

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

(Expressed in Canadian dollars)



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Independent Auditor's Report

To the Shareholders of Lithium One Metals Inc.

Opinion

We have audited the consolidated financial statements of Lithium One Metals Inc. (the "Group"), which comprise the consolidated statement of financial position as at June 30, 2023 and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other 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 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended June 30, 2023. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Exploration and Evaluation Assets

As disclosed in Note 3 to the consolidated financial statements, the carrying value of Exploration and Evaluation Assets represents a significant asset of the Group. Refer to Note 2 to the consolidated financial statements for a description of the accounting policy and significant judgments applied to Exploration and Evaluation Assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining claims and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the mining claims and deferred exploration costs is unlikely to be recovered in full from successful development or by sale.

Why the matter was determined to be a key audit matter

We considered this a key audit matter due to (i) the significance of the mining claims and deferred exploration costs balance and (ii) the judgments made by management in its assessment of indicators of impairment related to mining claims and deferred exploration costs, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

How the matter was addressed in our audit

We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Obtaining, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates;
- Considering the status of the relevant exploration areas by holding discussions with management, and reviewing the Group's exploration budget and directors' minutes;
- Enquiring with management and reviewing its future plans and other documentation as evidence that further exploration and evaluation activities in the area of interest will be continued in the future;
- Assessing whether any data exists to suggest that the carrying value of the Exploration and Evaluation assets is unlikely to be recovered through development or sale; and
- Assessing the adequacy of the related disclosures in Note 2 and Note 3 to the consolidated financial statements.

Other matter

The consolidated financial statements of Lithium One Metals Inc. for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on October 28, 2022.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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 audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hilda Leung.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
October 26, 2023**

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	June 30, 2023 \$	June 30, 2022 \$
ASSETS			
Current assets			
Cash		49,444	336
Goods and services tax receivable		45,470	44,163
Prepaid expenses		23,231	5,821
Total current assets		118,145	50,320
Non-current assets			
Deferred transaction costs	12	233,778	-
Exploration and evaluation assets	3,8	5,728,366	2,787,830
Total non-current asset		5,962,144	2,787,830
TOTAL ASSETS		6,080,289	2,838,150
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	853,228	452,674
Current portion of loans payable	4, 8	90,000	260,000
Total current liabilities		943,228	712,674
Non-current liabilities			
Loans payable	4	-	353,000
TOTAL LIABILITIES		943,228	1,065,674
Shareholders' Equity			
Share capital	5	9,560,560	2,927,741
Share-based payment reserve	5,6,7	1,693,151	554,563
Deficit		(6,116,650)	(1,709,828)
Total shareholders' equity		5,137,061	1,772,476
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,080,289	2,838,150

Nature and continuance of operations (Note 1)

Subsequent events (Note 12)

Approved and authorized for issuance by the Board of Directors on October 26, 2023:

/s/ "Nav Dhaliwal"

Nav Dhaliwal, Director

/s/ "Dominic Verdejo"

Dominic Verdejo, Director

See accompanying notes to the consolidated financial statements.

LITHIUM ONE METALS INC.

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Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

		Year Ended June 30, 2023	Year Ended June 30, 2022
	Note	\$	\$
Expenses			
Consulting fees	8	395,405	97,124
Foreign exchange		832	-
General and administrative		53,048	12,960
Management and directors' fees	8	116,419	120,000
Professional fees	8	174,394	52,127
Rent		30,000	-
Share-based compensation	6,8	858,928	185,600
Shareholder communications and promotion		547,202	29,986
Transfer agent and filing fees		99,732	23,804
Total expenses		(2,275,960)	(521,601)
Other income (expense)			
Impairment of exploration and evaluation assets	3	(2,106,199)	-
Interest expense	4	(24,978)	(8,825)
Interest income		315	40
Net loss and comprehensive loss for the year		(4,406,822)	(530,386)
Loss per share – basic and diluted		(0.14)	(0.02)
Weighted average number of common shares outstanding		32,563,767	23,047,671

See accompanying notes to the consolidated financial statements.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital		Share-based Payment Reserve	Deficit	Total Shareholders' Equity
	Number of Shares	Amount \$			
Balance, June 30, 2021	20,100,000	1,920,241	303,499	(1,179,442)	1,044,298
Common shares issued pursuant to private placement	1,000,000	350,000	-	-	350,000
Common shares issued pursuant to exercise of share purchase warrants	1,700,000	170,000	-	-	170,000
Shares and share purchase warrants issued for exploration and evaluation assets	1,500,000	487,500	65,464	-	552,964
Fair value of stock options granted	-	-	185,600	-	185,600
Net loss for the year	-	-	-	(530,386)	(530,386)
Balance, June 30, 2022	24,300,000	2,927,741	554,563	(1,709,828)	1,772,476
Common shares issued pursuant to private placement	6,180,000	1,545,000	-	-	1,545,000
Share issuance costs	-	(30,465)	-	-	(30,465)
Common shares issued pursuant to exercise of stock options	650,000	227,500	-	-	227,500
Common shares issued pursuant to exercise of share purchase warrants	5,100,000	802,000	-	-	802,000
Shares and share purchase warrants issued for exploration and evaluation assets	6,950,500	3,988,250	380,194	-	4,368,444
Fair value of stock options granted	-	-	858,928	-	858,928
Fair value transferred upon exercise of stock options	-	100,534	(100,534)	-	-
Net loss for the year	-	-	-	(4,406,822)	(4,406,822)
Balance, June 30, 2023	43,180,500	9,560,560	1,693,151	(6,116,650)	5,137,061

See accompanying notes to the consolidated financial statements.

LITHIUM ONE METALS INC.
(formerly Yorkton Ventures Inc.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended June 30, 2023	Year Ended June 30, 2022
	\$	\$
Operating activities		
Net loss for the year	(4,406,822)	(530,386)
Items not involving cash:		
Impairment of exploration and evaluation assets	2,106,199	-
Share-based compensation	858,928	185,600
Changes in non-cash working capital items:		
Accrued interest expense	24,978	-
Goods and services tax receivable	(1,307)	(43,238)
Prepaid expenses	(17,410)	(2,436)
Accounts payable and accrued liabilities	125,753	447,129
Net cash flows used in operating activities	(1,309,681)	56,669
Investing activity		
Exploration and evaluation asset expenditures	(781,468)	(1,534,866)
Net cash flows used in investing activity	(781,468)	(1,534,866)
Financing activities		
Proceeds from issuance of common shares	2,574,500	520,000
Share issuance costs	(30,465)	-
Deferred financing costs	(233,778)	-
Proceeds from loans payable	224,000	613,000
Repayments of loans payable	(394,000)	-
Net cash flows provided by financing activities	2,140,257	1,133,000
Change in cash	49,108	(345,197)
Cash, beginning of year	336	345,533
Cash, end of year	49,444	336
Supplemental disclosure with respect to cash flows		
Interest paid	-	-
Income taxes paid	-	-
Non-cash investing and financing activities		
Fair value of common shares issued for exploration and evaluation assets	3,988,250	487,500
Fair value of share purchase warrants issued for exploration and evaluation assets	380,194	65,464
Net increase in exploration and evaluation asset expenditures in accounts payable and accrued liabilities	280,190	-
Promissory note extinguished in sale of exploration and evaluation assets	383,367	-
Fair value transferred upon exercise of stock options	100,534	-

See accompanying notes to the consolidated financial statements.

LITHIUM ONE METALS INC.

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Notes to the Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

1. Nature and continuance of operations

Lithium One Metals Inc. (the “Company”) was incorporated on August 30, 2006, under the *Business Corporations Act* of British Columbia, and changed its name from Yorkton Ventures Inc. to Lithium One Metals Inc. on April 20, 2022. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under the trading symbol LONE. The Company’s head office is located at 1680 – 200 Burrard Street, Vancouver, British Columbia, V6C 3L6, Canada and the registered office of the Company is located at 2501-550 Burrard Street, Vancouver, BC, V6C 2B5, Canada.

The Company’s principal business activities are the exploration and evaluation of resource properties in North America. The Company is in the process of exploring its resource properties, but it has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or from proceeds of disposition. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

These consolidated 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 business. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. During the year ended June 30, 2023, the Company incurred a net loss of \$4,406,822. As at June 30, 2023, the Company had a working capital deficit of \$825,083 and an accumulated deficit of \$6,116,650. 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 is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant accounting policies

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value as explained in the accounting policies set out in Note 2. 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.

LITHIUM ONE METALS INC.

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Notes to the Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. A subsidiary is an entity in which the Company has control, directly or indirectly. Control is defined as the investor being exposed, or having rights, to variable returns from its involvement with the investee and having the ability to affect those returns through its power over the investee. All material intercompany transactions and balances have been eliminated on consolidation.

Details of the Company's subsidiaries as at June 30, 2023 are as follows:

Name	Place of Incorporation	Ownership % June 30, 2023	Ownership % June 30, 2022
9412-1068 Quebec Inc.	Quebec	0% (Note 3(c))	100%
1370835 BC Ltd.	British Columbia	100%	0%

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company and its subsidiaries is the Canadian dollar.

All financial information has been presented in Canadian dollars in these consolidated financial statements, except when otherwise indicated.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities are translated at the rate of exchange prevailing when the assets were acquired, or the liabilities incurred. Revenue, expense items, and capitalized exploration and evaluation expenditures are translated using the average rate of exchange during the financial statement periods, except for depreciation and amortization, which are translated at historic rates.

Foreign exchange gains and losses resulting from the translation of transactions and balances denominated in foreign currencies are included in the consolidated statement of operations.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS 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 reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

LITHIUM ONE METALS INC.

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Notes to the Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

2. Significant accounting policies (Continued)

Significant accounting judgments, estimates and assumptions (continued)

Significant Estimates

There are no significant areas requiring the use of estimates.

Significant Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the recoverability of exploration and evaluation assets and going concern assumption.

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of operations in the period when the new information becomes available.

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 is not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

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Notes to the Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

2. Significant accounting policies (Continued)

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the consolidated statement of operations.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property. The amounts are recorded in the year they are received due to uncertainty of the recoverability.

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 exploration and evaluation expenditures that would have otherwise been undertaken by the Company.

The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash 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 expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditures, in excess of estimated recoveries, are written off to the consolidated statement of operations.

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 and at least annually. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

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Notes to the Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

2. Significant accounting policies (Continued)***Loss per share***

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

Impairment of non-current assets

The carrying amount of the Company's non-current assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of operations.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to nonemployees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of the option is determined using a Black-Scholes pricing model, which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

LITHIUM ONE METALS INC.

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2. Significant accounting policies (Continued)

Share-based payments (continued)

All equity-settled share-based payments are reflected in the share-based payment reserve. Upon exercise, shares are issued from treasury and the amount reflected in the share-based payment reserve is credited to share capital, adjusted for any consideration paid. Upon expiry of stock options, the amount remains in the share-based payment reserve.

Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes party to the contracts that give rise to them and are classified as amortized cost, FVPL or fair value through other comprehensive income ("FVOCI"), as appropriate.

The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at FVPL and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or FVOCI. A financial asset is classified in this category principally for the purpose of selling in the short term, or if so designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets measured at FVPL are measured at fair value with changes in fair value recognized in the consolidated statement of operations.

Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period-end, changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to the consolidated statement of operations. The election is available on an investment-by-investment basis.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash is classified as and measured at amortized cost.

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Notes to the Consolidated Financial Statements

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2. Significant accounting policies (Continued)

Financial instruments (continued)

Financial liabilities

Financial liabilities, including accounts payable and accrued liabilities and finance leases, are recognized initially at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in net earnings when the liabilities are derecognized, as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated statement of financial position date. Accounts payable and accrued liabilities and loans payable are classified as and measured at amortized cost.

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

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2. Significant accounting policies (Continued)

Income taxes (continued)

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable income or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve within the share-based payments reserve.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the consolidated statement of operations for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

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2. Significant accounting policies (Continued)

Restoration and environmental obligations (continued)

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets. As at June 30, 2023 and 2022, the Company has no restoration and environmental obligations.

Accounting standards issued but not yet effective

Disclosure of accounting policies (Amendments to International Accounting Standard ("IAS") 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments)

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

These amendments are effective for reporting periods beginning on or after January 1, 2023. These amendments are expected to reduce the disclosure of accounting policies for the Company.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes)

These amendments clarify how companies account for deferred taxes on transactions, such as leases and decommissioning obligations, with a focus on reducing diversity in practice. They narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

These amendments to IAS 12 are effective for years beginning on or after January 1, 2023. These amendments are expected to have no impact for the Company.

Classification of liabilities as current or non-current (Amendments to IAS 1 Presentation of Financial Statements)

IAS 1 has been amended to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

These amendments to IAS 1 are effective for years beginning on or after January 1, 2024. These amendments are expected to have no impact for the Company.

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2. Significant accounting policies (Continued)

Accounting standards issued but not yet effective (continued)

Amendments to IAS 8 – Definition of accounting estimates

IAS 8 – Accounting policies, changes in accounting estimates and errors (“IAS 8”) was amended in February 2021. The IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates.

These amendments are effective for reporting periods beginning on or after January 1, 2023 and are not expected to a material impact on the Company.

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3. Exploration and evaluation assets

	Quebec Lithium Properties \$	Ontario Lithium Properties \$	Bellechasse- Timmins \$	Parkview \$	Knights Melange \$	Total \$
Acquisition costs:						
Balance, June 30, 2021	-	-	700,000	-	-	700,000
Additions	302,964	-	1,000,000	170,000	265,515	1,738,479
Balance, June 30, 2022	302,964	-	1,700,000	170,000	265,515	2,438,479
Additions	3,418,194	1,434,750	-	-	-	4,852,944
Impairment	-	-	(1,316,633)	(170,000)	(265,515)	(1,752,148)
Disposition (Note 3(c))	-	-	(383,367)	-	-	(383,367)
Balance, June 30, 2023	3,721,158	1,434,750	-	-	-	5,155,908
Exploration costs:						
Balance, June 30, 2021	-	-	-	-	-	-
Assessment and report writing	-	-	-	2,475	2,475	4,950
Claims renewal	-	-	7,837	-	-	7,837
Consulting (Note 8)	-	-	-	21,676	21,676	43,352
Surveys	-	-	-	146,606	146,606	293,212
Balance, June 30, 2022	-	-	7,837	170,757	170,757	349,351
Consulting (Note 8)	-	-	-	4,700	-	4,700
Geological (Note 8)	198,369	374,089	-	-	-	572,458
Impairment	-	-	(7,837)	(175,457)	(170,757)	(354,051)
Balance, June 30, 2023	198,369	374,089	-	-	-	572,458
Net carrying value, June 30, 2022	302,964	-	1,707,837	340,757	436,272	2,787,830
Net carrying value, June 30, 2023	3,919,527	1,808,839	-	-	-	5,728,366

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3. Exploration and evaluation assets (continued)

(a) Quebec Lithium Properties

Cyr-Kapiwak Property

On December 3, 2021, the Company entered into an agreement to acquire a 100% interest in the Cyr-Kapiwak property located in Quebec, Canada.

To acquire a 100% interest, the Company paid \$25,000 and issued 250,000 units (valued at \$112,500 for the shares and \$40,374 for the warrants). Each unit consisted of one common share and one share purchase warrant exercisable at \$0.60 for a period of 18 months.

In addition, the vendor retains a 2% net smelter return (“NSR”) royalty. The Company can purchase one-half of the NSR royalty at any time in exchange for a payment of \$1,000,000.

Sirmac Property

On January 11, 2022, the Company entered into an agreement to acquire a 100% interest in the Sirmac property located in Quebec, Canada. To acquire the 100% interest, the Company paid \$25,000 and issued 250,000 units (valued at \$75,000 for the shares and \$25,090 for the warrants). Each unit consisted of one common share and one share purchase warrant exercisable at \$0.60 for a period of 18 months.

In addition, the vendor retains a 2% NSR royalty. The Company can purchase one-half of the NSR royalty at any time in exchange for a payment of \$1,000,000.

Taycan Property

On September 22, 2022, the Company entered into a mineral property option agreement whereby the Company can acquire a 100% interest in 70 mining claims located in Quebec, Canada. To acquire the 100% interest, the Company is to make the following cash and equity payments:

- Payment of \$100,000 (paid) and issuance of 1,200,000 common shares (issued and valued at \$588,000) and 1,200,000 share purchase warrants (issued and valued at \$380,194) exercisable at \$0.40 per common share for two years from the date of issuance within 10 days of TSX-V approval;
- Payment of \$200,000 and issuance of 1,000,000 common shares on or before December 15, 2023 (issued subsequent to June 30, 2023); and
- Payment of \$300,000 and issuance of 2,000,000 common shares on or before December 15, 2024.

Upon exercise of the option by the Company, the optionor will retain a 3% NSR royalty, two-thirds of which may be purchased by the Company for \$2,000,000.

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3. Exploration and evaluation assets (continued)

(a) Quebec Lithium Properties (continued)

Bugatti Property

On February 3 2023, the Company entered into a mineral property option agreement whereby the Company can acquire a 100% interest in the Bugatti property located in Quebec, Canada. The agreement was amended on September 1, 2023. To acquire the 100% interest, the Company is to make the following cash and share payments:

- Payment of \$20,000 (paid) upon execution of the agreement;
- Payment of \$75,000 (paid) and issuance of 1,500,000 common shares upon TSX-V approval (issued and valued at \$945,000);
- Issuance of 2,000,000 common shares on or before September 1, 2023 (issued subsequent to June 30, 2023);
- Payment of \$75,000 on or before October 31, 2023; and
- Issuance of 1,000,000 common shares on or before March 1, 2024.

Under the terms of the agreement, the Company must issue an additional 1,000,000 common shares on achieving certain milestones relating to drill results. Upon exercise of the option by the Company, the optionor will retain a 2% NSR royalty, one-half of which may be purchased by the Company for \$1,000,000.

Ferrari Property

On February 7, 2023, the Company entered into a mineral property option agreement whereby the Company can acquire a 100% interest in the Ferrari property located in Quebec, Canada. The agreement was amended on September 14, 2023. To acquire the 100% interest, the Company is to make the following cash and share payments:

- Payment of \$10,000 (paid) upon execution of the agreement;
- Payment of \$100,000 (paid) and issuance of 2,000,000 common shares upon TSX-V approval (issued and valued at \$1,200,000);
- Issuance of 2,000,000 common shares on or before October 12, 2023 (issued subsequent to June 30, 2023);
- Payment of \$100,000 on or before October 31, 2023; and
- Issuance of 2,000,000 common shares on or before March 14, 2024.

Under the terms of the agreement, the Company must issue an additional 3,500,000 common shares on achieving certain milestones relating to sampling results, drilling results and a resource statement. Upon exercise of the option by the Company, the optionor will retain a 3% NSR royalty, one-third of which may be purchased by the Company for \$1,000,000.

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3. Exploration and evaluation assets (continued)

(b) Ontario Lithium Properties

Root South Property

On December 20, 2022, the Company entered into an option agreement whereby it can acquire a 100% interest in certain mineral claims located in Ontario, Canada. To acquire a 100% interest, the Company is to make the following cash and share payments:

- Payment of \$19,000 (paid) and issuance of 130,000 common shares on TSX-V approval (issued and valued at \$65,000);
- Payment of \$19,000 and issuance of 130,000 common shares on or before January 11, 2024; and
- Payment of \$38,500 and issuance of 265,000 common shares on or before January 11, 2025.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR royalty, of which one-half can be repurchased for \$1,000,000.

Sharp Property

On December 20, 2022, the Company entered into an option agreement whereby it can acquire a 100% interest in certain mineral claims located in Ontario, Canada. To acquire a 100% interest, the Company is to make the following cash and share payments:

- Payment of \$14,500 (paid) and issuance of 100,000 common shares on TSX-V approval (issued and valued at \$50,000);
- Payment of \$14,500 and issuance of 100,000 common shares on or before January 11, 2024; and
- Payment of \$29,000 and issuance of 200,000 common shares on or before January 11, 2025.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR royalty, of which one-half can be repurchased for \$1,000,000.

Allison South Property

On December 20, 2022, the Company entered into an option agreement whereby it can acquire a 100% interest in certain mineral claims located in Ontario, Canada. To acquire a 100% interest, the Company is to make the following cash and share payments:

- Payment of \$7,000 (paid) and issuance of 45,500 common shares on TSX-V approval (issued and valued at \$22,750);
- Payment of \$7,000 and issuance of 45,500 common shares on or before January 11, 2024; and
- Payment of \$12,500 and issuance of 91,000 common shares on or January 11, 2025.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR royalty, of which one-half can be repurchased for \$1,000,000.

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3. Exploration and evaluation assets (continued)

(b) Ontario Lithium Properties (continued)

Parks Property

On December 20, 2022, the Company entered into an option agreement whereby it can acquire a 100% interest in certain mineral claims located in Ontario, Canada. To acquire a 100% interest, the Company is to make the following cash and share payments:

- Payment of \$55,000 (paid) and issuance of 375,000 common shares on TSX-V approval (issued and valued at \$187,500);
- Payment of \$55,000 and issuance of 375,000 common shares on or before January 11, 2024; and
- Payment of \$110,000 and issuance of 750,000 common shares on or before January 11, 2025.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR royalty, of which one-half can be repurchased for \$1,000,000.

Adamhay Property

On December 20, 2022, the Company entered into an option agreement whereby it can acquire a 100% interest in certain mineral claims located in Ontario, Canada. To acquire a 100% interest, the Company is to make the following cash and share payments:

- Payment of \$12,000 (paid) upon execution of the option agreement;
- Issuance of 300,000 common shares on TSX-V approval (issued and valued at \$150,000);
- Payment of \$18,000 on or before January 11, 2024;
- Payment of \$21,000 on or before January 11, 2025; and
- Payment of \$30,000 on or before January 11, 2026.

Upon acquiring a 100% interest, the Company will grant the vendors a 1.5% NSR royalty, of which one-third can be repurchased for \$500,000.

Dagny Property

On December 20, 2022, the Company entered into an option agreement whereby it can acquire a 100% interest in certain mineral claims located in Ontario, Canada. To acquire a 100% interest, the Company is to make the following cash and share payments:

- Payment of \$12,000 (paid) upon execution of the option agreement;
- Issuance of 300,000 common shares on TSX-V approval (issued and valued at \$150,000);
- Payment of \$18,000 on or before January 11, 2024;
- Payment of \$21,000 on or before January 11, 2025; and
- Payment of \$30,000 on or before January 11, 2026.

Upon acquiring a 100% interest, the Company will grant the vendors a 1.5% NSR royalty, of which one-third can be repurchased for \$500,000.

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3. Exploration and evaluation assets (continued)

(b) Ontario Lithium Properties (continued)

Pinto Property

On February 1, 2023, the Company entered into a mineral property option agreement whereby the Company can acquire a 100% interest in the Pinto property located in Ontario, Canada. The agreement was amended on September 2, 2023. To acquire the 100% interest, the Company is to make the following cash and share payments:

- Payment of \$10,000 (paid) upon execution of the agreement;
- Payment of \$50,000 (paid) and issuance of 1,000,000 common shares upon TSX-V approval (issued and valued at \$630,000);
- Payment of \$15,000 (paid subsequent to June 30, 2023) and issuance of 1,000,000 common shares on or before September 1, 2023 (issued subsequent to June 30, 2023); and
- Payment of \$15,000 on or before October 31, 2023.

Under the terms of the agreement, the Company must issue an additional 4,300,000 common shares on achieving certain milestones relating to sampling results, drilling results and a resource statement. Upon exercise of the option by the Company, the optionor will retain a 3% NSR royalty, one-third of which may be purchased by the Company for \$2,000,000.

(c) Bellechasse-Timmins Property, Quebec

On July 3, 2020, the Company entered into an agreement with Delta Resources Limited (“Delta”) to acquire a 100% interest in the Bellechasse-Timmins mineral property located in Quebec, Canada. To acquire the 100% interest, the Company paid \$1,700,000. In addition, Delta retains a 1% NSR royalty. The Company can purchase one-half of the NSR royalty in exchange for \$1,000,000.

On February 7, 2023, the Company entered into an agreement whereby it sold all the issued and outstanding common shares of its wholly owned subsidiary, 9412-1068 Quebec Inc., to an arm’s length private company. 9412-1068 Quebec Inc. holds the mineral claims that make up the Bellechasse-Timmins property. As consideration, the purchaser assumed the principal and accrued interest outstanding in respect of a promissory note dated April 1, 2022, in the principal amount of \$353,000 with interest of 10% per annum (Note 4). The Company recorded an impairment charge of \$1,324,470 during the year ended June 30, 2023 to match the remaining carrying amount to the balance of the promissory note plus accrued interest which was assumed by the purchaser on completion of the sale.

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3. Exploration and evaluation assets (continued)

(d) Parkview Property, Newfoundland

On July 12, 2021, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims located in Newfoundland, Canada. To acquire the 100% interest, the Company was required to make the following cash and share payments:

- Payment of \$50,000 (paid) and issuance of 400,000 common shares (issued and valued at \$120,000) on TSX-V approval;
- Payment of \$50,000 and issuance of 300,000 common shares on or before 14 months following TSX-V approval;
- Payment of \$50,000 and issuance of 400,000 common shares on or before the second anniversary of TSX-V approval; and
- Payment of \$50,000 and issuance of 600,000 common shares on or before the third anniversary of TSX-V approval.

Upon acquiring a 100% interest, the Company was required to grant the vendors a 2% NSR royalty, of which one-half could be repurchased for \$1,000,000. Furthermore, the Company was required to commence advance royalty payments of \$25,000 beginning after July 12, 2026 until the earlier of the date that the Company began commercial production or made a buyout payment to the vendor.

During the year ended June 30, 2023, the Company did not make an option payment and decided not to pursue further exploration on the project. Accordingly, the Company recorded an impairment charge of \$345,457.

(e) Knights Melange Property, Newfoundland

On July 12, 2021, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims located in Newfoundland, Canada. To acquire a 100% interest, the Company was required to make the following cash and share payments:

- Payment of \$70,000 (paid) and issuance of 600,000 shares (issued and valued at \$180,000) on TSX-V approval;
- Payment of \$50,000 and issuance of 400,000 common shares on or before 14 months following TSX-V approval;
- Payment of \$50,000 and issuance of 400,000 common shares on or before the second anniversary of TSX-V approval; and
- Payment of \$50,000 and issuance of 400,000 common shares on or before the third anniversary of TSX-V approval.

Upon acquiring a 100% interest, the Company was required to grant the vendors a 2% NSR royalty, of which one-half could be repurchased for \$1,000,000. Furthermore, the Company was required to commence advance royalty payments of \$25,000 beginning after July 12, 2026 until the earlier of the date that the Company began commercial production or made a buyout payment to the vendor.

During the year ended June 30, 2023, the Company did not make an option payment and decided not to pursue further exploration on the project. Accordingly, the Company recorded an impairment charge of \$436,272.

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4. Loans payable

Continuity of the Company's loans payable is as follows:

	Year Ended June 30, 2023	Year Ended June 30, 2022
	\$	\$
Balance, opening	613,000	-
Loan proceeds	224,000	613,000
Interest accrued	24,978	-
Net interest transferred from accounts payable and accrued liabilities	5,389	-
Repayments	(394,000)	-
Assumption of loan payable (Note 3(c))	(383,367)	-
Balance, closing	90,000	613,000
Less: current portion	(90,000)	(260,000)
Non-current portion	-	353,000

On September 23, 2021, the Company received a loan of \$230,000, which was non-interest-bearing, unsecured and due on December 23, 2022. The loan was repaid during the year ended June 30, 2023.

On January 19, 2022, the Company received a loan of \$30,000, which was non-interest-bearing, unsecured and due on December 23, 2022. The loan was repaid during the year ended June 30, 2023.

On April 1, 2022, the Company received a promissory note of \$353,000, which is unsecured, bears interest at 10% per annum and is due on December 23, 2023. During the year ended June 30, 2023, the Company accrued interest of \$21,542 (2022 - \$8,826). On February 7, 2023, the Company entered into an agreement where the loan and accrued interest of \$383,368 was assumed by the party acquiring the Company's subsidiary, 19402-1068 Quebec Inc. (Note 3(c)).

On September 15, 2022, the Company received a loan of \$110,000, which is unsecured, bears interest at 10% per annum and is due on December 31, 2022. During the year ended June 30, 2023, the Company accrued interest of \$3,436. The Company repaid the principal amount of \$110,000 during the year ended June 30, 2023.

On December 20, 2022, a private company controlled by the Chief Executive Officer ("CEO") paid \$24,000 on behalf of the Company for the Adamhay and Dagny properties (Note 3(b)) which is unsecured, non-interest-bearing and due on demand. The Company repaid the loan during the year ended June 30, 2023.

On June 28, 2023, the Company received a loan from a private company controlled by the CEO in the amount of \$90,000, which is unsecured, non-interest-bearing and due on demand. The loan was subsequently repaid on August 4, 2023.

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5. Share Capital

Authorized share capital

Unlimited number of common shares without par value

Issued

Share transactions for the year ended June 30, 2023:

- (a) On December 14, 2022, the Company completed a private placement and issued 6,180,000 common shares at \$0.25 per share for proceeds of \$1,545,000. The Company incurred share issuance costs of \$30,465.
- (b) On December 15, 2022, the Company issued 1,200,000 units in connection with the Taycan property agreement (Note 3(a)). Each unit consisted of one common share and one share purchase warrant exercisable at \$0.40, expiring on December 15, 2024. The fair values of the common shares and share purchase warrants were determined to be \$588,000 and \$380,194, respectively.
- (c) On January 11, 2023, the Company issued a total of 1,250,500 common shares for option payments on the Adamhay, Dagny, Allison South, Parks, Root South and Sharp property agreements valued at \$625,250 (Note 3(b)).
- (d) On March 2, 2023, the Company issued 1,000,000 common shares in connection with the Pinto property agreement valued at \$630,000 (Note 3(b)) and 1,500,000 common shares in connection with the Bugatti property agreement valued at \$945,000 (Note 3(a)).
- (e) On March 14, 2023, the Company issued 2,000,000 common shares in connection with the Ferrari property agreement valued at \$1,200,000 (Note 3(a)).
- (f) During the year ended June 30, 2023, the Company issued 5,100,000 common shares for proceeds of \$802,000 pursuant to the exercise of warrants.
- (g) During the year ended June 30, 2023, the Company issued 650,000 common shares for proceeds of \$227,500 pursuant to the exercise of stock options.

Share transactions for the year ended June 30, 2022:

- (a) On August 11, 2021, the the Company issued 400,000 common shares with a fair of \$120,000 pursuant to the Parkview mineral property agreement (Note 3(d)) and 600,000 common shares with a fair value of \$180,000 pursuant to the Knights Melange mineral property option agreement (Note 3(e)).
- (b) On October 27, 2021, the Company issued 1,000,000 units at \$0.35 per unit for proceeds of \$350,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole share purchase is exercisable at \$0.50, expiring on April 27, 2023.

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5. Share capital (continued)***Issued (continued)***Share transactions for the year ended June 30, 2022 (continued):

- (c) On February 8, 2022, the Company issued 250,000 units in connection with the Cyr-Kapiwak mineral property agreement (Note 3(a)). Each unit consisted of one common share and one share purchase warrant exercisable at \$0.50, expiring on August 8, 2023. The fair values of the common shares and share purchase warrants were determined to be \$112,500 and \$40,374, respectively. The fair value of the share purchase warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 94%, expected life of 18 months, risk-free rate of 1.21% and no expected dividends.
- (d) On May 3, 2022, the Company issued 250,000 units in connection with the Sirmac agreement (Note 3(a)). Each unit consisted of one common share and one share purchase warrant exercisable at \$0.60, expiring on November 3, 2023. The fair values of the common shares and share purchase warrants were determined to be \$75,000 and \$25,090, respectively. The fair value of the share purchase warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 109%, expected life of 18 months, risk-free rate of 2.70% and no expected dividends.
- (e) During the year ended June 30, 2022, the Company issued 1,700,000 common shares for proceeds of \$170,000 pursuant to the exercise of share purchase warrants.

6. Stock options

The Company has implemented a stock option plan pursuant to which stock options may be granted to directors, officers, employees and consultants of the Company. The Company may grant stock options to a maximum of 10% of the issued shares of the Company at the date of granting the stock options. The minimum exercise price of each stock option must not be less than the discounted market price (as permissible by TSX-V policy). Stock options are exercisable over periods up to ten years and vesting periods can be imposed at the discretion by the Board of Directors.

A summary of stock option activities is as follows:

	Number of Options	Weighted Average Exercise Price \$
Balance, June 30, 2021	-	-
Granted	1,200,000	0.35
Balance, June 30, 2022	1,200,000	0.35
Granted	3,500,000	0.39
Exercised	(650,000)	0.35
Expired	(100,000)	0.35
Balance, June 30, 2023	3,950,000	0.38

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6. Stock options (continued)

Outstanding and exercisable stock options as at June 30, 2023 are as follows:

Options Outstanding	Options Exercisable	Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Expiry Date
800,000	800,000	0.34	0.25	*September 30, 2023
450,000	450,000	0.35	0.29	*October 14, 2023
2,700,000	2,700,000	0.40	2.75	March 29, 2026
3,950,000	3,950,000	0.38	1.96	

* see Note 12

The total fair value of the stock options granted and vested during the year ended June 30, 2023 was \$858,928 (2022 - \$185,600), which was recorded as share-based payment reserve and charged to operations. The weighted average fair value of the stock options granted during the year ended June 30, 2023 was \$0.25 (2022 - \$0.16) per option.

Upon the exercise of 650,000 (2022 - nil) stock options during the year ended June 30, 2023, \$100,534 (2022 - \$nil) was moved from the share-based payment reserve to share capital. The weighted-average fair value on the date of exercise for stock options exercised during the year ended June 30, 2023 was \$0.47 (2022 - \$nil).

The fair value of stock options granted during the year is estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Expected life (years)	2.53	2.00
Risk-free interest rate	3.67%	0.68%
Annualized volatility*	113%	92%
Dividend yield	0%	0%
Stock price at grant date	\$0.39	\$0.23
Exercise price	\$0.39	\$0.35
Weighted average grant date fair value	\$0.25	\$0.16

*Annualized volatility was determined based on the historical trading prices of the Company.

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7. Share purchase warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, June 30, 2021	8,420,000	0.09
Granted	1,000,000	0.53
Exercised	(1,700,000)	0.10
Expired	(320,000)	0.50
Balance, June 30, 2022	7,400,000	0.15
Granted	1,200,000	0.40
Exercised	(5,100,000)	0.16
Balance, June 30, 2023	3,500,000	0.28

As at June 30, 2023, the following share purchase warrants were outstanding:

Number of Warrants Outstanding	Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Expiry Date
1,800,000	0.12	0.06	*July 23, 2023
250,000	0.60	0.11	*August 8, 2023
250,000	0.60	0.35	November 3, 2023
1,200,000	0.40	1.46	December 15, 2024
3,500,000	0.28	0.57	

* see Note 12

The fair value of share purchase warrants granted during the year is estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Expected life (years)	2.00	N/A
Risk-free interest rate	3.68%	N/A
Annualized volatility*	117%	N/A
Dividend yield	0%	N/A
Stock price at grant date	\$0.49	N/A
Exercise price	\$0.40	N/A
Weighted average grant date fair value	\$0.32	N/A

*Annualized volatility was determined based on the historical trading prices of the Company.

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8. Related party transactions

The Company considers its CEO, Chief Financial Officer and directors to be key management personnel. These amounts of key management compensation are included in the amounts shown on the consolidated statements of operations and comprehensive loss:

	Year Ended June 30, 2023	Year Ended June 30, 2022
	\$	\$
Short-term compensation (consulting fees, management and directors' fees, professional fees, and exploration and evaluation asset expenditures)	283,719	163,352
Share-based compensation	443,929	132,189
	727,648	295,541

As at June 30, 2023, the Company owed \$185,928 (2022 - \$171,267) to companies controlled by current and previous directors of the Company, which is included in accounts payable and accrued liabilities. The amounts are unsecured and without interest.

During the year ended June 30, 2023, the Company also paid:

- \$5,000 (2022 - \$nil) in shared office expenses included in general and administrative to a private company controlled by the CEO; and
- \$15,000 (2022 - \$nil) in rent to a company with a common officer.

On December 20, 2022, a private company controlled by the CEO paid for \$24,000 on behalf of the Company for the Adamhay and Dagny properties (Note 3(b)) which was unsecured, non-interest-bearing and due on demand. The Company repaid the loan on January 6, 2023.

On June 28, 2023, the Company received a loan from a private company controlled by the CEO in the amount of \$90,000, which is unsecured, non-interest-bearing and due on demand (Note 4).

9. Financial instruments and risk management

(a) Fair value

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on 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 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

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9. Financial instruments and risk management (continued)

(b) Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of cash represents the maximum credit exposure.

(c) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Company is not exposed to any significant foreign exchange risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk, as it does not have any liabilities with variable rates.

(e) 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's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company relies on raising debt or equity financing in a timely manner.

The following amounts are the contractual maturities of financial liabilities as at June 30, 2023 and 2022:

June 30, 2023	Total	Within 1 Year	Within 2-5 Years
	\$	\$	\$
Accounts payable and accrued liabilities	853,228	853,228	-
Loans payable	90,000	90,000	-
	<u>943,228</u>	<u>943,228</u>	<u>-</u>

June 30, 2022	Total	Within 1 Year	Within 2-5 Years
	\$	\$	\$
Accounts payable and accrued liabilities	452,674	452,674	-
Loans payable	613,000	260,000	353,000
	<u>1,065,674</u>	<u>712,674</u>	<u>353,000</u>

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

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10. Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged for the year ended June 30, 2023.

11. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2023	2022
	\$	\$
Loss before income taxes	(4,406,822)	(530,386)
Combined effective statutory rate	27%	27%
Expected income tax recovery at the statutory tax rate	(1,189,842)	(143,204)
Tax effect of:		
Permanent differences and other	232,227	50,111
Change in unrecognized deferred income tax assets	957,615	93,093
Income tax provision	-	-

The unrecognized deductible temporary differences as at June 30, 2023 and 2022 are comprised of the following:

	2023		2022	
	\$	Expiry Date	\$	Expiry Date
Exploration and evaluation assets	927,000	None	106,000	None
Non-capital losses	2,641,000	2036-2043	1,201,000	2036-2042
Share-issuance costs	24,000	2024-2027	-	N/A
Capital losses	662,000	None	-	N/A
Unrecognized deductible temporary differences	4,254,000		1,307,000	

12. Subsequent events

(a) On August 2, 2023 and September 13, 2023, the Company closed a private placement in two tranches and issued 5,600,000 common shares at \$0.25 per share for proceeds of \$1,400,000.

(b) Subsequent to June 30, 2023, the Company issued 1,000,000 common shares in connection with the Pinto property agreement (Note 3(b)), 2,000,000 common shares in connection with the Bugatti property agreement (Note 3(a)), 2,000,000 common shares in connection with the Ferrari property agreement (Note 3(a)), and 1,000,000 common shares in connection with the Taycan property agreement (Note 3(a)).

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12. Subsequent events (continued)

- (c) Subsequent to June 30, 2023, the Company received \$216,000 pursuant to the exercise of 1,800,000 share purchase warrants.
- (d) Subsequent to June 30, 2023, 250,000 share purchase warrants and 1,250,000 stock options expired unexercised.
- (e) On September 27, 2023, the Company completed the acquisition of Norris Lithium Inc. (“Norris”) by way of court-approved plan of arrangement under the Business Corporations Act. The Company acquired all the outstanding shares of Norris in consideration for the issuance of an aggregate of 22,684,434 common shares of the Company to the former Norris shareholders, based on the share exchange ratio of 0.672 common shares of the Company for each Norris share held (the “Exchange Ratio”).

All stock options of Norris were exchanged for 1,747,200 stock options of the Company, with adjustments to the number of options and the exercise price in accordance with the Exchange Ratio. All warrants of Norris remain exercisable for the same aggregate consideration payable, subject to adjustments for the Exchange Ratio as if the warrants had been exercised prior to the plan of arrangement, resulting in 5,491,247 warrants outstanding to former Norris warrant holders.

During the year, the Company incurred consulting and legal fees of \$233,788 relating to the acquisition of Norris, which is included in deferred transaction costs.

- (f) Subsequent to June 30, 2023, the Company issued 236,679 common shares to the company that acted as financial adviser for the acquisition of Norris.