PAN AMERICAN ENERGY CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2023 AND 2022

In Canadian Dollars, unless noted
(Unaudited)

Pan American Energy Corp.
Condensed Consolidated Interim Statements of Financial Position
As at December 31, 2023 and March 31, 2023
In Canadian Dollars, unless noted (unaudited)

As at	Notes	December 31, 2023	March 31, 2023
		$	$
ASSETS			
Cash		3,984,343	4,674,800
Accounts receivable		521,879	160,610
Prepaid expenses	**4**	1,621,330	505,736
Assets held for sale	**1**	-	296,988
TOTAL CURRENT ASSETS		**6,127,552**	**5,638,134**
Exploration and evaluation assets	**5,7**	14,354,317	4,945,332
TOTAL ASSETS		**20,481,869**	**10,583,466**
LIABILITIES			
Accounts payable and accrued liabilities		2,567,625	2,000,570
Loan payable	**6**	182,175	172,291
Other liability	**7**	398,650	660,628
Liabilities held for sale	**1**	-	4,618
TOTAL LIABILITIES		**3,148,450**	**2,838,107**
EQUITY			
Share capital	**7**	24,236,598	13,215,269
Reserves	**7**	2,879,195	1,942,673
Deficit		(9,782,374)	(7,412,583)
TOTAL EQUITY		**17,333,419**	**7,745,359**
TOTAL LIABILITIES AND EQUITY		**20,481,869**	**10,583,466**

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

Going concern (Note 2), Commitments (Notes 5 and 9) and Subsequent events (Notes 5 & 13)

Approved on behalf of the Board of Directors on February 28, 2024:

"Jason Latkowcer ", Director   *"Sean Kingsley",* Director

Pan American Energy Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the Three and Nine Months Ended December 31, 2023 and 2022
In Canadian Dollars, unless noted (unaudited)

For the Three and Nine Months Ended	Notes	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2022
		$	$	$	$
EXPENSES					
Advertising and marketing		1,000,208	492,109	1,073,146	514,109
Consulting fees	**8**	237,000	161,400	450,000	352,400
Filing fees		55,284	31,529	118,151	103,638
Office and miscellaneous		6,816	32,302	42,447	50,560
Professional fees		31,021	98,436	144,656	170,966
Share-based compensation	**5, 7**	560,339	1,060,867	1,096,293	1,551,344
OPERATING EXPENSES		**(1,890,668)**	**(1,876,643)**	**(2,924,693)**	**(2,743,017)**
OTHER EXPENSES					
Flow-through share recovery	**7**	402,418	-	454,141	-
Interest expense		(3,639)	(3,910)	(9,884)	(6,352)
Interest income		17,269	11,678	60,739	11,678
Gain on spin-out of Legacy Lithium LLC	**1**	-	-	49,906	-
Listing expense	**1**	-	-	-	(1,430,919)
Loss on debt settlement		-	-	-	(304,944)
NET AND COMPREHENSIVE LOSS		**(1,474,620)**	**(1,868,875)**	**(2,369,791)**	**(4,473,554)**
Loss per share, basic and diluted		(0.02)	(0.07)	(0.04)	(0.15)
Weighted average number of common shares outstanding – Basic and diluted		66,537,338	25,502,206	55,391,132	29,553,322

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

Pan American Energy Corp.
Condensed Consolidated Interim Statements of Changes in Equity
For the Nine Months Ended December 31, 2023 and 2022
In Canadian Dollars, unless noted (unaudited)

	Common Shares	Share Capital	Reserves	Deficit	Total Equity (Deficiency)
	Number (#)	**$**	**$**	**$**	**$**
Balance, March 31, 2022	20,000,100	1,500,001	-	(157,345)	1,342,656
Shares issued - Corporate Transaction (Note 1)	4,099,366	409,937	-	-	409,937
Shares issued - Settlement of indebtedness (Note 1)	1,270,600	533,652	-	-	533,652
Shares issued - Big Mack Lithium Property (Note 5)	392,156	200,000	-	-	200,000
Shares issued – Private placement (non-flow-through) (Note 7)	10,000,000	5,000,000	-	-	5,000,000
Shares issued – Private placement (flow-through) (Note 7)	4,615,384	2,307,692	-	-	2,307,692
Shares issued – Horizon Lithium Property (Note 5)	3,012,174	2,746,000	-	-	2,746,000
Share issuance costs (Note 7)	-	(587,763)	258,272	-	(329,491)
Vesting of options and restricted share rights	-	-	1,595,213	-	1,595,213
Net and comprehensive loss for the period	-	-	-	(4,473,554)	(4,473,554)
Balance, December 31, 2022	**43,389,780**	**12,109,519**	**1,853,485**	**(4,630,899)**	**9,332,105**
Balance, March 31, 2023	**48,302,280**	**13,215,269**	**1,942,673**	**(7,412,583)**	**7,745,359**
Shares issued – private placement (non-flow-through) (Note 7)	7,662,500	3,065,000	-	-	3,065,000
Shares issued – private placement (flow-through) (Note 7)	5,083,636	2,567,836	-	-	2,567,836
Shares issued – Horizon Lithium Property (Note 5)	8,486,715	4,025,700	-	-	4,025,700
Share issuance costs (Note 7)	-	(231,883)	76,133	-	(155,750)
Distribution of Legacy Lithium LLC (Note 1)	-	(433,700)	-	-	(433,700)
Exercise of restricted share rights (Note 7)	362,502	254,376	(254,376)	-	-
Exercise of warrants (Note 7)	16,050,000	1,774,000	-	-	1,774,000
Vesting of options and restricted share rights (Note 7)	-	-	1,114,765	-	1,114,765
Net loss and comprehensive loss for the period	-	-	-	(2,369,791)	(2,369,791)
Balance, December 31, 2023	**85,947,633**	**24,236,598**	**2,879,195**	**(9,782,374)**	**17,333,419**

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

Pan American Energy Corp.

Condensed Consolidated Interim Statement of Cash Flows

For the Nine Months Ended December 31, 2023 and 2022
In Canadian Dollars, unless noted (unaudited)

For the Nine Months Ended	December 31, 2023	December 31, 2022
	$	$
OPERATING ACTIVITIES		
Net loss for the period	**(2,369,791)**	**(4,473,554)**
Items not affecting cash		
Flow-through recovery (Note 7)	(454,141)	-
Gain on spin-out of Legacy Lithium LLC (Note 1)	(49,906)	-
Share-based compensation (Note 7)	1,096,293	1,551,344
Interest expense	9,884	-
Interest income	(60,739)	(11,678)
Listing expense (Note 1)	-	1,430,919
Loss on debt settlement (Note 1)	-	304,944
Net changes in non-cash working capital items:		
Accounts receivable	(361,269)	(46,370)
Prepaid expenses	(1,115,594)	(439,312)
Accounts payable and accrued liabilities	(342,780)	(584,199)
Net cash used in operating activities	**(3,648,043)**	**(2,267,906)**
INVESTING ACTIVITIES		
Exploration and evaluation expenditures (Note 5)	(4,457,703)	(618,031)
Interest income	60,739	11,678
Cash acquired through reverse takeover (Note 1)	-	27,405
Net cash used in investing activities	**(4,396,964)**	**(578,948)**
FINANCING ACTIVITIES		
Share issuance proceeds (Note 7)	5,825,000	8,000,000
Exercise of warrants	1,774,000	-
Share issuance costs (Note 7)	(155,750)	(329,491)
Distribution of warrant exercise proceeds to Legacy Lithium LLC	(88,700)	-
Net change in pre-acquisition loan receivable from acquiree (Note 1)	-	151,397
Net cash provided by financing activities	**7,354,550**	**7,821,906**
Net change in cash	(690,457)	4,975,052
Cash, beginning of period	4,674,800	1,310,469
Cash, end of period	**3,984,343**	**6,285,521**

No cash interest nor income taxes paid during the nine months ended December 31, 2023 (2022 – Nil). A total of $60,739 of cash interest was received during the nine months ended December 31, 2023 (2022 – Nil)

Supplemental cash flow information (Note 11)

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

In Canadian Dollars, unless noted (unaudited)

1. NATURE OF OPERATIONS

a. Corporate information

Pan American Energy Corp. (formerly “Golden Sun Mining Corp.”) (the “Company”) was incorporated under the laws of British Columbia on March 14, 2007. The Company's corporate office and principal place of business is 521 3rd Avenue SW, Suite 100, Calgary, Alberta T2P 3T3.

On May 5, 2022, the Company entered into a share purchase agreement (the “Agreement”) with 1328012 B.C. Ltd. (“Numberco”). Pursuant to the terms of the Agreement, the Company acquired all of the outstanding securities of Numberco in exchange for securities of the Company. The shareholders of Numberco received securities of the Company such that they collectively control the Company subsequent to the completion of the transaction. The transaction constitutes a reverse acquisition of the Company by Numberco for accounting purposes. Consequently, the comparative figures reported are those of Numberco.

On May 19, 2022, the Company listed its common shares on the Canadian Securities Exchange (the “CSE”) under the symbol “GSU”. On June 29, 2022, the Company changed its name to “Pan American Energy Corp.” from “Golden Sun Mining Corp.” and began trading under the symbol “PNRG”.

The Company is a Canadian corporation that is in the business of exploration and evaluation of mineral properties.

These condensed consolidated interim financial statements (the “financial statements”) were approved for issuance by the Board of Directors on February 28, 2024.

b. Corporate Transactions

Spin-out Transaction

On April 21, 2023, the Company transferred its Green Energy Lithium Property (the “Property”), together with its related assets and liabilities, to Legacy Lithium LLC in exchange for 9,665,453 common shares and 9,665,453 warrants of Legacy Lithium LLC (“Spinout Shares”), which were immediately distributed to the shareholders of the Company pursuant to the arrangement agreement (the “Spinout”). The Spinout Shares were distributed to the shareholders of the Company as return of capital on the basis of one Legacy Lithium LLC share for every five shares of the Company.

In accordance with IFRIC 17, Distribution of Non-cash Assets to Owners, the Company recognized the distribution of the Legacy Lithium LLC shares to Company’s shareholders at fair value with the difference between that value and the carrying amount of the net assets recorded in profit or loss. The fair value of the Legacy Lithium LLC shares was estimated to be $345,000 which was recorded as a reduction of share capital.

The net assets transferred to Legacy Lithium LLC and net gain on distribution of Spinout Shares consisted of the following:

	April 21, 2023
	$
Exploration and evaluation asset	299,712
Accounts payable and accrued liabilities	(4,618)
	295,094
Fair value of Legacy Lithium LLC shares distributed	345,000
Gain on spin-out	**49,906**

At March 31, 2023, all assets and liabilities related to the Property were classified as held for sale and presented in current assets and current liabilities in the consolidated statement of financial position. The assets held for sale did not meet the requirements of being recognized as discontinued operations.

In Canadian Dollars, unless noted (unaudited)

The net assets of the Property disposal group as at March 31, 2023 are as follows:

	March 31, 2023
	$
Exploration and evaluation asset	296,988
Accounts payable and accrued liabilities	(4,618)
Net assets held for sale	**292,370**

Reverse Take-over

On May 5, 2022, the Company entered into the Agreement with Numberco, pursuant to which the Company acquired 100% of the issued and outstanding securities of Numberco in exchange for 20,000,100 common shares and 20,000,000 share purchase warrants of the Company. As a result of the Agreement, securityholders of Numberco hold 20,000,100 common shares of the Company representing 82.99 percent and securityholders of the Company hold 4,099,366 common shares representing 17.01 percent of the Company. The securityholders of Numberco, therefore, controlled the Company upon completion of the Agreement. The transaction was accounted for as a reverse acquisition, with Numberco identified as the acquirer. The acquisition was completed on May 19, 2022.

The fair value of the consideration was determined based on 4,099,366 common shares issued at the price of $0.10 per share, which corresponds to the price of the most recent financing closed, totaling $409,937.

The purchase price allocation at the acquisition date was:

	$
Net assets acquired	
Cash	27,405
Accounts receivable	24,159
Prepaid expenses	10,103
Exploration and evaluation assets	167,422
Accounts payable and accrued liabilities	(933,047)
Promissory note payable	(150,000)
Loan payable	(159,171)
Listing expense[(1)]	1,423,066
Net assets acquired	**409,937**
Consideration	
Fair value of 4,099,366 shares issued	**409,937**

(1) The transaction costs, primarily relating to the acquired public exchange listing, were expensed.

2. GOING CONCERN

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company does not generate cash flow from operations to fund its exploration activities and has therefore relied upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its future operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future.

These conditions create a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements, and/or continue as a going concern, then material adjustments may be required to the carrying value of assets and liabilities and the consolidated statement of financial position classifications used. These financial statements do not include any adjustments that may arise should the Company be unable to continue as a going concern.

3. BASIS OF PRESENTATION

a. Basis of preparation

In these condensed consolidated interim financial statements, unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Company's functional and presentation currency.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2023.

b. Basis of consolidation

These condensed consolidated interim financial statements include the operations of the Company and its wholly owned subsidiaries as follows:

- 1328012 B.C. Ltd. which is incorporated in British Columbia, Canada
- Pan American Energy LLC, which is incorporated in Utah, United States
- Pan American Energy (Nevada) LLC, which is incorporated in Nevada, United States
- 1279612 B.C. Ltd., which is incorporated in British Columbia, Canada

Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

c. Foreign currencies

Items included in the condensed consolidated interim financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment it which the entity operates and then translated into the presentation currency. The Company's functional and presentation currency is the Canadian dollar.

Monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the date of the statement of financial position.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined, and the related translation differences are recognized in profit or loss, or other comprehensive loss, consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

d. Significant accounting judgments and estimates

The timely preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to estimates are recognized prospectively. As at December 31, 2023 the following have been identified as material estimates:

i. Share-based compensation
Management determines fair value for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using valuation techniques. Assumptions are made and judgment used in applying valuation techniques.

These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Similar calculations are made to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

ii. Distribution of Legacy Lithium LLC
During the nine months ended December 31, 2023, the Company was required to make an estimate of the value of the shares of Legacy Lithium LLC distributed to shareholders of the Company. Legacy Lithium LLC is not publicly listed and had no observable market price to derive a fair value. Management relied on a number of factors, similar projects and recent transactions, comparable land packages and valuation of publicly traded entities as well as historical exploration work and expenditures made on the project. The determination of the fair value of warrants using the Black-Scholes Option Pricing model requires the input of highly subjective assumptions, including expected future price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.

In the preparation of these condensed consolidated interim financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. The following critical judgments can have an effect on the amounts recognized in the condensed consolidated interim financial statements:

i. Exploration and evaluation assets
The Company is required to make certain judgments in assessing indicators of impairment of exploration and evaluation assets. Judgment is required to determine if the right to explore will expire in the near future or is not expected to be renewed.

Judgment is required to determine whether substantive expenditures on further exploration for and evaluation of mineral resources in specific areas will not be planned or budgeted. Judgment is required to determine if the exploration for and evaluation of mineral resources in specific areas have not led to the commercially viable quantities of mineral resources and the Company will discontinue such activities. Judgment is required to determine whether there are indications that the carrying amount of an exploration and evaluation property is unlikely to be recovered in full-from successful development of the project or by sale.

ii. Flow-through expenditures
The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures.

Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

In Canadian Dollars, unless noted (unaudited)

iii. Reverse acquisition

The reverse acquisition transaction required significant judgment in determining whether the transaction met the definition of a business combination under IFRS 3 Business Combinations, or whether the transaction should be assessed under IFRS 2 *Share-based Payment*. In addition, significant estimation was required to determine the fair value of the consideration paid and the fair value of the identifiable assets and liabilities acquired.

e. Recent accounting pronouncements

Definition of Accounting Estimates (Amendments to IAS 8)
Effective for year ends beginning on or after January 1, 2023. The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

Materiality of Accounting Policy Disclosure (Amendments to IAS 1)
Effective for year ends beginning on or after January 1, 2023. The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
Effective for year ends beginning on or after January 1, 2023. IAS 12 has been modified to narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offset temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations.

f. Upcoming accounting standards and interpretations

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after January 1, 2024 or later periods. The new and amended standards are not expected to have a material impact on the Company's financial statements.

4. PREPAID EXPENSES

As at December 31, 2023 and March 31, 2023, the Company's prepaid expenses were as follows:

	December 31, 2023	March 31, 2023
	$	$
Exploration costs	-	250,000
Insurance	11,083	12,500
Marketing and advertising	1,610,247	233,236
Legal	-	10,000
Total	**1,621,330**	**505,736**

In Canadian Dollars, unless noted (unaudited)

5. EXPLORATION AND EVALUATION ASSETS

As at December 31, 2023, the Company's exploration and evaluation assets were as follows:

	Green Energy	Big Mack	Horizon	Spin-Out Transaction	Total
		$	$	$	$
Balance, March 31, 2023	296,988	493,515	4,451,817	(296,988)	**4,945,332**
Option payments – cash	-	-	336,340	-	**336,340**
Option payments – shares	-	-	4,025,700	-	**4,025,700**
Expenditures	2,725	2,957,534	2,070,938	(2,725)	**5,028,472**
Spin-out transaction (Note 1)	(299,713)	-	-	299,713	**-**
Capitalized share-based compensation (Note 7)	-	18,473	-	-	**18,473**
Balance, December 31, 2023	**-**	**3,469,522**	**10,884,795**	-	**14,354,317**

The following table summarizes the Company's exploration and evaluation expenses by property and type of expense, for the nine months ended December 31, 2023:

	Green Energy	Big Mack	Horizon	Assets held for sale	Total
		$	$	$	$
Geophysics	-	300,725	-	**-**	**300,725**
Drilling	-	2,656,809	2,070,938	**-**	**4,727,747**
Reporting and administration	2,725	-	-	(2,725)	**-**
Balance, December 31, 2023	**2,725**	**2,957,534**	**2,070,938**	**(2,725)**	**5,028,472**

Big Mack Lithium Property

On August 22, 2022, the Company entered into a property option agreement ("Big Mack Option Agreement"), with Magabara Resources Corporation (the "Big Mack Vendor"), pursuant to which the Company has been granted the right to acquire up to a 90% interest in and to the Big Mack Lithium Property, which consists of a single mining lease (LEA-107832) in the Paterson Lake Area located approximately 80 kilometres north of Kenora, Ontario, Canada (the "Big Mack Lithium Property").

Pursuant to the terms of the Big Mack Option Agreement, the Company has the option to acquire a 90% interest in the Big Mack Property from the Big Mack Vendor, in consideration for completing a series of cash payments and issuances of common shares in accordance with the following schedule:

Milestones	Cash Payments	Common Share Issuances[1]	Exploration Expenditures
Phase 1: Acquire 51%			
Within thirty (30) days following the "Effective Date" (August 22, 2022) (paid)	$80,000	-	-
Within ninety (60) days following the Effective Date (issued)	-	$200,000	-
Within twelve (12) months following the Effective Date (subsequently extended by nine (9) months)	-	-	$1,000,000
Phase 2: Acquire Additional 24% (Total 75%)			
Within twelve (12) months following the Effective Date (subsequently extended by nine (9) months)	$90,000	-	-
Within twenty-four (24) months following the Effective Date	-	$400,000	$1,000,000
Phase 3: Acquire Additional 15% (Total 90%)			
Within thirty-six (36) months following the Effective Date	$30,000	$100,000	$1,000,000

Note:

In Canadian Dollars, unless noted (unaudited)

1) Common Shares to be valued based on the Canadian Securities Exchange price on the day of issuance.

During the nine months ended December 31, 2023, the Company has capitalized $18,473 in capitalized share-based compensation and $2,957,534 in costs related to the exploration and evaluation of the Big Mack Lithium Property.

On August 22, 2023 the Company received an approval by the Big Mack Vendor to extend the consideration payments due on August 22, 2023 by nine months.

Horizon Lithium Property

On September 27, 2022, the Company entered into a property option agreement ("Horizon Option Agreement"), with FMS Lithium Corporation and Horizon Lithium LLC (the "Horizon Vendors"), pursuant to which the Company has been granted the right to acquire a 100% interest in the Horizon Lithium Property (the "Horizon Property"). The Horizon Property is comprised of 839 unpatented lode mining claims covering approximately 17,334 acres of land, located in the Big Smoky and Monte Cristo Basins of Esmeralda County, Nevada.

Pursuant to the terms of the Horizon Option Agreement, the Company has the option to acquire a 100% interest in the Horizon Property from the Horizon Vendor, in consideration for completing a series of cash payments and issuances of common shares in accordance with the following schedule:

Milestones(2)	Cash Payments	Common Shares Issuances(1)
Initial Payment (within five business days of the Option Agreement)	US$250,000	US$2,000,000
First Anniversary of Receipt of Drill Permits Necessary for the Company to Undertake Exploration Drilling (the "Drill Permits")	US$250,000	US$3,000,000
Second Anniversary of Receipt of Drill Permits	US$500,000	US$4,000,000

Note:

1) Common Shares to be valued based on the greater of the 20-day volume-weighted average price ("VWAP") of the common shares prior to the issuance of such common shares and the lowest price permissible pursuant to the policies of the exchange(s) on which the common shares are then listed.
2) In addition, if during the period beginning on September 27, 2022 (the "Effective Date") and ending on the date that is five (5) years from the Effective Date, (A) the Company completes 10 consecutive drill holes on the Horizon Property, which drill holes are comprised of at least 400 meters of drilling and which drill holes have an average grade across the cumulative core of such drill holes of at least 750 parts per million lithium, the Company shall issue an additional US$1,250,000 worth of common shares, and (B) if the Company publicly discloses a National Instrument 43-101 compliant technical report declaring a mineral resource estimate on the Property containing inferred mineral resources of 2 million tonnes or greater of lithium carbonate equivalent, the Company shall issue an additional US$3,750,000 worth of common shares.

During the nine months ended December 31, 2023, the Company has capitalized $336,340 in cash payments and issued 8,486,715 shares valued at $4,025,700 in accordance with the Horizon Option Agreement, and has capitalized $2,070,938 in costs related to the exploration and evaluation of the Horizon Lithium Property.

6. LOAN PAYABLE

As outlined in Note 1b, loans payable were assumed which relate to the following:

On November 18, 2020, the Company entered into a loan agreement with a non-arm's length party for $50,000, bearing interest at Prime plus 1% per annum due on November 18, 2021. On January 28, 2021, the Company entered into a further loan agreement with a non-arm's length party for $152,518 bearing interest at a rate of 4.00% per annum due on demand or before July 1, 2021. On April 19, 2021, the Company repaid $50,000 under the 4.00% loan payable.

On November 17, 2023, a civil claim relating to the loans was filed against the Company in the Supreme Court of British Columbia for $152,518 plus applicable interests, in the alternative damages for unjust enrichment, costs associated with the claim, and any other relief as determined by the Honourable Court deems just. There has been a garnishment of $50,000 imposed against the Company an no other penalties or sanctions imposed against the Company by a court or regulatory authority relating to the claim and the Company has not entered into any settlement agreements.

As at December 31, 2023, $182,175 (March 31, 2023 – $172,291) is outstanding, including $152,518 in principal plus $29,657 in accrued interest payable (March 31, 2023 - $152,518 and $19,773, respectively).

7. SHARE CAPITAL

a) Authorized and Issued Share Capital

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

For the Nine Months Ended December 31, 2023

On November 10, 2023, the Company closed the first tranche (the "First Tranche") of a non-brokered private placement (the "Offering") for gross proceeds of $2,595,000. Pursuant to the First Tranche, the Company issued 6,487,500 units at a price of $0.40 per unit, with each $0.40 unit comprised of one common share and one common share purchase warrant entitling the holder to acquire one common share at a price of $0.55 until November 10, 2025. In connection with the closing of First Tranche, the Company paid finder's fees totalling $21,000 and issued 52,500 finder's warrants fair valued at $14,212 entitling the holder thereof to acquire one share at an exercise price of $0.55 until November 14, 2025.

On December 8, 2023, the Company closed the final tranche (the "Final Tranche") of a non-brokered private placement for gross proceeds of $470,000. Pursuant to the Final Tranche, the Company issued 1,175,000 units at a price of $0.40 per unit, with each unit comprised of one common share and one common share purchase warrant entitling the holder to acquire one share at a price of $0.55 until December 8, 2025. In connection with the closing of the Final Tranche, the Company paid finder's fees totalling $4,550 and issued 11,375 finder's warrants fair valued at $2,687 entitling the holder thereof to acquire one share at an exercise price of $0.55 until December 8, 2025.

On December 13, 2023, the Company closed a non-brokered private placement of "flow-through" (the "Offering") for gross proceeds of $1,860,000. Pursuant to the Offering, the Company issued 3,720,000 units at a price of $0.50 per unit, with each unit comprised of one flow-through common share and one half non-flow through common share purchase warrant entitling the holder to acquire one non-flow-through common share at a price of $0.65 until December 13, 2025. In connection with the closing of the Offering, the Company paid finder's fees totalling $130,200 and issued 260,400 finder's warrants fair valued at $59,234 entitling the holder thereof to acquire one share at an exercise price of $0.65 until December 13, 2025.

On December 14, 2023, the Company issued 8,486,715 common shares in accordance with the Horizon Option Agreement (Note 5), with a fair value of $4,025,700.

On December 28, 2023, the Company closed a non-brokered charity flow-through private placement (the "Offering") for gross proceeds of $900,000. Pursuant to the Offering, the Company issued 1,363,636 flow-through common shares at a price of $0.66 per share.

At December 31, 2023, the Company derecognized $454,141 of the flow-through premium as the renouncement occurred and eligible expenditures were incurred subsequently. The amount is recognized in profit or loss as a "Flow-through recovery". The remaining flow-through obligation is recorded as "Other Liability" on the Statement of Financial Position and has a balance of $398,650 at December 31, 2023.

For the Nine Months Ended December 31, 2022

On May 5, 2022, the Company entered into the Agreement with Numberco, pursuant to which the Company acquired 100% of the issued and outstanding securities of Numberco in exchange for 20,000,100 common shares and 20,000,000 share purchase warrants of the Company. As a result of the Agreement, securityholders of Numberco hold 20,000,100 common shares of the Company representing 82.99 percent and securityholders of the Company hold 4,099,366 common shares representing 17.01 percent of the Company. The securityholders of Numberco, therefore, controlled the Company upon completion of the Agreement. The transaction was accounted for as a reverse acquisition, with Numberco identified as the acquirer. The acquisition was completed on May 19, 2022.

In Canadian Dollars, unless noted (unaudited)

On June 23, 2022, the Company entered into debt settlement agreements with certain creditors of the Company, pursuant to which it discharged aggregate indebtedness of $228,708 in consideration of the issuance of a total of 1,270,600 common shares of the Company at a fair value of $0.42 per common share. The Company recognized a loss on debt settlement of $304,944.

On August 20, 2022, the Company issued 392,156 common shares in accordance with the option agreement with the Big Mack Vendor, for total proceeds of $200,000.

On October 11, 2022, the Company completed a non-brokered private placement of 10,000,000 units of the Company at $0.50 per unit for aggregate gross proceeds of $5,000,000. Each unit is composed of one common share and one common share purchase warrant. Finder's fees of $205,900 were paid and 674,100 finder's warrants fair valued at $257,322 were issued in connection with the private placement. Each finder's warrant is exercisable at $0.75 for two years from the date of issuance. There was no residual value allocated to the warrants.

On October 11, 2022, the Company completed a non-brokered private placement of 4,615,384 flow-through units (each, a "FT Unit") of the Company at $0.65 per FT Unit for aggregate gross proceeds of $3,000,000. Each FT Unit is composed of one common share, issued on a flow-through basis pursuant the Income Tax Act (Canada), and one common share purchase warrant. Each warrant is exercisable at $0.85 per share for two years from the date of issuance. Finder's fees of $123,591 were paid and 2,638 finder's warrants fair valued at $950 were issued in connection with the private placement. There was residual value allocated to the flow-through obligation, based on a $0.15 premium between the $0.65 FT Unit issued and the $0.50 unit issued. As a result, $692,308 in flow-through premium liability was recorded as an "Other Liability" on the Statement of Financial Position.

On October 17, 2022, the Company issued 3,012,174 common shares in accordance with the Horizon Option Agreement (Note 5), with a fair value of $2,746,000.

b) Share Purchase Warrants

A summary of the Company's purchase warrants ("warrants") is as follows as at December 31, 2023:

	December 31, 2023	March 31, 2023
Balance, opening	31,342,122	-
Granted	9,846,775	35,292,122
Exercised	(16,050,000)	(3,950,000)
Balance, closing	**25,138,897**	**31,342,122**

At December 31, 2023, the following warrants were outstanding:

	Exercise Price	Issued	Exercised	Remaining	Expiry Date
Granted – Corporate Transaction	$0.10	10,000,000	(10,000,000)	-	October 25, 2023
Granted – Corporate Transaction	$0.12	10,000,000	(10,000,000)	-	December 8, 2023
Granted – Private Placement	$0.75	10,674,100	-	10,674,100	October 11, 2024
Granted – Private Placement	$0.85	4,618,022	-	4,618,022	October 11, 2024
Granted – Private Placement	$0.55	6,540,000	-	6,540,000	November 10, 2025
Granted – Private Placement	$0.55	1,186,375	-	1,186,375	December 8, 2025
Granted – Private Placement	$0.65	2,120,400	-	2,120,400	December 13, 2025
Balance, December 31, 2023	**$0.44**	**45,138,897**	**(20,000,000)**	**25,138,897**	

During the nine months ended December 31, 2023, the Company had 16,050,000 warrants exercised, with an weighted average exercise price of $0.11 per warrant, for total proceeds of $1,774,000. The weighted average market value of the Company's shares for the warrants exercised was $0.49 at the time of exercise.

In Canadian Dollars, unless noted (unaudited)

As a result of the spin-out transaction (note 1), 5% of the proceeds were paid to Legacy Lithium Corp. ("LLC") for LLC to issue 1/5th of a common share of its capital to the Company's warrant holder. During the nine months ended December 31, 2023, $88,700 was distributed.

During the year ended March 31, 2023, the Company had 3,950,000 warrants exercised, with a weighted average exercise price of $0.11 per warrant, for total proceeds of $426,000. The weighted average quoted market value of the Company's shares for the warrants exercised was $0.74 at the time of exercise.

c) Share Purchase Options

The Company has established an omnibus equity incentive plan (the "Plan"), contemplating the grant of equity-based incentive awards, in the form of options, restricted share units, preferred shared units ("PSUs") and deferred share units, to employees, officers, directors and consultants of the Company. The Plan is a 10% rolling plan, pursuant to which share awards may be granted by the Company not exceeding 10% of the issued and outstanding common shares at the time of grant.

A summary of the Company's share purchase options ("options") is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2023	**1,850,000**	**$0.43**
Granted - May 16, 2023	200,000	$0.64
Granted – December 28, 2023	150,000	$0.56
Balance, December 31, 2023	**2,200,000**	**$0.46**

On May 16, 2023, the Company announced the grant of 200,000 stock options to a certain director, with an exercise price of $0.64 and fair value of $0.40 per option. The total fair value of $81,430 will be recognized as share-based compensation over the vesting period of the options. The options shall vest as follows: 50,000 shall vest immediately, with the remaining 150,000 options vesting in three equal installments on September 15, 2023, January 15, 2024 and May 15, 2024.

On December 28, 2023, the Company granted 150,000 stock options to certain directors, with an exercise price of $0.56 and fair value of $0.34 per option. The total fair value of $50,586 will be recognized as share-based compensation immediately, consistent with options immediate vesting.

At December 31, 2023, the following options were outstanding:

Grant Date	Number of Options	Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Life
April 22, 2021	300,000	300,000	$0.50	April 22, 2026	2.31
May 19, 2022	1,300,000	1,300,000	$0.35	May 19, 2024	0.38
November 10, 2022	200,000	200,000	$0.71	November 10, 2027	3.86
December 1, 2022	50,000	37,500	$0.80	December 1, 2027	3.92
May 15, 2023	200,000	100,000	$0.64	May 15, 2026	2.37
December 28, 2023	150,000	150,000	$0.56	December 28, 2025	1.99
	2,200,000	**2,087,500**	**$0.45**		**1.33**

In Canadian Dollars, unless noted (unaudited)

The fair value of each option granted was determined using the Black-Scholes option pricing model with the weighted average assumptions as follows:

	December 31, 2023	March 31, 2023
Exercise price	$0.61	$0.41
Risk-free interest rate	3.95%	2.88%
Volatility	100%	100%
Dividend yield	0.00%	0.00%
Expected life (years)	2.57	2.81
Forfeiture rate	0.00%	0.00%

During the nine months ended December 31, 2023, the Company recorded $165,458 (2022 - $31,833) as share-based compensation expense related to the vesting of the options.

d) Restricted Share Rights

A summary of the Company's restricted share rights ("RSRs") is as follows:

	Time Vesting	Performance Vesting	Total
Balance, March 31, 2023	**2,600,008**	**3,337,500**	**5,937,508**
Grant	1,075,000	50,000	**1,125,000**
Exercised	(362,502)	-	**(362,502)**
Balance, December 31, 2023	**3,362,506**	**3,337,500**	**6,700,006**

On May 16, 2023, the Company announced the grant of 350,000 RSRs to a certain director, with a fair value of $0.65 per option. The RSRs granted will vest in four equal installments of 87,500 RSUs on August 12, 2023, November 12, 2023, February 12, 2024 and May 12, 2024.

On November 22, 2023, the Company announced the grant of 50,000 RSRs to a certain consultant, with a fair value of $0.485.

On December 28, 2023, the Company announced the grant of 725,000 RSRs to certain directors and consultants, with a fair value of $0.56. The RSRs granted vested immediately.

For the nine months ended December 31, 2023, the Company recorded a total of $949,307 (2022 - $1,134,267) related to the vesting of RSRs, where $930,834 was recorded in share-based compensation and $18,473 was capitalized to "Exploration and Evaluation Assets" (Note 5).

8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

The aggregate value of transactions relating to key management personnel during the nine months ended December 31, 2023 and 2022 were as follows:

For the Nine Months Ended	December 31, 2023	December 31, 2022
	$	$
Consulting fees (to company owned by CEO)	131,000	110,000
Consulting fees (to company owned by CFO)	67,500	88,875
Share-based compensation (to directors and officers)	627,104	419,713
Total	**825,604**	**618,588**

As at December 31, 2023, a $136,064 balance was owing to key management personnel for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable and accrued liabilities (March 31, 2023 – $54,838). The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

9. COMMITMENTS

The Company has a contract with a company controlled by the CEO and Director of the Company for monthly payments of $15,000 for a period of two years beginning in May 2023.

As a result of the flow-through financing structure (see Note 7(a)) on December 13, 2023 and December 28, 2023, the Company is committed to expend $2,760,000 of flow-through share proceeds related to flow-through shares issued during the year on qualifying exploration expenditures. The Company must incur eligible expenditures within 24 months from issuing the flow-through shares. As at December 31, 2023, the Company has $2,665,183 remaining in committed flow-through proceeds to be expended on or before December 28, 2025.

10. RISK MANAGEMENT

a) Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below. The management of these risks has not changed materially from that of the prior period.

i. Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Management's assessment of the Company's exposure to credit risk on its $3,984,343 in cash (March 31, 2023 - $4,674,800) is low as the Company's cash is held with major Canadian financial institutions.

ii. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at December 31, 2023 the Company's working capital surplus is $2,979,102 (March 31, 2023 - $2,800,027), and it does not have any long-term monetary liabilities.

The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

iii. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk. Management believes the Company is not exposed to significant interest rate or to other price risk.

- **Currency Risk**
  Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The Company's has acquired exploration and evaluation assets in Utah and Nevada, United States of America. As a result, future changes in exchange rates could materially affect the viability of exploration and development activities.

In Canadian Dollars, unless noted (unaudited)

b) Fair Values

The carrying values of cash, accounts payable and accrued liabilities and loan payable approximate their fair values due to their short-term to maturity. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

11. SUPPLEMENTAL CASH FLOW INFORMATION

For the Nine Months Ended	December 31, 2023	December 31, 2022
	$	$
Distribution of Legacy Lithium LLC shares	345,000	-
Finder's warrants issued for share issuance costs	76,133	
Shares issued for purchase of exploration and evaluation assets	4,025,700	
Transfer to "Other Liability" for the flow-through premium	192,164	692,308
Interest paid	-	-

12. CONTINGENT LIABILITIES

On November 17, 2023, a civil claim has been filed against the Company in the Supreme Court of British Columbia for historical debt amounts payable of $209,283 plus applicable interests, in the alternative damages for unjust enrichment, costs associated with the claim, and any other relief as determined by the Honourable Court deems just. There have been no penalties or sanctions imposed against the Company by a court or regulatory authority relating to the claim and the Company has not entered into any settlement agreements. The amount is included in accounts payable and accrued liabilities.

13. SUBSEQUENT EVENTS

- On February 2, 2024, the Company issued 9,064,498 common shares in accordance with the Horizon Option Agreement.

- On February 12, 2024, 225,000 RSUs of the Company were exercised for 225,000 common shares of the Company.