One World Lithium Inc.

Consolidated Financial Statements
Expressed in Canadian Dollars, unless otherwise noted

For the Years Ended December 31, 2022 and 2021

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Fernandez Young LLP
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of One World Lithium Inc.

Opinion

We have audited the consolidated financial statements of One World Lithium Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the years 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 Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company'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 current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended December 31, 2022.

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

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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 Management's Discussion and Analysis for the year ended December 31, 2022 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 these consolidated financial statements in accordance with IFRS, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's consolidated 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company 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.

Other Matter

The financial statements of the prior period were audited by another firm of Chartered Professional Accountants which expressed an unqualified opinion on May 2, 2022.

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

Fernandez Young LLP

Fernandez Young LLP
Chartered Professional Accountants
Vancouver, Canada
April 27, 2023

One World Lithium Inc.
Consolidated Statements of Financial Position
As of December 31, 2022 and December 31, 2021
Expressed in Canadian Dollars

As at	Notes		December 31, 2022		December 31, 2021
ASSETS					
Current					
Cash		$	232,402	$	685,108
Receivables and advances			22,719		135,396
Share subscriptions receivable	8(a)(iii)		75,000		-
Prepaid expenses and deposits	4		10,428		95,626
Total current assets		**$**	**340,549**	**$**	**916,130**
Non-current assets					
Exploration and evaluation assets	5		-		771,434
TOTAL ASSETS		**$**	**340,549**	**$**	**1,687,564**
LIABILITIES					
Current liabilities					
Accounts payables and accrued liabilities	6		641,349		1,588,411
Loans and borrowings	7		60,133		34,122
Share subscriptions payable	8(a)(ii)		-		34,260
TOTAL LIABILITIES		**$**	**701,482**	**$**	**1,656,793**
SHAREHOLDERS' EQUITY (DEFICIT)					
Share capital	8(a)	$	23,594,542	$	22,865,481
Contributed surplus			428,088		66,955
Share-based payments and warrants reserve	8,9		1,029,048		1,895,581
Accumulated deficit			(25,412,611)		(24,797,246)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)		**$**	**(360,933)**	**$**	**30,771**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		**$**	**340,549**	**$**	**1,687,564**

Events after reporting period (Notes 14)
Approved on behalf of the Board of Directors on April 27, 2023

"Douglas Fulcher"
Director

"Kevin Milledge"
Director

Expressed in Canadian Dollars except number of shares

For the year ended	Notes		December 31, 2022		December 31, 2021
Expenses					
Exploration and evaluation	5	$	2,746	$	1,165,506
General and administration	10		454,592		495,769
Professional and consulting fees	10		843,025		731,883
Share-based payments	9		168,300		521,094
Total expenses		$	(1,468,663)	$	(2,914,252)
Operating loss		**$**	**(1,468,663)**	**$**	**(2,914,252)**
Other income (expenses)					
Net financing cost			(21,309)		(57,860)
Foreign exchange gain (loss)			(3,160)		72,067
Government grant	7		-		30,523
Impairment of exploration and evaluation asset	5		-		(2,440,366)
Gain from debt extinguishment	7		5,014		-
Gain from debt write-off			224,053		-
Other expenses	5,8(b)		(25,000)		(377,945)
Other income			-		247
Net loss and comprehensive loss		**$**	**(1,289,065)**	**$**	**(5,687,586)**
Basic and diluted loss per common share		**$**	**(0.01)**	**$**	**(0.04)**
Weighted average number of common shares outstanding – basic and diluted			**180,018,814**		**145,328,688**

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

One World Lithium Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficit)
For the Years Ended December 31, 2022 and 2021
Expressed in Canadian Dollars

	Notes		Share capital		Contributed surplus		Share-based payments and warrants reserve		Accumulated Deficit		Total shareholders' equity
Balance as of December 31, 2020		**$**	**18,797,923**	**$**	**66,955**	**$**	**1,306,364**	**$**	**(19,446,482)**	**$**	**724,760**
Shares issued in private placement, net of share issuance costs	8		4,045,558		-		-		-		4,045,558
Shares issued for property	8		22,000		-		-		-		22,000
Warrants modification	8		-		-		404,945		-		404,945
Share-based payments	9		-		-		521,094		-		521,094
Transfer of share-based payments expired	9		-		-		(336,822)		336,822		-
Net loss and comprehensive loss			-		-		-		(5,687,586)		(5,687,586)
Balance as of December 31, 2021		**$**	**22,865,481**	**$**	**66,955**	**$**	**1,895,581**	**$**	**(24,797,246)**	**$**	**30,771**
Shares issued in private placement, net of share issuance costs	8		729,061		-		-		-		729,061
Share-based payments	9		-		-		168,300		-		168,300
Warrants expired	8(b)		-		361,133		(361,133)		-		-
Transfer of share-based payments expired	9(iv)		-		-		(673,700)		673,700		-
Net loss and comprehensive loss			-		-		-		(1,289,065)		(1,289,065)
Balance as of December 31, 2022		**$**	**23,594,542**	**$**	**428,088**	**$**	**1,029,048**	**$**	**(25,412,611)**	**$**	**(360,933)**

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

One World Lithium Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021
Expressed in Canadian Dollars

For the year ended		December 31, 2022		December 31, 2021
Cash (used in) provided by:				
OPERATING ACTIVITIES				
Net loss	**$**	**(1,289,065)**	**$**	**(5,687,586)**
Non-cash items:				
Government grant		-		(30,523)
Gain from debt extinguishment		(5,014)		-
Gain from debt write-off		(224,053)		-
Other expenses		25,000		-
Share-based payments		168,300		521,094
Loss on warrant modification		-		377,945
Net financing cost		21,309		57,860
Impairment of exploration and evaluation asset		-		2,440,366
Foreign exchange loss (gain)		3,160		(72,067)
Changes in non-cash working capital items				
Receivables and advances		112,677		(4,929)
Prepaid expenses and deposits		85,198		(94,726)
Accounts payable and accrued liabilities		29,981		(801,293)
Net cash used in operating activities	**$**	**(1,072,507)**	**$**	**(3,293,859)**
FINANCING ACTIVITIES				
Interest paid	$	-	$	(52)
Repayment of loans and borrowings		-		(42,789)
Proceeds from loans		-		80,000
Advance for private placement		-		34,260
Proceeds from private placement, net of share issuance costs		619,801		3,903,058
Net cash provided by financing activities	**$**	**619,801**	**$**	**3,974,477**
Net increase (decrease) in cash in the year	$	(452,706)	$	680,618
Cash – opening balance	**$**	**685,108**	**$**	**4,490**
Cash – closing balance	**$**	**232,402**	**$**	**685,108**

Supplemental cash flow information

For the year ended	Notes		December 31, 2022		December 31, 2021
Settlement of liabilities through issuance of common shares	5	$	-	$	22,000

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

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

One World Lithium Inc., together with its subsidiary (collectively referred to as the "Company") was incorporated under the laws of the province of British Columbia on November 9, 1982. The Company is focused on the acquisition, exploration and development of lithium resource properties and a new lithium separation extraction technology. The Company is in an early stage of development of lithium separation technology. The Company's head office and records offices are located at Suite 615, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6. On January 19, 2018, the Company changed its name to One World Lithium Inc. to align with its primary exploration and evaluation asset and the trading symbol on the CSE was changed to OWLI. On March 7, 2019, the Company also began trading on the OTCQB Venture Market under the trading symbol OWRDF.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates the realization of assets and discharge of liabilities at their carrying values in the ordinary course of operations for the foreseeable future rather than through the process of forced liquidation.

During the year ended December 31, 2022, the Company had a net loss of $1,289,065 and cash used in operating activities of $1,072,507. As at December 31, 2022, the Company has an accumulated deficit of $25,412,611 and a working capital deficit of $360,933. As a result, the Company may not have sufficient capital to fund its current planned operations for the foreseeable future.

These consolidated financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, as well as the successful results from exploration activities, development of its lithium separation technology and its ability to attain profitable operations and generate funds therefrom, and raise equity capital or obtain the necessary financing sufficient to meet current and future obligations. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Although the Company has been successful at raising funds in the past through the issuance of securities, it is uncertain whether it will be successful in doing so in the future.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION, STATEMENT OF COMPLIANCE

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these consolidated financial statements.

These consolidated financial statements include the accounts of the Company and Lithium Investments Ltd., its wholly-owned subsidiary, incorporated in British Columbia, Canada. The Canadian Dollar is a functional currency of the Company and its subsidiary.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 27, 2023.

Critical accounting judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in these consolidated financial statements include:

Impairment of mineral properties – Expenditures on mineral properties are expensed. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of a mineral property exceeds its recoverable amount. The recoverability of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. Management looks for impairment indicators and then reviews the carrying values of its mineral properties on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs in respect of the Company's mineral properties may not be recoverable and there is a risk that these costs may be written down in future periods.

Mining concession fees – Mining concession fees in Mexico are based on the surface area of the mineral exploration property multiplied by the applicable tax rate for that jurisdiction in Mexico. These fees are due on a semi-annual basis. The tax rate is determined by the date on which the title document of the mining concession was registered with mining authority with older mining concessions having a high tax rate. Judgment is used calculating the tax rate used in recording the mining concessions.

While management believes that these estimates, critical judgment and assumptions are reasonable, actual results could differ and could impact future results of operation and cash flows.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash consists of demand deposits that are subject to an insignificant risk of change in value.

Exploration and evaluation ("E&E") assets

Exploration and evaluation expenditures are expensed as incurred, until the property reaches development stage. The development stage begins once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable.

E&E acquisition costs: All direct costs related to the acquisition of mineral property interests (E&E Assets) are capitalized into intangible assets on a property-by-property basis. Expenditures made in connection with a right to acquire a property and or explore in an exploration area for a period in excess of one year, are capitalized. Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company and are recorded as mineral property acquisition costs upon payment.

E&E exploration expenditures: Exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Financial instrument classification and measurement

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. On initial recognition, a financial asset is classified as: amortized cost, fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI).
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- it is held with the objective of collecting 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis. All financial assets not classified as amortized cost or FVOCI are classified as and measured at FVPL. This includes all derivative assets. 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 instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVPL or FVOCI. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

Loss allowances for 'expected credit losses' are recognized on financial assets measured at amortized cost, contract assets and investments in debt instruments measured at FVOCI, but not to equity investments. A loss event is not required to have occurred before a credit loss is recognized.

The Company has classified and measured its financial instruments as described below:
- Cash and receivables are classified as and measured at amortized cost.
- Accounts payable and accrued liabilities, loans and borrowings, shares subscriptions payables are classified as and measured at amortized cost. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. The liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

When applicable, deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share capital and share-based payments

Share capital represents the amount received in exchange for the issuance of shares. Shares issued for consideration other than cash are recorded at their fair value according to the quoted market price on the day the shares are issued. Proceeds from the exercise of share options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company along with the fair value of the option or warrant, if any, at the time of its grant.

The Company uses the residual method in determining the fair value of warrants issued to subscribers, which provides for the allocation of the consideration received to the fair value to the shares issued and allocating any residual amount to the warrants issued. Upon expiry of the warrants, the amount allocated to the warrants is transferred to contributed surplus.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as equity. Share issuance costs related to uncompleted share subscriptions are charged to operations.

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at either the grant date or date goods or services are received, using the Black-Scholes option pricing model, and is recognized over the period during which the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number at options that vest. For directors and employees, the fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the 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 offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to accumulated deficit.

Flow-through shares and unit offerings

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through share premium") as follows:

- Share capital – the market value of non-flow-through share.
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature based on the residual value method.
- Warrants – recorded as reserves based on the residual value method.

Thereafter, as qualifying resource expenditures are incurred, these costs are expensed and the flow-through share premium is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares.

Expressed in Canadian Dollars except otherwise noted

For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares for years presented at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of exercise of options and warrants as they would be anti-dilutive.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

Segmented information

The Company has one operating segment, mineral exploration and development of lithium and operates in two geographical segments, being Canada and Mexico.

Government grants

The Company's government grants reflect compensation received from various provincial and national bodies related to the research and development and COVID-19 support. Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. Government loans are analyzed to determine whether they qualify as grants or are required to be treated as financial liabilities.

NOTE 4 – PREPAID EXPENSES AND DEPOSITS

		December 31, 2022		December 31, 2021
Prepaid insurance	$	-	$	1,475
Prepaid consulting fees		2,630		89,151
Prepaid advertising and promotion		1,250		5,000
Other prepaid expenses		6,548		-
Total prepaid expenses and deposits	**$**	**10,428**	**$**	**95,626**

NOTE 5 – EXPLORATION AND EVALUATION ASSETS

		Salar del Diablo Property
Balance - December 31, 2020	**$**	**3,203,800**
Remeasurement of 200,000 common shares on issuance		8,000
Impairment		(2,440,366)
Balance - December 31, 2021	**$**	**771,434**
Write-off upon termination of the share purchase agreement		(771,434)
Balance - December 31, 2022	**$**	**-**

Expressed in Canadian Dollars except otherwise noted

Salar del Diablo Property (formerly the Valle Del Diablo Property)

On October 10, 2017, the Company completed the acquisition of Lithium Investments Ltd. ("LIL") by acquiring all of the shares of LIL from its shareholders ("original shareholders") in exchange for 10,000,000 common shares and a $100,000 cash payment made 30 days after the closing date.

The principal assets of LIL consist of the rights and interests under an option and joint venture agreement as amended (the "Option Agreement") with Third Parties to acquire up to a 90% interest in the Salar del Diablo (formerly the Valle Del Diablo Property) in Mexico (the "Property"). In order to earn an 80% interest in the Property, the Company is required to issue 1,800,002 common shares and make payments up to US$380,000. As at December 31, 2021, 1,600,002 shares have been issued and US$260,000 has been paid to the third parties in stages. The Company issued 200,000 common shares on April 29, 2021 valued at $22,000 to partially settle the obligation previously accrued and recorded in accounts payable and accrued liabilities. The obligation to issue the shares was revalued from $14,000 to $22,000 during the year ended December 31, 2021 prior to the settlement.

On April 28, 2021, the Parties further agreed to extend the deemed completion date of the Phase Three drilling program from December 31, 2020 to July 31, 2021. For this extension, the Company agreed to make an additional US$20,000 payment of which US$5,000 ($6,188 CAD equivalent paid in April 2021) of the extension payment will be applied to the Phase Three option payment at the earlier of (i) July 31, 2021, or (ii) completion of Phase 3 drilling.

On September 27, 2021, the Parties further agreed to extend the deemed completion date of the Phase Three drilling program from July 31, 2021 to December 31, 2021. For this extension, the Company agreed to make an additional US$15,000 payment.

On December 31, 2021, the Company received the results of a drilling program that were not in line with management's expectation. Based on assessment of these results, management concluded that no further exploration and evaluation activities would be continued. This event triggered an impairment assessment and management concluded that the property's recoverable amount is $771,434 as at December 31, 2021. The impairment of exploration and evaluation asset of $2,440,366 was recorded as impairment expense in the consolidated statement of loss and comprehensive loss.

On April 29, 2022, the Parties enter into a Conveyance and Mutual Termination and Release Agreement whereby the Company conveyed all of its right, title and earned interest in the Property to the Third Parties. All the Third Parties agreed to release each other from any and all claims that they may have against each other to date and the Company would have no further rights, title and earned interest in the Property. The Company de-recognized the recoverable amount of the exploration and evaluation asset of $771,434 and the related concession fee accrual of $771,434 on the same date.

As well on April 29, 2022, the Company and the original shareholders terminated the October 10, 2017 Share Purchase Agreement for a termination fee of $25,000 and agreed to release each other from any and all claims they may have against each other and the Company has no further payments or share issuances owing to the former and original shareholders except the $25,000 termination fee that is due no later than December 31, 2022 by way of promissory notes dated April 29, 2022. The principal and accrued interest on promissory notes were outstanding as of December 31, 2022.

The following table summarizes exploration and evaluation expenditures disclosed on the statement of loss:

For the year ended:		December 31, 2022		December 31, 2021
Consulting	$	2,018	$	6,397
Concession fees		-		279,371
Drilling		-		589,995
Geology		-		108,392
Travel		-		48,990
Supplies and other		728		132,361
Total	**$**	**2,746**	**$**	**1,165,506**

Expressed in Canadian Dollars except otherwise noted

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2022		December 31, 2021
Trade payables and accrued liabilities	$	324,082	$	1,185,421
Part XII.6 tax payable		271,581		256,412
Due to related parties (Note 10)		45,686		146,578
Total accounts payable and accrued liabilities	**$**	**641,349**	**$**	**1,588,411**

NOTE 7 – LOANS AND BORROWINGS

The loans and borrowings on December 31, 2022 and December 31, 2021 and the movements for the years then ended, respectively, are as follows:

		December 31, 2022		December 31, 2021
Opening balance	**$**	**34,122**	**$**	**22,523**
Additions (i)(ii)		-		80,000
Effect of favourable interest rate on government loans as government grant income (i)		-		(30,523)
Termination fee assumed (Note 5)		25,000		-
Gain from debt extinguishment		(5,014)		-
Interest		1,011		52
Accretion		5,014		4,911
Repayments		-		(42,841)
Ending balance	**$**	**60,133**	**$**	**34,122**

		December 31, 2021		December 31, 2021
Unsecured federal government term loan principal due on December 31, 2026 with monthly interest payments beginning in January 2024 and ending in December 2026 at a fixed rate of 5%. The portion of the loan may be forgiven with early repayment by January 2024 (i).	$	34,122	$	34,122
Unsecured promissory notes principal with interest accrued at an annual fixed rate of 6.00% and repayable on December 31, 2023 (iii).		26,011		-
Total loans and borrowings	$	60,133	$	34,122
Less: current portion of loans and borrowings		60,133		34,122
Non-current loans and borrowings	**$**	**-**	**$**	**-**

(i) The benefits received by the Company from this loan, where interest rate is lower than market rate, were accounted for under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance and recorded as government grant income in the statement of loss and comprehensive loss. Market interest rate of 15% was determined by looking at comparable loans with similar terms, adjusted for credit risk rating of the Company. The government grant income of $30,523 was recognized in its entirety in the consolidated statement of loss as funds received were fully spent in the reporting period on designated activities.

In January 2022, the federal government extended the repayment due date by one year from January 2023 to December 31, 2023. Management concluded that the term extension constitutes a debt extinguishment and recognized the resulting gain of $5,014 in the consolidated statement of loss and comprehensive loss.

(ii) On October 8, 2021, the Company received the promissory note of $20,000 from a related party, which was repaid in November 2021. The principal did not bear any interest and was due on demand.

Expressed in Canadian Dollars except otherwise noted

(iii) The Company assumed a termination fee of $25,000 upon the termination of Share Purchase Agreement by way of two promissory notes. Please see Note 5 for more details. On December 31, 2022, the original repayment due date of principal and interest was extended from December 31, 2022 to December 31, 2023. No other terms changed.

Repayments due on loans and borrowings, including interest, for the next five years and thereafter are as follows:

Year		
2023	$	60,133
2024		-
2025		-
2026		-
2027		-
Thereafter		-
	$	**60,133**

NOTE 8 – SHARE CAPITAL

a) Common shares

Authorized: unlimited common shares without par value

	Number of Shares		Amount
Balance, December 31, 2020	**104,196,037**	**$**	**18,797,923**
Common shares upon private placement, net of issuance costs (i)(ii)	75,143,394		4,045,558
Common shares issued for property (Note 5)	200,000		22,000
Balance, December 31, 2021	**179,539,431**	**$**	**22,865,481**
Common shares upon private placement, net of issuance costs (iii)	14,581,220		729,061
Balance, December 31, 2022	**194,120,651**	**$**	**23,594,542**

(i) On March 1, 2021, the Company closed its non-brokered private placement. The Company received a total of $2,251,111 cash proceeds through the issuance of 45,022,210 units at a price of $0.05 per unit. Each Unit consists of one common share of the Company and one non-transferable Common Share purchase warrant of which $142,500 of the total proceeds was received in December 2020 and was initially recognized as share subscription payable. The Company incurred $8,381 of share issuance costs in connection with the private placement.

A total of 45,022,210 warrants were issued in connection with the private placement. Each Warrant will entitle the holder to purchase one Common Share at a price of $0.10 for a period of 36 months from the closing of the offering. As the fair value of the Company's common shares on closing was greater than the consideration received on the units subscribed, no residual amount existed, and the warrants were valued at $Nil. All securities are subject to a four month and one day hold from the closing date.

(ii) On November 3, 2021, the Company closed the first tranche of a non-brokered private placement. The Company received a total of $766,220 cash proceeds through the issuance of 12,770,341 units at a price of $0.06 per unit. Each Unit consists of one common share of the Company and one non-transferable Common Share purchase warrant.

On December 8, 2021, the Company closed its non-brokered private placement. The Company received a total of $1,041,051 cash proceeds through the issuance of 17,350,843 units at a price of $0.06 per unit. Each Unit consists of one common share of the Company and one non-transferable Common Share purchase warrant. The Company incurred $4,443 of share issuance costs in connection with the private placement.

Expressed in Canadian Dollars except otherwise noted

A total of 30,121,184 warrants were issued in connection with the private placement. Each Warrant will entitle the holder to purchase one Common Share at a price of $0.12 for a period of 36 months from the closing of the offering. As the fair value of the Company's common shares on closing was greater than the consideration received on the units subscribed, no residual amount existed, and the warrants were valued at $Nil. All securities are subject to a four month and one day hold from the closing date.

In connection with the December private placement, the Company owes $34,260 back to a subscriber who had initially intended to invest in the December private placement but subsequently cancelled. As at December 31, 2021, the funds from the subscriber had been sent and received by the Company was recognized as a share subscription payable. The subscriber participated in the December 2022 non-brokered private placement noted below, therefore the share subscription payable was reclassified to share capital.

(iii) On December 20, 2022, the Company closed its non-brokered private placement. The Company recognized a total of $729,061 in cash proceeds through the issuance of 14,581,220 units at a price of $0.05 per unit. Of the $729,061 total proceeds, $34,260 was received in the prior year and was previously reported as a share subscription payable as at December 31, 2021. Furthermore, $75,000 of the proceeds were uncollected as at December 31, 2022 and are presented as a share subscription receivable as at December 31, 2022, which was collected subsequent to December 31, 2022.

Each Unit consists of one common share of the Company and one non-transferable Common Share purchase warrant. The Company incurred $nil of share issuance costs in connection with the private placement.

A total of 14,581,220 warrants were issued in connection with the private placement. Each Warrant will entitle the holder to purchase one Common Share at a price of $0.08 for a period of 36 months from the closing of the offering. As the fair value of the Company's common shares on closing was greater than the consideration received on the units subscribed, no residual amount existed, and the warrants were valued at $Nil. All securities are subject to a four month and one day hold from the closing date.

b) Warrants

The Company's warrants outstanding as at December 31, 2022 and December 31, 2021 are as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2020	**31,235,623**	**$**	**0.14**
Issued (Note 8(a)(i)(ii))	75,143,394		0.11
Expired	(14,951,233)		0.15
Balance, December 31, 2021	**91,427,784**	**$**	**0.11**
Issued (Note 8(a)(iii))	14,581,220		0.08
Expired	(8,938,890)		0.13
Balance, December 31, 2022	**97,070,114**	**$**	**0.10**

On April 12, 2021, the Company decided to amend the terms (the "Amendment") of an aggregate of 4,584,390 outstanding common share purchase warrants ("Warrants") previously issued by the Company to acquire common shares of the Company at a price of $0.20. From the total amended, 1,752,257 warrants were exercisable until April 10, 2021, 995,668 warrants were exercisable until June 4, 2021, and 1,836,465 warrants were exercisable until July 8, 2021. Under the Amendment, the exercise price of the Warrants was reduced to $0.15 and the term of the Warrants extended by an additional twelve months until April 10, 2022, June 4, 2022 and July 8, 2022 respectively.

The total cost of the warrant amendment is $244,893 which has been recorded as a loss on warrant modification in other expenses during the year ended December 31, 2021. The fair value of the warrant modification was estimated using the Black-Scholes model calculated for the difference between the extended period and the remaining period based on the effective date of the modification. The assumptions used to fair value the warrants were as follows:

Expressed in Canadian Dollars except otherwise noted

	Amended Warrants	Original Warrants
Grant date share price	$0.12	$0.12
Exercise price	$0.15	$0.15
Risk free rate	0.25%	0.25%
Expected life (years)	0.99	0.15 – 0.24
Expected volatility	140%	134% - 146%
Expected dividends	0%	0%
Forfeiture rate	0%	0%

On December 8, 2021, the Company decided to amend the terms ("December Amendment") of 4,292,000 outstanding common share purchase warrants ("December Warrants") previously issued by the Company to acquire common shares of the Company at a price of $0.10. The December Warrants were originally exercisable until December 23, 2021. Under the terms of the December Amendment, the exercise price of the December Warrants remained the same but the term of the December Warrants was extended by an additional twelve months until December 23, 2022.

The total cost of the warrant amendment is $133,052 which has been recorded as a loss on warrant modification in other expenses during the year ended December 31, 2021. The fair value of the warrant modification was estimated using the Black-Scholes model calculated for the difference between the extended period and the remaining period based on the effective date of the modification. The assumptions used to fair value the warrants were as follows:

	Amended Warrants	Original Warrants
Grant date share price	$0.09	$0.09
Exercise price	$0.10	$0.10
Risk free rate	1.07%	1.07%
Expected life (years)	1.04	0.04
Expected volatility	105%	89%
Expected dividends	0%	0%
Forfeiture rate	0%	0%

Warrants outstanding at December 31, 2022 were as follows:

Expiry Date		Exercise Price	Outstanding Warrants
February 28, 2023		0.15	500,000
August 10, 2023		0.10	6,720,500
August 24, 2023		0.08	125,000
March 1, 2024		0.10	45,022,210
November 3, 2024		0.12	12,770,341
December 7, 2024		0.12	17,350,843
December 20, 2025		0.08	14,581,220
	$	0.10	**97,070,114**

The weighted average remaining contractual life of warrants outstanding at December 31, 2022 is 1.62 years (December 31, 2021 – 2.21 years).

Expressed in Canadian Dollars except otherwise noted

NOTE 9 – SHARE-BASED PAYMENTS

On February 4, 2013, the Company adopted a "rolling" stock option plan for its employees, directors, officers and self-employed consultants, which plan received regulatory approval in 2013. The terms of the plan provide for options to be granted to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The exercise price of each option shall not be less than the minimum price permitted by the policies of the Exchange. The options may be granted for a maximum term of ten years from the date of grant, and at the Board's election, may include vesting provisions. The total amount of share-based payments expense, if any, which is expected to be recognized over the vesting period of options, is recognized during the period in which it occurs.

On October 31, 2018, at the Company's Annual General Meeting the shareholders approved a new stock option plan to incorporate the polices of the Canadian Stock Exchange ("CSE"). Under the new stock option plan the maximum number of shares of the Company reserved for issuance will be limited to 10% of the issued shares of the Company at the time of any granting of options (on a non-diluted basis). In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The Board may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The exercise price of each option shall be determined by the Board provided that such exercise price shall be not lower than the greater closing price of the Company's shares on the CSE on the trading day prior to the date of grant. The options may be granted for a maximum term of ten years from the date of grant, and at the Board's election, may include vesting provisions. The total amount of share-based payments expense, if any, which is expected to be recognized over the vesting period of options, is recognized during the period in which it occurs.

a) Stock options

The Company's recorded share-based compensation expense for years ended December 31, 2022 and 2021 comprised of the following:

	Years Ended December 31, 2022	2021
Stock Options	$ 168,300	$ 521,094

Movements in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2020	**7,065,000**	**$** 0.13
Granted (i)	9,300,000	0.11
Expired (ii)	(3,465,000)	0.19
Balance, December 31, 2021	**12,900,000**	**$** 0.10
Granted (iii)	3,300,000	0.07
Expired (iv)	(3,600,000)	0.08
Balance, December 31, 2022	**12,600,000**	**$** 0.10

(i) During the year ended December 31, 2021, the Company granted a total of 9,300,000 incentive stock options with 500,000 granted to an officer of the Company. The remaining 8,800,000 were granted to consultants of the Company. The options have an exercise price of between $0.06 - $0.13 per common share.

(ii) During the year ended December 31, 2021, a total of 3,465,000 stock options expired without exercise resulting in a transfer of $336,822 from share-based payment reserve to accumulated deficit.

(iii) During the year ended December 31, 2022, the Company granted a total of 3,300,000 incentive stock options with 500,000 granted to an officer of the Company. The remaining 2,800,000 were granted to consultants of the Company.

Expressed in Canadian Dollars except otherwise noted

The options have an exercise price of between $0.065 - $0.07 per common share. The weighted average fair value of stock options granted in the year was estimated at $0.04 per option (2021 - $0.06).

(iv) During the year ended December 31, 2022. a total of 3,600,000 stock options expired without exercise resulting in a transfer of $673,700 from share-based payment reserve to accumulated deficit.

The Company fair valued the options granted during the years ended December 31, 2022 and 2021 using the Black-Scholes option pricing model with the following weighted average inputs:

	Year ended December 31, 2022	Year ended December 31, 2021
Grant date share price	$0.05 - $0.065	$0.06 - $0.11
Exercise price	$0.065 - $0.070	$0.06 - $0.13
Risk free rate	2.64% - 3.58%	0.25% - 1.14%
Expected life (years)	2.00 - 2.04	2.00
Expected volatility	125% - 133%	125% - 136%
Expected dividends	0%	0%
Forfeiture rate	0%	0%

Stock options outstanding and exercisable as at December 31, 2022 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
4,900,000	4,900,000	0.13	March 1, 2023
800,000	800,000	0.11	May 4, 2023
400,000	400,000	0.11	May 5, 2023
350,000	350,000	0.075	July 8, 2023
1,000,000	1,000,000	0.065	October 6, 2023
1,100,000	1,100,000	0.095	October 19, 2023
600,000	600,000	0.07	May 31, 2024
2,700,000	2,700,000	0.065	September 2, 2024
750,000	750,000	0.09	December 7, 2024
12,600,000	**12,600,000**	**$ 0.10**	

The weighted average remaining contractual life of stock options outstanding and exercisable at December 31, 2022 is 0.78 years (December 31, 2021 –0.94 years).

NOTE 10 – RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company defines key management personnel as being the directors and key officers.

The compensation awarded to key management personnel is as follows:

For the year ended:		December 31, 2022		December 31, 2021
Professional and consulting fees	$	180,000	$	231,250
Director fees		36,000		6,000
Share-based payments		20,500		32,000
Total compensation	**$**	**236,500**	**$**	**269,250**

Expressed in Canadian Dollars except otherwise noted

Other related party transactions

Effective May 1, 2016, the Company entered into an office rental agreement in which an officer and director is a shareholder. The Company was charged rent, office and parking expenses:

For the year ended:		December 31, 2022		December 31, 2021
Rent, office and parking	$	88,836	$	94,551

Due to related parties

Balances owed to key management personnel and related parties, which are included in accounts payable and accrued liabilities are as follows:

		December 31, 2022		December 31, 2021
Due to Chief Financial Officer	$	44,672	$	127,544
Due to directors		1,014		12,571
Due to an officer and director for rent, office and parking expenses		-		6,463
Total balance due to related parties	**$**	**45,686**	**$**	**146,578**

NOTE 11 – FINANCIAL INSTRUMENTS

Fair values

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The carrying values of cash, receivables, accounts payable and accrued liabilities, and share subscriptions payable approximate their fair values due to the immediate or short-term nature of these instruments. The fair values of loans and borrowings approximate their carrying values due to the market rate of interest being applied. There has been no significant change in credit and market interest rates since the date of its receipt.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Change in assumptions could significantly affect the estimates.

The following table summarizes the classification of the Company's financial instruments under IFRS 9 – *Financial Instruments*:

Financial assets	
Cash	Fair-value through profit and loss
Receivables and advances	Amortized cost
Share subscriptions receivable	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Loans and borrowings	Amortized cost

Expressed in Canadian Dollars except otherwise noted

Capital and risk management

The Company's objective and polices for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may issue new equity instruments or raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the period. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close cooperation with management.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing debt instrument has a fixed interest rate and is not subject to interest rate cash flow risk.

The interest-bearing financial instruments, as reported in the consolidated financial statements, have the following interest rate profile:

		December 31, 2022		December 31, 2021
Fixed rate instruments	$	60,133	$	34,122

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 generally relies on external financing or key management to provide sufficient liquidity to meet budgeted operating requirements. The following table sets forth details of the payment profile of financial liabilities based on their undiscounted cash flows:

		Total carrying amount		Contractual cash flows		Less than 1 year		1 to 5 years		More than 5 years
Accounts payable and accrued liabilities	$	641,349	$	641,349	$	641,349	$	-	$	-
Loans and borrowings		60,133		60,133		60,133		-		-
Totals	**$**	**701,482**	**$**	**701,482**	**$**	**701,482**	**$**	**-**	**$**	**-**

On April 29, 2022, the Company's concession fee liability of $771,434 was settled pursuant to the Conveyance and Mutual Termination and Release Agreement; see Note 5 for more details.

Taking into consideration the Company's current cash position, volatile equity markets, global uncertainty in the capital markets and increasing cost pressures, the Company is continuing to review its needs to seek financing opportunities in accordance to its capital risk management strategy.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains financial instruments and enters into transactions denominated in foreign currencies, principally in USD, which exposes the Company to fluctuating balances and cash flows due to various in foreign exchange rates.

Expressed in Canadian Dollars except otherwise noted

NOTE 12 – INCOME TAXES

The total income tax recovery (expense) recorded in the consolidated financial statements differs from the amount computed by applying the combined federal and provincial tax rates of 27% (2021 – 27%) to income (loss) before tax as follows:

		December 31, 2022		December 31, 2021
Loss before taxes	$	(1,289,065)	$	(5,687,586)
Statutory income tax rate		27%		27%
Expected recovery at statutory rate	$	(348,000)	$	(1,536,000)
Increase (decrease) in taxes resulting from:				
Non-deductible items and other	$	44,000	$	241,000
Change in unrecognized deferred income tax assets		304,000		1,295,000
Income tax expense (recovery)	**$**	**-**	**$**	**-**

Deferred income tax assets are recorded to the extent that the realization of the related tax benefit is probable based on estimated future earnings. Deferred income tax assets have not been recognized with respect to the following deductible temporary differences:

		December 31, 2022		December 31, 2021
Non-capital loss carried forward	$	10,300,000	$	9,280,000
Capital losses carried forward		-		46,000
Exploration and evaluation assets		8,074,000		7,302,000
Capital assets		389,000		389,000
Financing costs		10,000		15,000
Total gross deferred income tax assets	$	18,773,000	$	17,032,000
Unrecognized deferred income tax assets		**(18,773,000)**		**(17,032,000)**
Net deferred income tax asset	**$**	**-**	**$**	-

The Company has a non-capital loss of $10.300 million (2021 – $9.280 million) which is available to reduce future year's taxable income. The non-capital loss expires in 2026 through 2042 if not utilized. Management estimates future income using forecasts based on the based available current information.

NOTE 13 – SEGMENT REPORTING

All the Company's operations are in the resource sector. The Company's mineral exploration and development operations are based in Mexico, refer to Note 5 for more details. The exploration and evaluation assets and total assets identifiable within these geographical areas are as follows:

		December 31, 2022		December 31, 2021
Exploration and evaluation assets				
Canada	$	-	$	-
Mexico		-		771,434
Total exploration and evaluation assets	**$**	**-**	**$**	**771,434**

Expressed in Canadian Dollars except otherwise noted

The Company's assets by country are as follows:

		December 31, 2022		December 31, 2021
Canada	$	340,549	$	916,130
Mexico		-		771,434
Total assets	**$**	**340,549**	**$**	**1,687,564**

NOTE 14 – EVENTS AFTER REPORTING PERIOD

On February 21, 2023 the Company entered into a Letter of Intent with MatterGreen LLC ("MG"), an arm's length Oregon limited liability company, pursuant to which the Company and MG shall complete an assignment of two separate divisional patent applications for Lithium Carbonation that is a lithium extraction technology using an advanced carbon dioxide injection process covered by MG's new Non-Provisional Patent Application (the "MG Inventions"), following the assignments the Company will be the sole and exclusive owner of the Company's Divisionals derived from the MG Inventions.

On March 24, 2023, the Company granted 5,100,000 incentive stock options at an exercise price of $0.06 per common share to directors, officers and consultants. The stock options are exercisable on or before March 24, 2025.