FIRST PHOSPHATE CORP.

(formerly First Potash Corp.)

Condensed Interim Financial Statements

For the three and nine months ended November 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

Management's Responsibility for Financial Reporting

The accompanying unaudited Condensed Interim Financial Statements of First Phosphate Corp. (the “Company”) have been prepared by and are the responsibility of the management. The unaudited Condensed Interim Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the Condensed Interim Financial Statements. Where necessary, the management has made informed judgments and estimates in accounting for transactions which were not complete at the date of the Condensed Interim Statements of Financial Position. In the opinion of the management, the unaudited Condensed Interim Financial Statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standards 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances. Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited Condensed Interim Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited Condensed Interim Financial Statements and (ii) the unaudited Condensed Interim Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited Condensed Interim Financial Statements. The Board of Directors is responsible for reviewing and approving the unaudited Condensed Interim Financial Statements together with other financial information of the Company and for ensuring that management fulfils its financial reporting responsibilities. Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations and for maintaining proper standards of conduct for its activities.

Approved and authorized by the Board of Directors on January 30, 2023.

“BENNETT KURTZ”
Director

“JOHN PASSALACQUA”
Director

FIRST PHOSPHATE CORP. (formerly First Potash Corp.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)
AS AT

Assets	**November 30, 2022 $**	**February 28, 2022 $**
Current Assets		
Cash (Note 4)	483,791	-
Restricted cash (Note 4)	35,000	-
Prepaid expenses (Note 9)	133,749	-
Other receivables	75,707	
	728,247	-
Non-Current Assets		
Exploration and evaluation assets (Note 7)	4,261,124	-
Total Assets	**4,989,371**	**-**
Liabilities and Shareholders' Equity (Deficiency)		
Current Liabilities		
Accounts payable	216,914	60,178
Loans payable (Note 5)	246,540	-
Accrued liabilities	193,183	12,500
	656,637	72,678
Non-current Liability		
Promissory note payable (Note 6)	850,000	-
Total Liabilities	**1,506,637**	-
Shareholders' Equity (Deficiency)		
Capital stock (Note 8)	12,922,573	8,927,636
Contributed surplus (Note 8)	1,644,917	1,466,528
Shares to be issued (Note 8)	431,451	-
Deficit	(11,516,207)	(10,466,842)
Total Shareholders' Equity (Deficiency)	3,482,734	(72,678)
Total Liabilities and Shareholders' Equity (Deficiency)	**4,989,371**	**-**

Nature of operations (Note 1)
Going concern (Note 2)
Subsequent events (Note 12)

Approved and authorized by the Board of Directors on January 30, 2023

"BENNETT KURTZ"
Director

"JOHN PASSALACQUA"
Director

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

FIRST PHOSPHATE CORP. (formerly First Potash Corp.)
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended November 30, 2022 $	For the three months ended November 30, 2021 $	For the nine months ended November 30, 2022 $	For the nine months ended November 30, 2021 $
Expenses				
Consulting fees	237,936	-	272,886	-
Professional fees	195,331	9,771	288,815	39,876
Share based compensation	135,144	-	139,071	-
Management fees (Note 9)	70,000	-	145,000	-
Administrative expenses	67,995	-	104,783	-
Regulatory filing fees	23,369	620	55,687	8,926
Director's fees (Note 9)	16,500	-	50,000	-
Total expenses	**746,275**	**10,391**	**1,056,242**	**48,802**
Other Income				
Gain on recognition of fair value of loan	6,877	-	6,877	-
Net loss and comprehensive loss	**(739,398)**	**(10,391)**	**(1,049,365)**	**(48,802)**
Loss per common share – basic and diluted	**(0.02)**	**(0.02)**	**(0.06)**	**(0.08)**
Weighted average number of common shares outstanding	**35,940,927**	**598,718**	**17,555,423**	**598,718**

The share numbers have been adjusted retroactively to reflect a consolidation of the Company's share capital on a one new share for five hundred old shares basis effective June 1, 2022 (See Note 8).

FIRST PHOSPHATE CORP. (formerly First Potash Corp.)
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
For the nine months ended November 30, 2022 and 2021
(Expressed in Canadian Dollars)
(Unaudited)

	Capital Stock					
	Number of Shares	Amount $	Shares to be issued $	Contributed Surplus $	Deficit $	Total $
Balance, February 28, 2021	**598,718**	**8,927,636**		**1,466,528**	**(10,402,325)**	**(8,161)**
Loss for the period	-	-		-	(48,802)	(48,802)
Balance, November 30, 2021	**598,718**	**8,927,636**		**1,466,528**	**(10,451,127)**	**(56,963)**
Balance, February 28, 2022	**598,718**	**8,927,636**	**-**	**1,466,528**	**(10,466,842)**	**(72,678)**
Shares issued (See note 8)	27,929,000	2,543,250	-	-	-	2,543,250
Share issuance costs		(135,740)	-	43,245	-	(92,495)
Shares issued for acquisition of property (See notes 7, 8)	6,238,000	1,559,500	-	-	-	1,559,500
Shares issued as finder's fee for mineral properties (See notes 7, 8)	700,000	14,000	-	-	-	14,000
Options issued	-	-	-	139,071	-	139,071
Options exercised	500,000	13,927	-	(3,927)	-	10,000
Shares to be issued	-	-	431,451			431,451
Loss for the period	-	-	-	-	(1,049,365)	(1,049,365)
Balance, November 30, 2022	**35,965,718**	**12,922,573**	**431,451**	**1,644,917**	**(11,516,207)**	**3,482,734**

The share numbers have been adjusted retroactively to reflect a consolidation of the Company's share capital on a one new share for five hundred old shares basis effective June 1, 2022 (See Note 8).

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

FIRST PHOSPHATE CORP. (formerly First Potash Corp.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	For the nine months ended November 30, 2022 $	For the nine months ended November 30, 2021 $
Operating Activities		
Loss for the period	(1,049,365)	(48,802)
Non-cash expense:		
Accretion expense	3,417	-
Share based compensation	139,071	-
Gain on recognition of fair value of loan	(6,877)	-
Changes in non-cash working capital items:		
Other receivables	(75,707)	-
Restricted cash (investment in GIC held as collateral)	(35,000)	
Prepaid expenses	(133,749)	-
Accounts payable	140,748	-
Accrued liabilities	180,683	22,955
Net cash used in Operating Activities	**(836,779)**	**(25,847)**
Investing Activities		
Purchase of exploration and evaluation assets	(2,421,636)	-
Net cash used in Investing Activities	**(2,421,636)**	-
Financing Activities		
Issuance of common shares, net of share issuance costs	2,450,755	-
Proceeds from exercise of options	10,000	-
Proceeds from issue of promissory note	850,000	-
Proceeds from advance share subscriptions	431,451	-
Net cash provided by Financing Activities	**3,742,206**	-
Net change in cash for the period	483,791	(25,847)
Cash, beginning of the period	-	26,181
Cash, end of the period	**483,791**	**334**

Supplemental cash flow information

Shares issued for mineral property finder's fees	14,000	-
Purchase of exploration and evaluation assets by issue of shares	1,559,500	-
Promissory note issued for purchase of exploration and evaluation assets	250,000	-
Warrants issued for share issuance costs	(43,245)	-
Transfer of contributed surplus upon option exercise	3,927	-
Exploration and evaluation assets included in accounts payable	15,988	-

The Company paid $ nil in taxes and $6,296 in interest for the nine months ended November 30, 2022 and $ nil in taxes and interest for the nine months ended November 30, 2021

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

1. Nature of Operations

First Phosphate Corp. (the "Company") was incorporated in British Columbia on September 18, 2006. On June 29, 2022 the Company filed articles of amendment with the Province of British Columbia changing its name from First Potash Corp. to First Phosphate Corp. The address of the Company's corporate office and registered and records office is 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. Since May 2022 the Company has been in the business of acquiring and exploring igneous rock phosphate mineral properties in the Saguenay Region of Quebec for the purposes of developing and producing phosphoric acid for use in lithium iron phosphate ("LPF") batteries for the electric vehicle industry.

On March 26, 2021, the Alberta Securities Commission and British Columbia Securities Commission each issued an order revoking their previously issued cease trade orders in respect of the securities of the Company. The Company has not resumed trading despite revocation of the cease trade order. As such, the Company's status is an unlisted reporting issuer. The Company filed an application for listing with the Canadian Securities Exchange on November 15, 2022. The application is in process and has not been finalized as at the date of issuance of the financial statements.

A consolidation of the Company's common shares on a one for five hundred basis effective June 1, 2022 has been reflected retroactively throughout these condensed interim financial statements. (See Note 8)

2. Going Concern

These condensed interim financial statements have been prepared under International Financial Reporting Standards ("IFRS") applicable to a going concern, 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. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these condensed interim financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

The Company has certain committed operational milestones over the next 12 months and based on the Company's current forecasted operational and developmental spend, the Company will require additional funds to meet these milestones. While the Company has been successful in arranging financing in the past, the success of such initiatives cannot be assured.

These condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence

3. Basis of Presentation

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended February 28, 2022 ("Annual Financial Statements"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended February 28, 2022. These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the annual financial statements, except as noted in Note 3(c, e).

These financial statements were authorized for issue by the Board of Directors on January 30, 2023.

(a) Basis of measurement

These condensed interim financial statements are presented in Canadian dollars.

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments which are measured at fair value through profit or loss. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(b) Critical accounting judgements and estimates

In preparing these condensed interim financial statements, management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements except as noted in Note 3(d)

(c) Exploration and evaluation assets

Acquisition costs and exploration and evaluation expenditures are capitalized until the viability of the exploration properties is determined.
Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

3. Basis of Presentation (cont'd…)

- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of the extraction of mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

The Company recognizes liabilities for constructive or legislative and regulatory obligations, including those associated with the reclamation of mineral properties, when those obligations result from the acquisition, construction, development or normal operation of assets. Provisions are measured at the present value of the expected expenditures required to settle the obligation using a pre-tax discount rate reflecting the time value of money and risks specific to the liability. The liability is increased for accretion expense, representing the unwinding of the discount applied to the provision, and adjusted for changes to the current market-based risk-free discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The associated restoration costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the expected useful life of the asset or expensed in the period for closed sites.

(d) Share based payment transactions

The Company measures the cost of equity settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires judgment to determine the appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life, stock price, risk-free interest rates, volatility, and dividend yield. As the Company's common shares are not publicly traded, the volatility assumption requires additional judgment. The Company considers actual and expected volatility of comparable companies of similar size and industry that are publicly traded. Other valuation models are used when required.

(e) Financial Instruments

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

(Expressed in Canadian Dollars)

3. Basis of Presentation (cont'd…)

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories:

(i) those to be measured subsequently at fair value (either through other comprehensive income ("FVTOCI"), or through profit or loss ("FVTPL"); and
(ii) those to be measured at amortized cost.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The Company measures its financial instruments as below. See Note 10 for additional information on the classification of the Company's financial instruments.

Financial Instrument	Classification
Cash	FVTPL
Restricted cash	Amortized cost
Accounts payable	Amortized cost
Loans payable	Amortized cost
Promissory note payable	Amortized cost

4. Cash and restricted cash

Cash includes cash held at the bank of $482,697 and in trust of $ 1,094 (February 28, 2022 - $ nil).

Restricted cash is comprised of $35,000 investment in guaranteed investment certificate (GIC) (February 28, 2022 - $nil). The GIC is a one-year cashable term with a maturity date of October 24, 2023 and earning annual interest of 3% per annum. The GIC is held as collateral for credit cards issued to the officers of the Company.

5. Loans payable

On September 13, 2022, the Company entered into a loan payable for the principal sum of $250,000 with a maturity date of February 17, 2023 as per the agreement with Glen Eagle Resources for acquisition of mineral properties in Lac `a l'Orignal flagship area (See Note 7(a)). No interest shall accrue or be payable in respect of the principal amount. As at February 28, 2022, the Company had $nil in loans payable.

(Expressed in Canadian Dollars)

5. Loans payable (cont'd…)

	For the nine months ended November 30, 2022 $
Balance as at February 28, 2022	-
Addition to loans payable	243,123
Accretion expense	3,417
Balance as at November 30, 2022	**246,540**

The Company has recognized a gain on below market interest rate benefit of $ 6,877 relating to this loan payable.

6. Promissory note payable

On November 30, 2022, the Company issued a promissory note payable to Expoworld Ltd., a corporation owned by the CEO of the Company, of $850,000 (February 28, 2022 - $ nil) (See Note 9). The maturity date of the promissory note is February 28, 2024. The Company is required to pay interest of 8% per annum. Upon the maturity date, the principal plus accrued and unpaid interest, is due and payable and accordingly the promissory note is classified as non-current.

The contractual undiscounted cash flows are:

Future contractual undiscounted payments	Amount $
2023	-
2024	969,622

7. Exploration and Evaluation Assets

The following details the changes in exploration and evaluation assets in the Saguenay Region of Quebec for the nine months ended November 30, 2022:

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (cont'd…)

	Lac`a l'Orignal Flagship area (a) $	Begin - Lamarche area (b) $	Bluesky area (c) $	Total $
Balance as at February 28, 2022	-	-	-	-
Acquisition costs	3,181,000	222,500	240,734	3,644,234
Camp	38,057	-	-	38,057
Consulting	435,548	36,101	-	471,649
Surveying and geophysics	36,994	70,190	-	72,184
Balance as at November 30, 2022	3,691,599	328,791	240,734	4,261,124

(a) Lac `a l'Orignal flagship area

On June 17, 2022, the Company entered into an option agreement (the "Agreement"), which was subsequently amended, with an arm's length TSX Venture Exchange listed company (the "Optionor"), which provides the Company the right to acquire a 100% legal and beneficial interest, subject to an existing 1% net smelter return (NSR) royalty, in a phosphate exploration property in the Province of Quebec. Pursuant to the Agreement, the Company acquired the interest in the Property by paying a total cash consideration of $1,491,000 as follows:

(i) $191,000 on June 17, 2022, which payment was made

(ii) $300,000 on or before July 7, 2022, which payment was made

(iii) $100,000 on or before July 25 2022 (as amended), which payment was made

(iv) $400,000 on or before August 25, 2022 (as amended), which payment was made

(v) $250,000 on or before September 14, 2022 (as amended), which payment was made

(vi) $250,000 by issuing a non interest bearing promissory note with maturity date of February 17, 2023, on or before September 14, 2022. (as amended), which was issued (see Note 5)

Further, as per the agreement, the Company issued 6,000,000 of its common shares at $0.25 per share for total value of $1,500,000.

The common shares are subject to a resale restriction with 10% of such shares being released on March 31, 2023 and 15% of such shares being released every three months thereafter.

The Company purchased the 1% NSR royalty relating to this property for $50,000. Further, the Company issued 700,000 shares at $0.02 per share as finder's fees for the mineral property.

In the event the Company has more than 85,000,000 shares issued and outstanding on a fully diluted basis at the time of completing its listing on the Canadian Securities Exchange (the "CSE"), the Company is committed to issue additional shares to the optionor computed as:

7. Exploration and Evaluation Assets (cont'd…)

(a) 8.95% multiplied by; (b) the number of issued and outstanding shares on a fully diluted basis at the time of completing the CSE Listing; (c) less 6,000,000 shares already issued to the optionor.

The Company also purchased two additional mineral claims in the proximity of the Lac`a l'Orignal property for $15,000 in cash.

The Company entered into an option agreement with 2 individuals, to acquire 11 mineral claims in the Province of Quebec in the proximity of the Lac`a l'Orignal property. The Company made a payment of $90,000 in cash for the acquisition of mineral claims.

On September 12, 2022, the Company entered into an agreement to purchase 7 mining claims in this region of the Province of Quebec for total consideration of $21,000 comprised of $7,000 settled by issuing 28,000 shares at $0.25 per share and $ 14,000 in cash.

(b) Begin - Lamarche area

On July 27, 2022, the Company purchased 24 mining claims in this region of the Province of Quebec for a total consideration of $222,500 which comprised of $12,500 settled by issuing 50,000 shares at $0.25 per share and $210,000 in cash.

(c) Bluesky area

On September 12, 2022, the Company purchased 23 mining claims in this region of the Province of Quebec for total consideration of $50,000 which comprised of $40,000 settled by issuing 160,000 common shares at $0.25 per share and $10,000 in cash. Further, the Company has paid in cash $190,734 for claim staking during the nine months ended November 30, 2022

8. Capital Stock and Contributed Surplus

The authorized capital stock of the Company is an unlimited number of common shares and an unlimited number of preferred shares issuable in series.

The Company has no preferred shares outstanding.

(Expressed in Canadian Dollars)

8. Capital Stock and Contributed Surplus (cont'd…)

Common Shares

	For the nine months ended November 30, 2022		For the nine months ended November 30, 2021	
	Number of Shares	**Amount $**	**Number of Shares**	**Amount $**
Shares outstanding, beginning of the period	598,718	8,927,636	598,718	8,927,636
Issuance of shares in private placement ($0.02 per share) (see note (a) below)	19,300,000	386,000	-	-
Issuance of shares as finder's fees for mineral properties (see note (a) below)	700,000	14,000	-	-
Issuance of shares on exercise of stock options ($0.02 per share) (see note (b) below)	500,000	13,927	-	-
Issuance of shares on acquisition of exploration assets ($0.25 per share) (see note (c) below)	6,238,000	1,559,500	-	-
Issuance of shares in private placement ($0.25 per share) (see notes (d) and (e) below)	8,629,000	2,157,250		
Share issuance costs (see notes (b), (d) and (e) below)		(135,740)		-
Shares outstanding, end of the period	**35,965,718**	**12,922,573**	**598,718**	**8,927,636**

(a) On June 28, 2022, the Company issued 19,300,000 common shares at $0.02 per share for gross proceeds of $386,000. Legal fees of $11,655 were incurred by the Company relating to the private placement and were recorded as share issuance costs. Also, 700,000 shares at $0.02 per share for total value of $14,000 were issued as a finder's fee for mineral properties on the same date.

(b) On July 11, 2022, 500,000 options were exercised at the exercise price of $0.02 per share for gross proceeds of $10,000. The fair value of options on grant date was computed as $3,927 and was subsequently reclassified from contributed surplus to capital stock.

(c) On August 23, 2022, the Company issued 6,050,000 common shares at $0.25 per share under purchase agreements for exploration assets with a fair value of 1,512,500 (see notes 7(a) and 7(b)). On September 12, 2022, the Company issued 28,000 common shares at $0.25 per share for mining
claims in the Lac `a l'Orignal flagship area (see note 7(a)). The Company issued 160,000 common shares at $0.25 per share for mining claims in the Bluesky area on September 12, 2022 (see note 7(c)).

(d) On August 23, 2022, the Company issued 7,035,000 shares at $0.25 per share for gross proceeds of $1,758,750. As a broker's fee for the private placement, the Company paid $67,560, recorded as share issuance costs.

(Expressed in Canadian Dollars)

8. Capital Stock and Contributed Surplus (cont'd…)

(e) On August 31, 2022, the Company issued 1,594,000 shares at $0.25 per share for gross proceeds of $398,500. The Company paid $13,280 and issued 323,360 warrants as broker's fees for the private placements, recorded as share issuance costs. The fair value of warrants was estimated as $43,245.

As at November 30, 2022, the Company had received $431,451 towards share subscriptions, recorded as shares to be issued. (See note 12(a)).

Options

The Company adopted a Stock Option Plan (the "Plan") on August 25, 2022 (the "effective date") under which the Company is authorized to grant stock options entitling option holders to purchase up to that number of common shares that is equal to 20% of the issued and outstanding common shares of the Company as at the effective date of the Plan. The Company is authorized to issue up to 6,836,750 options.

The Board of Directors (the "Board") shall fix the exercise price of any stock option when such stock option is granted, which shall be no lower than the exercise price permitted by the CSE. A stock option shall be exercisable during a period established by the Board, which shall commence on the date of the grant and shall terminate no later than ten years after the date of the grant of the award or such shorter period as the Board may determine. Vesting conditions will be determined by the Board at each grant date except in the case of stock options issued to consultants engaged in investor relations activities which will vest in nine months in quarterly intervals beginning on the grant date.

On July 4, 2022, the Company issued 500,000 options to a Director, at an exercise price of $0.02 per share, which were exercised during the period.

On September 14, 2022 the Company issued 1,800,000 options at $0.25 per share to Directors and 800,000 options at $0.25 per share to consultants. Further, on November 1, 2022, the Company issued 475,000 options at $0.25 per share to consultants. The options vest as follows: (i) 25% vest when the common shares commence trading on a stock exchange in Canada (the "Listing"), and (ii) increments of 25% vest every six months after the listing. These options expire three years from the date of the Listing.

	Number of Options	Weighted Average Exercise Price $
Outstanding, February 28, 2022	400	35
Issued during the period	3,575,000	0.21
Expired during the period	(400)	35
Exercised during the period	(500,000)	0.02
Outstanding as at November 30, 2022	3,075,000	0.25

(Expressed in Canadian Dollars)

8. Capital Stock and Contributed Surplus (cont'd…)

The following is a summary of options outstanding as at November 30, 2022:

Expiry date	Number of options	Exercise price $	Weighted average life remaining
Three years from listing date	3,075,000	0.25	3.21

As at November 30, 2022, no options were exercisable.

During the nine months ended November 30, 2022, the Company recorded $139,071 of share based compensation related to the vesting of options (November 30, 2021 - $nil). The fair value of options was based on the Black Scholes pricing model, using the following assumptions:

	Options granted on July 4, 2022	Options granted on September 14, 2022	Options granted on November 1, 2022
Number issued	500,000	2,600,000	475,000
Share price	$0.02	$0.25	$0.25
Expected dividend yield	Nil	Nil	Nil
Exercise price	$0.02	$0.25	$0.25
Risk-free interest rate	3.15%	3.72%	3.92%
Expected volatility	100%	100%	100%
Expected forfeiture rate	0%	0%	0%
Expected expiration (years)	1.00	3.42	3.29

Warrants

During the nine months ended November 30, 2022, the Company issued 323,360 warrants at an exercise price of $0.25 per share as broker fees for private placements. As at February 28, 2022, there were 124,224 warrants outstanding with an weighted average exercise price of $0.32. The Company did not have any warrant activity during the nine months ended November 30, 2021.

	Number of warrants	Weighted Average Exercise Price $
Outstanding as at February 28, 2022	124,224	0.32
Issued on August 23, 2022	270,240	0.25
Issued on August 31, 2022	53,120	0.25
Cancelled during the period	(124,224)	0.32
Outstanding as at November 30, 2022	323,360	0.25

(Expressed in Canadian Dollars)

8. Capital Stock and Contributed Surplus (cont'd…)

The following is a summary of warrants outstanding as at November 30, 2022:

Expiry date	Number of warrants	Fair value at issue date	Weighted average life remaining
August 23, 2024	270,240	36,134	1.73
August 31, 2024	53,120	7,111	1.75

The fair value of warrants was estimated to be $43,245 at the grant date, based on the Black Scholes pricing model, using the following assumptions:

	Warrants issued on August 23, 2022	Warrants issued on August 31, 2022
Number issued	270,240	53,120
Share price	$0.25	$0.25
Expected dividend yield	Nil	Nil
Exercise price	$0.25	$0.25
Risk-free interest rate	3%	3.02%
Expected volatility	100%	100%

9. Related Party Transactions

Related parties and related party transactions impacting the accompanying condensed interim financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

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

Key management personnel compensation is comprised of:

(Expressed in Canadian Dollars)

9. Related Party Transactions (cont'd…)

	For the nine months ended	
	November 30, 2022	November 30, 2021
	$	$
Management fees	145,000	9,625
Director's fees	50,000	-
Share based compensation	89,006	-
	284,006	9,625

Due to related parties

	November 30, 2022	November 30, 2021
	$	$
Accounts payable	7,500	58,617
Promissory note payable (see note 6)	850,000	-
	857,500	**58,617**

Included in the prepaid expenses at November 30, 2022 is $17,500 ($nil as of November 30, 2021) paid in advance to officers of the Company.

10. Financial Instruments and Capital Risk Management

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash at FVTPL and restricted cash, accounts payable, loans payable at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity. The promissory note payable is carried at amortized cost and the carrying value is at the effective interest rate which approximates fair value.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company measures its cash using unadjusted quoted prices in active markets for identical assets or liabilities.

(Expressed in Canadian Dollars)

10. Financial Instruments and Capital Risk Management (cont'd…)

The Company is exposed in varying degrees to a variety of financial instrument related risks:

Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is not exposed to significant credit risk as its maximum exposure relates to cash and restricted cash balances totaling $518,791.

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 as of November 30, 2022, has $483,791 in cash, $35,000 in restricted cash, $216,914 in accounts payable, $ 246,250 in loans payable and $850,000 in promissory note payable which represents the Company's maximum exposure to liquidity risk.

The following are the contractual maturities of financial liabilities.

			As at November 30, 2022	
	Carrying amount $	**Contractual cash flows $**	**Less than 1 year $**	**1-3 years $**
Accounts payable	216,914	216,914	216,914	-
Loans payable	246,250	250,000	250,000	-
Promissory note payable	850,000	969,622		969,622

Historically, the Company's sole sources of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) 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 risk that the Company will realize a loss as a result of a change in the interest rate is low, as the Company have no investments or liabilities with variable interest rates.

10. Financial Instruments and Capital Risk Management (cont'd…)

(b) Foreign currency risk

As at November 30, 2022 and February 28, 2022, the Company's expenditures are in Canadian dollars, and any future equity raised is expected to be in Canadian dollars. As a result, the Company believes its currency risk to be minimal.

(c) Price risk

Price risk is related to equity and commodity price risks. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. As the Company holds no equity or commodity related investments or assets, the Company has no exposure to price risk.

The Company has not started extraction process and has not generated any revenue. As a result is not exposed to risks due to changes in phosphate prices but that may impact future operations.

Capital management

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

11. Segmented Information

The Company has one operating segment involved in the exploration of mineral properties. All of the Company's activities for the nine months ended November 30, 2022 were in Canada.

12. Subsequent Events

(a) **Share issuances**

The Company issued 600,000 flow-through (FT) units at $0.40 per FT unit and 685,716 units at $0.35 per unit on December 1, 2022 for gross proceeds of $240,000 and $240,001 respectively. Each FT unit consists of one flow-through share and one half of one common share purchase warrant. Each whole warrant is exercisable for one additional non-flow through share at a price of $0.50 until December 31, 2025. Each unit consists of one share and one half of one common share purchase warrant. Each whole warrant is exercisable for one additional share at a price of $0.50 until December 31, 2025. The Company issued 102,857 warrants as broker's fees for the private placement.

12. Subsequent Events (cont'd…)

On December 22, 2022, the Company issued 3,647,362 units at $0.35 per unit and 1,472,000 FT units at $0.40 per FT unit for gross proceeds of $1,276,577 and $588,800 respectively. $431,451 advance subscriptions related to these issuances were received as at November 30, 2022 (see Note 8). Each FT unit consists of one flow-through share and one half of one common share purchase warrant. Each whole warrant is exercisable for one additional non-flow through share at a price of $0.50 until December 31, 2025. Each unit consists of one share and one half of one common share purchase. Each whole warrant is exercisable for one additional share at a price of $0.50 until December 31, 2025. The Company issued 104,200 warrants as broker's fees for the private placement. Further, the Company issued 100,000 shares in settlement of debt of $94,500.

On December 30, 2022, the Company issued 1,250,000 FT units at $0.40 per FT unit for gross proceeds of $500,000. Each FT unit consists of one flow-through share and one half of one common share purchase warrant. Each whole warrant is exercisable for one additional non-flow through share at a price of $0.50 until December 31, 2025.

On January 17, 2023, the Company issued 1,574,784 units at $0.35 per unit for gross proceeds of $551,174. Each unit consists of one share and one half of one common share purchase warrant. Each whole warrant is exercisable for one additional share at a price of $0.50 until December 31, 2025. The Company issued 75,040 warrants as broker's fees for the private placement.

On December 23, 2022, the Company issued 1,800,000 options at $0.35 per share to its Directors and 1,350,000 options at $0.35 per share to its consultants. The options vest as follows: (i) 25% vest when the common shares commence trading on a stock exchange in Canada (the "Listing"), and (ii) increments of 25% vest every six months after the listing. These options expire three years from the date of the Listing.

(b) **Investment and purchase of license**

On January 10, 2023, the Company entered into an investment and licensing option agreement with Integrals Power Limited ("IPL"), a UK company, under the terms of which the Company acquired 7,386 IPL shares for £50,000 and an option to acquire a license to use IPL technology for a further payment of £950,000. The Company is committed to a 1.5% royalty per kilogram of LFP cathode active material sold from the facility which uses IPL technology.