Canadian dollar. References to "USD" are US dollars.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of these interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates, judgments and assumptions

The preparation of the Company's interim financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

Significant judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the financial statements are as follows:

NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2022, and the period from December 17, 2020 (date of incorporation) to January 31, 2021

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Going concern

These interim 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 for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions 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. If the going concern assumption were not appropriate for the financial statements, then adjustments to the carrying value of assets and liabilities, the reported expenses and the statement of financial position would be necessary.

Functional currency

The functional currency for the Company is the currency of the primary economic environment in which the entity operates. The Company has determined that the functional currency of the parent company and its subsidiary, Nevada Lithium Corp. is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment. The interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

Economic recoverability of future economic benefits of exploration and evaluation assets

Management has determined that costs related to exploration and evaluation of mineral properties, which have been recognized on the statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

4. ACQUISITION

On January 29, 2021, the Company purchased 100% of the issued and outstanding shares of Nevada Lithium Corp. Total consideration was paid through the of issuance of 7,000,000 common shares with a fair value of \$1,400,000. Nevada Lithium Corp. is in the business of the exploration and evaluation of mineral properties.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under IFRS 3 - *Business Combinations*, as the significant inputs, processes and outputs, that together constitute a business, did not exist in Nevada Lithium Corp. at the time of acquisition.

The following table summarizes the purchase price allocation:

Purchase price:	\$
Shares paid by the Company (7,000,000 shares at \$0.20 per share)	1,400,000
Total consideration	1,400,000
Net assets acquired:	
Exploration and evaluation assets - Bonnie Claire	1,490,064
Accounts payable and accrued liabilities	(90,064)
Total net assets acquired	1,400,000

NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2022, and the period from December 17, 2020 (date of incorporation) to January 31, 2021

Expressed in Canadian dollars, unless otherwise noted - Unaudited

5. EXPLORATION AND EVALUATION

The Company, through the acquisition of Nevada Lithium Corp., entered into an option agreement dated November 30, 2020 (the "Option Agreement"), to earn up to a 50% interest in certain claims and to a joint venture (the "Mineral Rights") relating to the Bonnie Claire lithium project located in Nevada, USA. Pursuant to the Option Agreement, the Company had the right to acquire up to an aggregate of 50% of Mineral Rights for USD \$5,600,000 as follows:

- 20% interest in the Mineral Rights requiring payment of USD \$1,600,000 in funding expenditures by March 8, 2021 (the "First Option").
- 15% interest in the Mineral Rights requiring payment of USD \$2,000,000 in funding expenditures by October 1, 2021; subsequently amended to December 1, 2021 (the "Second Option").
- 15% interest in the Mineral Rights requiring payment of USD \$2,000,000 in funding expenditures by December 1, 2021; subsequently amended to December 15, 2021 (the "Third Option").

During the period ended April 30, 2021, the Company satisfied the First Option through the payment of \$2,027,680 (USD \$1,600,000) and earned a 20% interest in the Bonnie Claire lithium project.

On September 22, 2021, the Option Agreement was amended to extend payment of the Second Option from October 1, 2021 to December 1, 2021 and on November 29, 2021, the Option Agreement was amended to extend the Third Option from December 1, 2021 to December 15, 2021.

On December 1, 2021, pursuant to the Option Agreement, the Company paid \$2,573,580 (USD \$2,000,000) to acquire the Second Option, representing 35% interest in the Mineral Rights of the Bonnie Claire lithium project.

On December 15, 2021, the Company paid \$2,584,140 (USD \$2,000,000) to acquire the Third Option and achieved the maximum 50% interest in the Mineral Rights of the Bonnie Claire lithium project.

As of the date of these interim financial statements, the Company has completed payments for all options pursuant to the Option Agreement and has obtained 50% interest in the Bonnie Claire lithium project.

Upon the commencement of commercial production, the Company grants and shall pay the royalty holder a royalty equal to 0.5% of the Net Smelter Returns from all lithium and any other mineral bearing ores found in the project. No production royalty shall be due upon bulk samples extracted by the Company for metallurgical testing purposes during the Company's exploration or development work on the property.

	Bonnie Claire Property
	\$
Balance, December 17, 2020 (date of incorporation)	-
Acquisition of Nevada Lithium Corp.	1,490,064
Payments toward the First Option	2,027,680
Balance, April 30, 2021	3,517,744
Payments toward the Second Option	2,573,580
Payments toward the Third Option	2,584,140
Balance, January 31, 2022	8,675,464

6. RELATED PARTY TRANSACTIONS

The Company's related parties include subsidiaries, affiliated entities and key management personnel. Transactions with, and amounts due to or from, related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties.

Key management personnel are those having the authority and responsibility for planning, directing, and controlling the Company. Salaries and benefits, bonuses, and termination benefits are included in operating expenses as management and consulting.

NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2022, and the period from December 17, 2020 (date of incorporation) to January 31, 2021

Expressed in Canadian dollars, unless otherwise noted - Unaudited

6. RELATED PARTY TRANSACTIONS (Continued)

At January 31, 2022, and April 30, 2021, accounts payable and accrued liabilities contained the following amounts due to related parties:

	January 31, 2022	April 30, 2021
	\$	\$
Management and consulting fees payable	15,256	-
Reimbursable expenses	-	126
Total	15,256	126

For the three and nine months ended January 31, 2022, transactions with key management personnel consisted of:

	Three months ended January 31, 2022	Nine months ended January 31, 2022
	\$	\$
Management and consulting fees	60,742	130,007
Share-based compensation	27,722	216,516
Total	88,464	346,523

There was no compensation to key management personnel in the period from incorporation to January 31, 2021.

7. SHARE CAPITAL AND RESERVES

The Company is authorized to issue an unlimited number of common shares.

Share capital transactions

During the nine months ended January 31, 2022

On May 7, 2021, the Company completed a non-brokered private placement for the issuance of 2,480,000 common shares at \$0.20 per share. From gross proceeds of \$496,000, \$266,194 was received in the form of subscription deposits from March 2, 2021 to April 30, 2021 and \$229,806 was received in the nine months ended January 31, 2022.

On June 11, 2021, pursuant to the terms of the February 2021 Special Warrants (as defined below), the Company issued 364,000 common shares. As a result, \$18,200 was reclassified from reserves to share capital.

On June 14, 2021, the Company received \$31,225 that had been recorded as subscriptions receivable for shares previously issued in the January 21, 2021 private placement.

During the period ended April 30, 2021

On January 6, 2021, the Company issued 7,500,000 common shares at \$0.005 per share for gross proceeds of \$37,500.

On January 21, 2021, the Company issued 10,725,000 common shares at \$0.02 per share for gross proceeds of \$214,500.

On January 22, 2021, the Company issued 4,775,000 common shares at \$0.02 per share for gross proceeds of \$95,500.

On January 29, 2021, the Company issued 7,000,000 common shares as consideration for the acquisition of Nevada Lithium Corp. at \$0.20 per share (note 4).

On February 11, 2021, the Company issued 15,475,000 common shares at \$0.20 per share for gross proceeds of \$3,095,000. The Company incurred \$247,600 in share issuance costs relating to this financing that the Company settled through the issue of 1,238,000 common shares at a price of \$0.20 per share. In connection with the private placement, the Company also issued 1,547,500 finder's warrants.

NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2022, and the period from December 17, 2020 (date of incorporation) to January 31, 2021

Expressed in Canadian dollars, unless otherwise noted - Unaudited

7. SHARE CAPITAL AND RESERVES (Continued)

From March 2, 2021 to April 30, 2021, the Company received \$266,194 in shares subscription deposits for a private placement that closed on May 7, 2021.

Reserves

Special Warrants

On February 10, 2021, the Company issued 364,000 special warrants for \$0.05 per special warrant (the "February 2021 Special Warrants") for gross proceeds of \$18,200. Pursuant to the terms of the February 2021 Special Warrants agreement, the February 2021 Special Warrants were automatically converted to common shares on June 11, 2021.

On November 12, 2021, the Company announced a brokered private placement of special warrants at a price of \$0.45 per special warrant for gross proceeds up to \$8,000,000 (the "November 2021 Special Warrant Offering"). Each special warrant automatically converts into a unit consisting of one common share and one-half of one common share purchase warrant on the earlier of approval from securities commissions in the provinces and territories where the special warrants were sold, and 120 days after the closing date of the offering. Each whole warrant is exercisable into common shares of the Company at a price of \$0.75 per share for a period of 24 months following the closing date of the offering.

On November 30, 2021, pursuant to the November 2021 Special Warrant Offering, the Company closed the first tranche of special warrants wherein Company issued 7,916,444 special warrants (the "November 2021 Special Warrants") at a price of \$0.45 per special warrant for gross proceeds of \$3,562,400. For no additional consideration, the special warrants automatically converted in units consisting of one common share and one-half of one common share purchase warrant on March 29, 2022 (note 11). Each whole warrant is exercisable into common shares of the Company at an exercise price of \$0.75 and expires on November 30, 2023.

In connection with the November 2021 Special Warrants, share issuance costs consisted of cash commission and legal fees of \$361,567 and the issuance of 604,776 special warrants to finders that are exercisable into units at a price of \$0.45 per special warrant, expiring on November 30, 2023. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into common shares of the Company at a price of \$0.75 per share and expires on November 30, 2023. The fair value of the special warrants issued to finders was recorded in the Special warrants reserve and was determined to be \$120,163 using the Black-Scholes option pricing model with the following key inputs: share price of \$0.40; exercise price of \$0.45; expected life of two years; volatility of 100%; dividend yield of 0%; and risk-free rate of 0.95%.

On December 15, 2021, pursuant to the November 2021 Special Warrant Offering, the Company closed the second tranche of special warrants wherein Company issued 4,341,446 special warrants (the "December 2021 Special Warrants") at a price of \$0.45 per special warrant for gross proceeds of \$1,953,651. For no additional consideration, the special warrants automatically converted in units consisting of one common share and one-half of one common share purchase warrant on March 29, 2022 (note 11). Each whole warrant is exercisable into common shares of the Company at an exercise price of \$0.75 and expires on December 15, 2023.

In connection with the November 2021 Special Warrants, share issuance costs consisted of cash commission and legal fees of \$145,607 and the issuance of issued 255,715 special warrants to finder's that are exercisable into units at a price of \$0.45 per special warrant, expiring on December 15, 2023. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into common shares of the Company at a price of \$0.75 per share and expires on December 15, 2023. The fair value of the special warrants issued to finders was recorded in the Special warrants reserve and was determined to be \$50,808 using the Black-Scholes option pricing model with the following key inputs: share price of \$0.40; exercise price of \$0.45; expected life of two years; volatility of 100%; dividend yield of 0%; and risk-free rate of 0.95%.

NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2022, and the period from December 17, 2020 (date of incorporation) to January 31, 2021

Expressed in Canadian dollars, unless otherwise noted - Unaudited

7. SHARE CAPITAL AND RESERVES (Continued)

The following table displays the special warrants that are outstanding and exercisable at January 31, 2022:

Expiry date	Outstanding and exercisable	Weighted average exercise price	Weighted average remaining contractual life
	#	\$	Years
April 1, 2022	7,916,444	-	0.16
April 16, 2022	4,341,446	-	0.21
November 30, 2023	604,776	0.45	1.83
December 15, 2023	255,715	0.45	1.87
	13,118,381	0.03	0.29

Warrants

In connection with the private placement on February 11, 2021, the Company issued 1,547,500 finder's warrants exercisable at a price of \$0.20 expiring on February 11, 2023. Using the Black-Scholes Option Pricing Model, the Company determined the fair value of the warrants granted to be \$161,436 (\$0.10 per warrant) The Company used the following assumptions: average volatility - 100%; share price - \$0.20; exercise price \$0.20; average risk-free rate - 0.23%; and expected life - two years. Accordingly, \$161,436 was recorded as share issue costs and reserves.

The following table displays outstanding and exercisable warrants at January 31, 2022:

Expiry date	Outstanding and exercisable	Weighted average exercise price	Weighted average remaining contractual life
	#	\$	Years
February 11, 2023	1,547,500	0.20	1.03
	1,547,500	0.20	1.03

Options

On September 28, 2021, the Company granted 3,900,000 share options exercisable into common shares a price of \$0.20 per option. The options vest immediately and expire five years from the grant date. Of the 3,900,000 options granted, 1,200,000 were granted to directors and officers of the Company.

Using the Black-Scholes Option Pricing Model, the Company determined the fair value of the options granted on September 28, 2021 to be \$580,177 (\$0.15 per option) The Company used the following assumptions: average volatility - 100%; share price - \$0.20; exercise price \$0.20; average risk-free rate - 1.11%; and expected life - five years. Accordingly, \$580,177 was recorded as share-based compensation and reserves.

On January 25, 2022, the Company granted 30,000 share options exercisable into common shares a price of \$0.45 per option. The options vest immediately and expire four years from the grant date.

Using the Black-Scholes Option Pricing Model, the Company determined the fair value of the options granted on January 25, 2022 to be \$6,478 (\$0.22 per option) The Company used the following assumptions: average volatility - 100%; share price - \$0.37; exercise price \$0.45; average risk-free rate - 1.40%; and expected life - four years. Accordingly, \$6,478 was recorded as share-based compensation and reserves.

No options were exercised, forfeited, cancelled, or expired in the three and nine months ended January 31, 2022.

NEVADA LITHIUM RESOURCES INC. (formerly Hermes Acquisition Corp.)

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For the three and nine months ended January 31, 2022, and the period from December 17, 2020 (date of incorporation) to January 31, 2021

Expressed in Canadian dollars, unless otherwise noted - Unaudited

7. SHARE CAPITAL AND RESERVES (Continued)

The following table displays outstanding and exercisable options at January 31, 2022:

Expiry date	Number outstanding	Number exercisable	Weighted average exercise price	Weighted average remaining contractual life
	#	#	\$	Years
September 28, 2026	3,900,000	3,900,000	0.20	4.66
January 25, 2025	30,000	30,000	0.45	2.99
	3,930,000	3,930,000	0.20	4.65

Restricted share units

On September 28, 2021, the Company granted 190,000 restricted share units ("RSUs") to an officer of the Company. The RSUs vest after four months and may be converted into common shares at the discretion of the beneficiary or the Company. The RSUs expire three years after the grant date if not converted into common shares.

Using the Black-Scholes Option Pricing Model, the Company determined the fair value of the options granted on September 28, 2021 to be \$38,000 (\$0.20 per option) The Company used the following assumptions: average volatility - 100%; share price - \$0.20; exercise price \$nil; average risk-free rate - 0.67%; and expected life - three years. In connection with vesting of the RSU's in the three and nine months ended January 31, 2022, \$27,721 and \$38,000, respectively (2021 - \$nil), has been recorded as share-based compensation and reserves.

No RSUs were forfeited, cancelled, or expired in the three and nine months ended January 31, 2022.

The following table displays outstanding and exercisable RSUs at January 31, 2022:

Expiry date	Number outstanding	Number exercisable	Weighted average remaining contractual life
	#	#	Years
September 28, 2024	190,000	190,000	2.66
	190,000	190,000	2.66

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash, sales tax receivable, accounts payables and accrued liabilities. The carrying values of these financial instruments approximate their respective fair values due to the term of these instruments.

At January 31, 2022, these interim financial statements do not contain any financial instruments that would be classified as measured at fair value.

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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. The Company manages its credit risk relating to cash through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company's cash is held with large Canadian banks. The Company assessed credit risk as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at January 31, 2022, the Company has current liabilities totaling \$107,246 (April 30, 2021 - \$90,987) and cash of \$163,091 (April 30, 2021 - \$1,526,715). The Company is not exposed to significant liquidity risk at this time, however, as the Company is in the exploration stage, it will periodically need to raise funds to continue operations. The Company intends to raise complete further financing in the form of private placements.

Market risk

Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

Commodity price risk

The ability of the Company to raise funds to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of lithium. The Company monitors lithium prices to determine the appropriate course of action to be taken.

9. CAPITAL MANAGEMENT

The Company includes shareholders' equity and any debt it may issue, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. 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 and consultants to sustain future development of the business.

The Company's property is in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the period ended January 31, 2022. The Company is not subject to any external covenants.

10. SEGMENTED INFORMATION

Operating segments

The Company operated in a single reportable operating segment - the acquisition, exploration and evaluation of mineral properties. The Company's exploration and evaluation assets are currently located in Nevada, United States.

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11. SUBSEQUENT EVENTS

On February 22, 2022, the Company announced that it completed the application process that allows its shares to begin trading on the OTCQB Market (“OTCQB”) under the symbol “NVLHF”. The Company’s common shares will remain listed on the CSE in Canada under the ticker symbol “NVLH”.

On March 29, 2022, pursuant to the receipt of a final short-form prospectus qualifying the distribution of 12,257,890 units issuable upon the deemed exercise of the November 2021 Special Warrants and the December 2021 Special Warrants, 12,257,890 special warrants were exercised into 12,257,890 units consisting of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into common shares of the Company at an exercise price of \$0.75 and expires 24 months from the original issue date of the respective special warrant.