

FOREMOST LITHIUM RESOURCE & TECHNOLOGY LTD.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

March 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Foremost Lithium Resource & Technology Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Foremost Lithium Resource & Technology Ltd. (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of income (loss) and comprehensive income (loss), cash flows, and changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the year 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 in our audit 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 consolidated financial statements, which indicates that the Company has a deficit at March 31, 2023 of \$17,869,111 and has suffered recurring losses from operations and has a net working capital deficiency in the amount of \$2,117,473. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that casts significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of Foremost Lithium Resource & technology Ltd. for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on August 2, 2022.

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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern section*, we have determined the matters described below to be the key audit matters to be communicated in our auditors report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$12,477,791 as of March 31, 2023.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Obtaining confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 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:

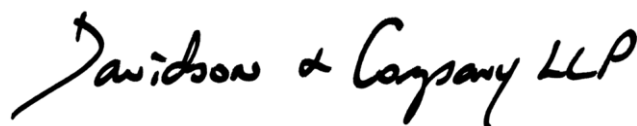
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

July 25, 2023

FOREMOST LITHIUM RESOURCE & TECHNOLOGY LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT MARCH 31,

	Note	2023	2022
ASSETS			
Current assets			
Cash		\$ 574,587	\$ 235,455
GST receivable		132,515	85,891
Prepaid expenses and deposits		56,710	55,948
Net investment in sublease	5	<u>31,537</u>	<u>56,823</u>
Total current assets		795,349	434,117
Non-current assets			
Prepaid expenses and deposits		24,404	253,302
Long-term investment	4	2,900	8,000
Exploration and evaluation assets	6	12,477,791	7,191,122
Net investment in sublease	5	<u>-</u>	<u>31,537</u>
Total assets		\$ 13,300,444	\$ 7,918,078
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7, 11	\$ 1,621,721	\$ 1,032,492
Short-term loans payable	8	1,216,715	7,500
Lease obligation	5	34,386	61,954
Loan payable	9	<u>40,000</u>	<u>-</u>
Total current liabilities		2,912,822	1,101,946
Long-term loans payable	9	-	40,000
Lease obligation – long-term	5	<u>-</u>	<u>34,386</u>
Total liabilities		<u>2,912,822</u>	<u>1,176,332</u>
Equity			
Capital stock	10	26,449,839	24,164,441
Reserves	10	1,806,894	2,294,394
Deficit		<u>(17,869,111)</u>	<u>(19,717,089)</u>
Total equity		<u>10,387,622</u>	<u>6,741,746</u>
Total liabilities and equity		\$ 13,300,444	\$ 7,918,078

Nature and continuance of operations (Note 1)

Contingencies (Note 15)

Subsequent event (Note 17)

Approved and authorized on behalf of the Board on July 25, 2023:

“Jason Barnard”
Jason Barnard

Director

“Andrew Lyons”
Andrew Lyons

Director

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

FOREMOST LITHIUM RESOURCE & TECHNOLOGY LTD.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian dollars)
FOR THE YEARS ENDED MARCH 31,

	Note	2023	2022
EXPENSES			
Consulting	11	\$ 405,138	\$ 219,743
Interest expense	5,8	104,031	112,478
Investor relations and promotion	11	157,983	267,376
Management and director fees	11	381,819	375,264
Office and miscellaneous	5	87,866	33,681
Property investigation costs		4,399	-
Professional fees		1,576,974	443,264
Share-based payments	10,11	815,428	2,482,219
Transfer agent and filing fees		75,446	85,914
Travel		31,466	53,806
Loss before other items		(3,640,550)	(4,073,745)
OTHER ITEMS			
Finance income on sublease	5	8,879	16,290
Foreign exchange loss		(29,423)	(5,734)
Gain (loss) on forgiveness of debt	7	184,813	(93,658)
Gain on sublease	5	5,925	5,925
Gain on sale of property	6	3,500,000	-
Loss on long-term investment	4	(5,100)	-
Recovery of flow-through premium liability	10	977,534	-
Write-off of prepaid expenses		(48,000)	-
Write off of short-term loans payable	8	2,500	-
Income (loss) and comprehensive income (loss) for the year		\$ 956,578	\$ (4,150,922)
Basic income (loss) per common share		\$ 0.25	\$ (1.27)
Diluted income (loss) per common share		\$ 0.24	\$ (1.27)
Weighted average number of common shares outstanding – basic		3,836,323	3,276,627
Dilutive effect - options		85,182	-
Dilutive effect - warrants		11,181	-
Weighted average number of common shares outstanding – diluted		3,932,686	3,276,627

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

FOREMOST LITHIUM RESOURCE & TECHNOLOGY LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED MARCH 31,

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) and comprehensive income (loss) for the year	\$ 956,578	\$ (4,150,922)
Items not involving cash:		
Share-based payments	815,428	2,482,219
Interest expense	8,151	17,749
Gain on sale of property	(3,500,000)	-
Recovery of flow-through premium liability	(977,534)	-
Finance income on sublease	(8,879)	(16,290)
Forgiveness of debt	(184,813)	93,658
Shares for services	-	42,933
Loss on long-term investment	5,100	-
Write off of prepaid	48,000	-
Write off of short-term loans payable	(2,500)	-
Changes in non-cash working capital items:		
GST receivable	(46,624)	(42,982)
Prepaid expenses and deposits	(762)	(229,222)
Accounts payable and accrued liabilities	411,116	400,388
Net cash used in operating activities	<u>(2,476,109)</u>	<u>(1,402,469)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation acquisition costs	(294,962)	(220,029)
Exploration and evaluation expenditures	(4,368,564)	(871,379)
Exploration and evaluation recoveries	300,000	200,000
Receipt of sublease payments	65,702	65,702
Sale of property	3,500,000	-
Net cash used in investing activities	<u>(797,824)</u>	<u>(825,706)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placements	1,661,807	592,365
Share issue costs	(99,624)	(1,785)
Exercise of warrants	1,059,017	701,889
Exercise of options	77,750	850,575
Short-term loan received	985,742	-
Repayment of lease obligation	(71,627)	(71,627)
Net cash provided by financing activities	<u>3,613,065</u>	<u>2,071,417</u>
Change in cash for the year	339,132	(156,758)
Cash, beginning of the year	235,455	392,213
Cash, end of year	\$ 574,587	\$ 235,455
Cash paid during the period for interest and taxes	\$ 88,000	\$ -

Supplemental disclosures with respect to cash flow (Note 12)

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

FOREMOST LITHIUM RESOURCE & TECHNOLOGY LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Capital stock		Subscriptions received in advance	Reserves	Deficit	Total equity
	Shares	Amount				
Balance, March 31, 2021	3,104,347	\$ 20,169,728	\$ 40,000	\$ 1,140,567	\$ (15,600,786)	\$ 5,749,509
Acquisition of exploration and evaluation assets	16,194	94,963	-	-	-	94,963
Private placements	87,966	592,365	-	-	-	592,365
Share issuance costs	-	(1,785)	-	-	-	(1,785)
Share issued – options exercised	186,700	1,611,848	-	(761,273)	-	850,575
Share issued – warrants exercised	155,134	741,889	(40,000)	-	-	701,889
Shares issued – PSU’s redeemed	30,000	532,500	-	(532,500)	-	-
Shares issued for debt	20,000	380,000	-	-	-	380,000
Shares issued for services	8,178	42,933	-	-	-	42,933
Shares-based payments	-	-	-	2,482,219	-	2,482,219
Options expired/forfeited	-	-	-	(34,619)	34,619	-
Loss for the year	-	-	-	-	(4,150,922)	(4,150,922)
Balance, March 31, 2022	3,608,519	24,164,441	-	2,294,394	(19,717,089)	6,741,746
Acquisition of exploration and evaluation assets	17,595	152,454	-	-	-	152,454
Private placements	97,753	1,661,807	-	-	-	1,661,807
Flow-through premium	-	(977,534)	-	-	-	(977,534)
Shares issuance costs	-	(99,624)	-	-	-	(99,624)
Shares issuance costs – agents warrants	-	(22,000)	-	22,000	-	-
Shares issued – options exercised	13,000	156,278	-	(78,528)	-	77,750
Shares issued – warrants exercised	212,750	1,059,017	-	-	-	1,059,017
Share issued – PSU redeemed	20,000	355,000	-	(355,000)	-	-
Share-based payments	-	-	-	815,428	-	1,538,924
Options expired/forfeited	-	-	-	(891,400)	891,400	-
Income for the year	-	-	-	-	956,578	956,578
Balance, March 31, 2023	3,969,617	\$ 26,449,839	-	\$ 1,806,894	\$ (17,869,111)	\$ 10,387,622

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

FOREMOST LITHIUM RESOURCE & TECHNOLOGY LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

March 31, 2023

1. NATURE AND CONTINUANCE OF OPERATIONS

Foremost Lithium Resource & Technology Ltd. (the "Company") which was incorporated under the laws of the Province of British Columbia, is a public company listed on the Canadian Securities Exchange (the "CSE") and trades under the symbol FAT. The Company's head office is located at 2500 – 700 West Georgia Street, Vancouver, BC, V7Y 1K8. The Company's registered and records office is located at 2500 – 700 West Georgia Street, Vancouver, BC, V7Y 1K8.

On January 4, 2022, the Company changed its name to Foremost Lithium Resource & Technology Ltd.

On February 14, 2022, the Company began trading on the OTCQB Venture Market in the United States under the symbol FRRSF.

On July 5, 2023, the Company consolidated its common shares on the basis of fifty (50) pre-consolidation common shares for one (1) post-consolidation common share. All shares, warrants and stock options in these consolidated financial statements are on post consolidated basis.

The Company is an exploration company focused on the identification and development of high potential mineral opportunities in stable jurisdictions.

Going concern of operations

These consolidated 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. As at March 31, 2023, the Company has had significant losses resulting in a deficit at March 31, 2023 of \$17,869,111 (2022 - \$19,717,089). As at March 31, 2023, the Company also had a working capital deficiency of \$2,117,473 (2022 - \$667,829). In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares and short-term loans. The Company continues to seek capital through various means including the issuance of equity and/or debt. These material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

FOREMOST LITHIUM RESOURCE & TECHNOLOGY LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

March 31, 2023

2. BASIS OF PREPARATION**Basis of measurement**

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

Basis of consolidation

The consolidated financial statements include the financial statements of Foremost Lithium Resource & Technology Ltd. and its subsidiaries, Sierra Gold & Silver Ltd. and Sequoia Gold & Silver Ltd.

Name of Subsidiary	Country of Incorporation	Principal Activity	Proportion of Ownership Interest	
			March 31, 2023	March 31, 2022
Sierra Gold & Silver Ltd.	USA	Holding Company	100%	100%
Sequoia Gold & Silver Ltd.	Canada	Holding Company	100%	100%

All intercompany balances and transactions have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES**Use of estimates and judgments**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Significant accounting judgments and critical accounting estimates

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

- i) Assessment of any indicators of impairment of the carrying value of the Company's exploration and evaluation assets;
- ii) The ability of the Company to continue as a going concern; and
- iii) Contingencies by their nature, will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company is involved in certain claims as described in Note 15, and the likelihood or outcomes of these claims involves the exercise of significant judgement.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and cash equivalents. Cash equivalents are short-term, highly liquid holdings that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company does not currently hold any cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the period end date exchange rates.

The functional currency of the parent entity and its subsidiaries is the Canadian dollar, which is also the presentation currency of the consolidated financial statements.

Government grants

Government grants are recognized when 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 income on a systematic basis over the period the expense costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the cost of the asset is reduced by the amount of the grant and the grant is recognized as a reduced depreciation expense over the expected useful life of the asset.

Mineral properties – exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the year in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of the property are capitalized. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

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

Exploration and evaluation assets are classified as intangible assets.

The Company enters into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

The Company accounts for mining tax credits as a reduction to capitalized exploration costs when there is reasonable assurance of receipt.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

Decommissioning obligations:

The Company's activities may give rise to dismantling, decommissioning and site disturbance re-mediation activities. A provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Contingencies

A contingent liability is a possible obligation, and a contingent asset is a possible asset, that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability may also be a present obligation that arises from past events that is not recognized because it is not probable that an outflow of economic resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's long-lived assets, including mineral property interests, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flows characteristics of the financial asset.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest.

If the business model is not to hold the debt instrument, it is classified as fair value through profit or loss (“FVTPL”). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at fair value through other comprehensive income (“FVTOCI”).

Fair value through profit or loss (“FVTPL”) – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income (loss) and comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of income (loss) and comprehensive income (loss) in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Fair value through other comprehensive income (“FVTOCI”) - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost using the effective interest method if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

The following table shows the classification and measurement of the Company’s financial instruments under IFRS 9:

Financial assets/liabilities	Classification and measurement
Cash	at amortized cost
Long-term investment	at FVTPL
Net investment in sublease	at amortized cost
Accounts payable and accrued liabilities	at amortized cost
Lease obligation	at amortized cost
Short-term loans payable	at amortized cost
Long-term loans payable	at amortized cost

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified at FVTPL are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at FVTPL are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Impairment of financial assets at amortized cost

The Company recognizes the expected credit losses (“ECL”) model on a forward-looking basis on financial assets that are measured at amortized cost, contract assets and debt instruments carried at FVTOCI.

At each reporting date, the Company measures the ECL for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the ECL for the financial asset at an amount equal to twelve month expected credit losses. The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables.

The Company recognizes in profit and loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The loss allowance was \$Nil as at March 31, 2023.

Derecognition of financial assets and financial liabilities

A financial asset is derecognized when the contractual right to the asset’s cash flows expire; or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

The Company derecognizes a financial liability when its obligations are discharged, cancelled or expired.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affects neither accounting nor taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the year ended March 31, 2023, 141,118 (2022 – 239,300) stock options & performance stock options, 18,584 (2022 – 281,344) warrants and Nil (2022 – 250,000) performance share units were not included in the calculation of dilutive earnings per share as their inclusion was anti-dilutive.

Basic income (loss) per share is calculated using the weighted average number of common shares outstanding during the year.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized in share-based payment reserve over the vesting period. Consideration paid for the shares along with the fair value recorded in share-based payment reserve on the exercise of stock options is credited to capital stock. When vested options are cancelled, forfeited, or are not exercised by the expiry date, the amount previously recognized in share-based payment reserve is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received. Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

For performance share units and stock options with vesting containing a market condition, the grant date fair value is measured using the Monte Carlo model to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The expense recognized for performance-based stock-based compensation instruments is based on an estimation of the probability of achieving the market condition and the timing of the achieving of the market condition, which is difficult to predict. The fair value is recognized straight line over the life of the performance share units or stock options which vest based on a market condition. Upon achieving a market condition, the awards shall vest and any unvested fair value related to the vested awards will be accelerated and recognized.

Share issue costs

Share issue costs are deferred and charged directly to capital stock on completion of the related financing. If the financing is not completed, share issue costs are charged to operations. Costs directly identifiable with the raising of capital will be charged against the related capital stock.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss at the same time the qualifying expenditures are made.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

When the Company enters into a sublease, it determines at lease inception date whether each sublease is a finance lease or an operating lease based on whether the contract transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the sublease is a finance lease; if not then it is an operational lease.

For finance leases, and when the Company acts as intermediate lessor, it recognizes a sublease receivable and derecognizes the right-of-use assets relating to the head lease that it transfers to the sub leases. Right-of-use assets and net investment in sublease receivables relating to the subleases are measured in the same way as the right-of-use assets and lease liabilities for the head lease, using the same discount rate for the actualization of future payments to be received.

New accounting standards issued and effective

Certain new standards, interpretations, and amendments to existing standards have been issued by the IASB or IFRC that are mandatory for accounting years beginning on or after January 1, 2022. New accounting pronouncements that are not applicable or are not consequential to the Company have been excluded in the preparation of these consolidated financial statements.

- i) **Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)** - The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (example would be the allocation of the depreciation charge for property, plant and equipment used in fulfilling the contract).

These amendments are effective for reporting periods beginning on or after January 1, 2022. The adoption of this new accounting standard had no material impact on the Company's consolidation financial statements for the current year.

A number of new standards, and amendments to standards and interpretations, are not effective and have not been early adopted in preparing these consolidated financial statements. The following accounting standards and amendments are effective for reporting periods beginning on or after January 1, 2024:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1) - The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

The adoption of this new accounting standard is not expected to have a material impact on the Company's consolidation financial statements.

FOREMOST LITHIUM RESOURCE & TECHNOLOGY LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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March 31, 2023

4. LONG-TERM INVESTMENT

	March 31, 2023			March 31, 2022		
	Number of shares	Cost	Fair Value	Number of shares	Cost	Fair Value
Alchemist Mining Inc.	5,000	\$ 4,750	\$ 2,900	10,000	\$ 9,500	\$ 8,000

At March 31, 2020, the Company held 10,000 Alchemist shares with a cost of \$9,500. The Company classified the Alchemist shares as an investment at fair value through profit or loss.

During the year ended March 31, 2023, the Company wrote off 5,000 misplaced shares resulting in a loss on long-term investment of \$2,900. At March 31, 2023, the Company valued the shares at \$2,900 (2022 - \$8,000) and recorded an unrealized loss of \$2,200 (2022 - \$Nil) from changes in the fair value.

5. LEASES

For the year ending March 31, 2023, interest expense on the lease obligation was \$9,673 (2022 - \$17,749). The lease term matures on September 30, 2023. The below tables show the continuity of lease obligation and the reconciliation between the undiscounted and discounted balances:

Lease obligation, March 31, 2021	\$	150,218
Interest expense		17,749
Payments made		(71,627)
Lease obligation, March 31, 2022		96,340
Interest expense		9,673
Payments made		(71,627)
Lease obligation, March 31, 2023		34,386
Current portion		(34,386)
Non-current portion	\$	-
		March 31, 2023
Less than one year	\$	35,813
Greater than one year		-
Total lease obligation - undiscounted		35,813
Unamortized interest		(1,427)
Total lease obligation - discounted	\$	34,386

The weighted average incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 15%.

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5. LEASES (cont'd...)

During the year ended March 31, 2023, the Company recognized a gain on sublease of \$5,925 (2022 - \$5,925).

For the year ending March 31, 2023, finance income of the net investment in sublease was \$8,879 (2022 - \$16,290). The sublease term matures on September 30, 2023. The below tables show the continuity of net investment in sublease and the reconciliation between the undiscounted and discounted balances:

Net investment in sublease, March 31, 2021	\$	137,772
Finance income		16,290
Payments received		(65,702)
Net investment in sublease, March 31, 2022		88,360
Finance income		8,879
Payments received		(65,702)
Net investment in sublease, March 31, 2023		31,537
Current portion		(31,537)
Non-current portion	\$	-
		March 31, 2023
Less than one year	\$	32,851
Greater than one year		-
Total net investment in sublease – undiscounted		32,851
Unamortized finance income		(1,314)
Total net investment in sublease – discounted	\$	31,537

FOREMOST LITHIUM RESOURCE & TECHNOLOGY LTD.
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6. EXPLORATION AND EVALUATION ASSETS

During the year ended March 31, 2023, the following exploration expenditures were incurred on the exploration and evaluation assets:

	Zoro Property	Grass River Property	Winston Property	Peg North Property	Jean Lake Property	Jol Lithium Property	Total
Acquisition costs							
Balance, March 31, 2022	\$ 1,909,407	\$ 40,500	\$ 1,200,586	\$ -	\$ 50,000	\$ -	\$ 3,200,493
Cash	-	3,000	133,962	100,000	50,000	8,000	294,962
Shares	-	-	-	100,000	50,000	2,454	152,454
Balance, March 31, 2023	1,909,407	43,500	1,334,548	200,000	150,000	10,454	3,647,909
Exploration costs							
Balance, March 31, 2022	3,402,511	-	244,216	-	343,902	-	3,990,629
Assay	805	-	-	-	496	-	1,301
Drilling	29,084	-	-	-	-	-	29,084
Geological, consulting and other	780,155	412,874	127,693	498,213	1,397,541	38,365	3,254,841
Helicopter	441,004	183,250	-	162,259	1,067,514	-	1,854,027
Exploration cost recovery	-	-	-	-	(300,000)	-	(300,000)
Balance, March 31, 2023	4,653,559	596,124	371,909	660,472	2,509,453	38,365	8,829,882
Total Balance, March 31, 2023	\$ 6,562,966	\$ 639,624	\$ 1,706,457	\$ 860,472	\$ 2,659,453	\$ 48,819	\$ 12,477,791

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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

During the year ended March 31, 2022, the following exploration expenditures were incurred on the exploration and evaluation assets:

	Zoro Property	Grass River Property	Winston Property	Jean Lake Property	Total
Acquisition costs					
Balance, March 31, 2021	\$ 1,764,444	\$ -	\$ 1,121,057	\$ -	\$ 2,885,501
Cash	75,000	40,500	79,529	25,000	220,029
Shares	69,963	-	-	25,000	94,963
Balance, March 31, 2022	1,909,407	40,500	1,200,586	50,000	3,200,493
Exploration costs					
Balance, March 31, 2021	3,203,419	-	174,732	-	3,378,151
Assay	1,216	-	4,712	-	5,928
Drilling	150,633	-	-	-	150,633
Geological, consulting and other	47,243	-	64,772	268,512	380,527
Helicopter	-	-	-	275,390	275,390
Exploration cost recovery	-	-	-	(200,000)	(200,000)
Balance, March 31, 2022	3,402,511	-	244,216	343,902	3,990,629
Total balance, March 31, 2022	\$ 5,311,918	\$ 40,500	\$ 1,444,802	\$ 393,902	\$ 7,191,122

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Zoro Property

Zoro I

The Company has earned a 100% interest in the Zoro I Claim in the Snow Lake area in Manitoba by paying a total of \$150,000 in cash and issuing 140,000 common shares (valued at \$635,000).

In addition, during the year ended March 31, 2017, the Company issued 20,000 common shares to an arm's length party at a fair value of \$135,000 as a finder's fee on the Zoro I option agreement.

Zoro North

The Company earned 100% interest of all lithium-bearing pegmatites and lithium related minerals near Snow Lake, Manitoba subject to a 2% net smelter return royalty ("NSR") by paying a total of \$250,000 in cash, issuing \$250,000 in shares (52,656 shares issued) and incurring \$1,000,000 of exploration expenditures.

The Company can acquire an undivided fifty percent interest in the NSR, being one-half of the NSR or a 1% NSR by making a \$1,000,000 cash payment, together with all accrued but unpaid NSR at the time, prior to the commencement of commercial production.

During the option period, the Company will be solely responsible for carrying out and administering exploration, development and mining work on the property and for maintaining the property in good standing.

Green Bay Claims

The Company has earned a 100% interest in all lithium-bearing pegmatites and lithium related minerals in Manitoba by paying \$250,000 in cash and issuing \$250,000 in shares (54,494 shares issued).

The property is subject to a 2% NSR. The Company can acquire an undivided fifty percent interest in the NSR, being one-half of the NSR or a 1% NSR from Strider Resources Limited ("Strider") by making a \$1,000,000 cash payment to Strider, together with all accrued but unpaid NSR at the time, prior to the commencement of commercial production.

During the option period, the Company is responsible for carrying out and administering exploration, development and mining work on the property and for maintaining the property in good standing.

Grass River Property

During the year ended March 31, 2022, the Company staked claims on the Grass River Property in the Snow Lake area of Manitoba for \$40,500. During the year ended March 31, 2023, the Company staked claims on the Grass River Property in the Snow Lake area of Manitoba for \$3,000.

Peg North Property

During the year ended March 31, 2023, the Company entered into an option agreement to acquire a 100% interest in the Peg North claims located in the Snow Lake mining district in Manitoba upon completion of the following:

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Peg North Property (cont'd...)

- a) Cash payments of \$750,000 as follows;
 - i) Cash payment of \$100,000 on or before June 23, 2022 (paid);
 - ii) Cash payment of \$100,000 on or before June 9, 2023 (paid subsequently);
 - iii) Cash payment of \$100,000 on or before June 9, 2024;
 - iv) Cash payment of \$150,000 on or before June 9, 2025;
 - v) Cash payment of \$150,000 on or before June 9, 2026;
 - vi) Cash payment of \$150,000 on or before June 9, 2027; and

- b) Issuance of \$750,000 in shares of the Company as follows;
 - i) Issue \$100,000 in common shares on or before June 23, 2022 (issued 10,526 shares);
 - ii) Issue \$100,000 in common shares on or before June 9, 2023 (issued subsequently);
 - iii) Issue \$100,000 in common shares on or before June 9, 2024;
 - iv) Issue \$150,000 in common shares on or before June 9, 2025;
 - v) Issue \$150,000 in common shares on or before June 9, 2026;
 - vi) Issue \$150,000 in common shares on or before June 9, 2027; and

- c) Incurring exploration expenditures totaling \$3,000,000 (incurred \$465,264) due on or before June 9, 2027.

The property is subject to a 2% NSR. Pursuant to a second agreement, entered into during the year ended March 31, 2023, the Company can make a one-time \$1,500,000 payment to re-purchase 1% of the NSR once the 100% interest has been achieved.

Hidden Lake Property

During the year ended March 31, 2023, the Company sold its 60% interest in the Hidden Lake Project in Yellowknife, NWT for \$3,500,000, which was previously written off resulting in a gain on sale of property of \$3,500,000.

Winston Property

During the year ended March 31, 2023, the Company amended the terms of the option agreement and acquired a 100% interest in the Winston Property by issuing a US\$75,000 promissory note (US\$25,000 paid) (Note 8). The promissory note is due on October 15, 2023 and is non interest bearing.

In accordance with the terms and condition of the underlying purchase agreement in order to complete the acquisition of the Ivanhoe/Emporia claims, the Company is required to pay the original owner of the claims the remaining purchase price of US\$361,375 (US\$42,000 paid). Before the remaining purchase price is paid in full, the Company is subject to a minimum monthly royalty payment based on monthly average silver price which reduces the remaining purchase price once paid. The accrued minimum monthly royalty payments outstanding as of March 31, 2023, totals US\$231,125 (2022 – US\$207,125). The agreement also entitles the owner to a permanent 2% NSR.

Prior to acquiring the 100% interest, during prior fiscal years, the Company had the following option agreements which are now superseded:

During the year ended March 31, 2015, the Company entered into an option agreement with Redline Minerals Inc., Redline Mining Corporation and Southwest Land & Exploration Inc. (collectively, the “Optionors”) to acquire up to an 80% interest in the Winston Property consisting of the Little Granite claims and the Ivanhoe/Emporia claims located in Sierra County, New Mexico, U.S.A.

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Winston Property (cont'd...)

During the years ended March 31, 2016 and 2017, the Company amended the option agreement with the Optionors to acquire an initial 50% interest upon completion of the following:

- a) Cash payment of non-refundable deposits of \$35,000 (paid);
- b) Cash payments of \$81,250 (paid);
- c) Cash payment of \$13,750 on or before November 15, 2014 (paid);
- d) Share issuance of 6,000 common shares of the Company on January 15, 2015 (issued);
- e) Cash payments of \$120,000 as follows:
 - i) Cash payment of \$40,000 on or before February 28, 2016 (paid);
 - ii) Cash payment of \$40,000 on or before June 1, 2016 (paid);
 - iii) Cash payment of \$40,000 on or before June 1, 2017 (see amended terms below);
- f) Issuance of 50,000 common shares (30,000 shares issued) of the Company as follows:
 - i) Issue 10,000 common shares on or before October 17, 2014 (issued);
 - ii) Issue 10,000 common shares on or before October 17, 2015 (issued);
 - iii) Issue 10,000 common shares on or before October 17, 2016; (issued)
 - iv) Issue 10,000 common shares on or before October 17, 2017 (superseded, see above);
 - v) Issue 10,000 common shares on or before October 17, 2018 (superseded, see above); and
- g) Incurring exploration expenditures totaling \$300,000 due on or before October 17, 2017 (superseded, see above).

The agreement was also amended to include a further option to acquire up to an additional 30% (80% in total interest).

In exchange for the amendment of the option agreement, the Company issued 2,000 common shares at a fair value of \$3,000 on February 26, 2016.

During the year ended March 31, 2017, the Company made a \$25,000 cash payment to the original vendors of the Winston Property.

During the year ended March 31, 2018, the Company's wholly owned subsidiary offered to acquire a 100% interest to the claims from the Optionors by completing the following:

- a) Cash payment of \$35,000 (paid);
- b) Issuance of 50,000 common shares of the Company (issued and valued at \$275,000); and
- c) Issuance of a \$50,000 non-interest-bearing promissory note which is repayable on August 24, 2017 (issued and repaid).

In accordance with the terms and condition of the underlying purchase agreement in order to complete the acquisition of the Little Granite claims, the Company is required to make the following payments:

- a) Cash payments of US \$12,000 on or before July 15, 2017 (paid)
- b) Cash payments of US \$6,000 on or before March 31, 2018 (paid);
- c) Cash payments of US \$12,000 on or before July 15, 2018 (paid);
- d) Cash payments of US \$12,000 on or before July 15, 2019 (paid);
- e) Cash payments of US \$12,000 on or before July 15, 2020 (paid);
- f) Cash payment of US \$19,000 on or before October 1, 2020 (paid);
- g) Cash payment of US \$19,000 on or before October 1, 2021 (paid);
- h) Cash payments of US \$380,000 on or before October 1, 2022 (paid US\$19,000) (see amended terms above).

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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Jean Lake Property

On July 30, 2021, the Company entered into an option agreement with Mount Morgan Resources Ltd. to acquire a 100% interest in Jean Lake lithium-gold project located in Manitoba.

The option agreement provides for the Company to earn a 100% interest over four years by cash payments and share issuances to Mount Morgan Resources Ltd. and exploration expenditures as follows:

- i) \$25,000 cash (paid) and common shares of the Company having a value of \$25,000 (5,000 shares issued) on or before August 1, 2021;
- ii) \$50,000 cash (paid), \$50,000 in common shares (6,704 shares issued) and \$50,000 exploration expenditures (incurred) on or before July 30, 2022;
- iii) \$50,000 cash, \$50,000 in common shares and \$100,000 (accumulated) exploration expenditures (incurred) by July 30, 2023;
- iv) \$50,000 cash, \$50,000 in common shares and \$150,000 (accumulated) exploration expenditures (incurred) by July 30, 2024;
- v) \$75,000 cash, \$75,000 in common shares and \$200,000 (accumulated) exploration expenditures (incurred) by July 30, 2025.

Once the Company earns the interest, the Company will grant a 2% NSR to Mount Morgan Resources Ltd. The NSR may be reduced to 1% by the Company's payment of \$1,000,000 to the NSR holder.

During the year ended March 31, 2022, the Company entered into an agreement with the Manitoba Government to receive a grant of \$300,000 for exploration work on the Jean Lake and Zoro Lithium properties and received \$200,000 during the year ended March 31, 2022 and \$100,000 during the year ended March 31, 2023.

During the year ended March 31, 2023, the Company entered into an agreement with the Manitoba Government to receive a grant of \$300,000 for exploration work on the Jean Lake and Zoro Lithium properties and received \$200,000 during the year ended March 31, 2023. The remaining \$100,000 was received subsequently.

Jol Lithium Property

During the year ended March 31, 2023, the Company entered into an agreement and acquired a 100% interest in the MB3530 claim in the Snow Lake area in Manitoba. To earn the interest, the Company paid \$8,000 and issued 364 common shares. The property is subject to a 2% NSR.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables and accrued liabilities for the Company are broken down as follows:

	Note	March 31, 2023	March 31, 2022
Trade payables		\$ 884,741	\$ 603,002
Advance royalty payable		313,001	261,685
Accrued liabilities		311,004	68,778
Due to related parties	11	112,975	99,027
Total		\$ 1,621,721	\$ 1,032,492

During the year ended March 31, 2023, the Company wrote-off \$184,813 of accounts payable resulting in a gain on forgiveness of debt of \$184,813.

During the year ended March 31, 2022, the Company recorded a \$93,658 loss on forgiveness of debt, consisting of:

- i) issued 20,000 common shares valued at \$380,000 to settle \$279,644 of debt with a non-related party and recorded \$100,356 as loss on the settlement.
- ii) recorded a \$6,698 gain on a forgiveness of debt.

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8. SHORT-TERM LOANS PAYABLE

	March 31, 2023	March 31, 2022
Loan payable on demand, unsecured with no interest and no fixed term	\$ -	\$ 2,500
Loan payable on demand, unsecured with 10% interest per annum and no fixed term	5,000	5,000
Loan payable on May 10, 2024, secured, with 11.35% interest per annum	1,143,998	-
US \$50,000 promissory note (Note 6)	67,717	-
	\$ 1,216,715	\$ 7,500

During the year ended March 31, 2023, the Company entered into a loan agreement with a related party to borrow \$1,145,520, inclusive of a prior advance of \$145,520 (“Initial Advance”) included in short-term loans payable owing to a director of the Company. The loan accrues interest at a rate of 11.35% (amended on May 1, 2023 from 8.35%), payable monthly, and matures on May 10, 2024 (amended from May 10, 2023). The loan is secured against all goods of the Company. The Company paid an aggregate of \$88,000 in interest during the year ended March 31, 2023.

During the year ended March 31, 2023, the Company wrote off the loan of \$2,500.

9. LOANS PAYABLE

During the year ended March 31, 2021, the Company received a loan of \$40,000 for the Canada Emergency Business Account to provide emergency support to business due to the impact of COVID-19. The loan is non-interest bearing until December 31, 2023, after which it will incur interest at 5% per annum. If the principal of \$30,000 is fully repaid on or before December 31, 2023, the remaining \$10,000 will be forgiven.

10. CAPITAL STOCK AND RESERVE

a) Authorized capital stock:

As at March 31, 2023, the authorized capital stock of the Company was:

- i) Unlimited number of common shares without par value.
- ii) All issued shares are fully paid

b) Issued capital stock:

During the year ended March 31, 2023, the Company:

- issued 13,000 common shares upon exercise of options for gross proceeds of \$77,750, resulting in a reallocation of share-based reserves of \$78,528 from reserves to share capital.
- issued 212,750 common shares upon exercise of warrants for gross proceeds of \$1,059,017.
- issued 10,526 common shares at a value of \$100,000 as part of the acquisition payments for the Peg North Option Agreement (see Note 6).
- issued 364 common shares at a value of \$2,454 as part of the acquisition payments for the Jol Lithium Option Agreement (see Note 6).

10. CAPITAL STOCK AND RESERVES (cont'd...)

b) Issued capital stock: (cont'd...)

- closed a non-brokered private placement of 97,753 flow-through common shares at \$17.00 per common shares for gross proceeds of \$1,661,807. Cash finder's fees of \$99,624 were paid on the financings and the Company issued 5,765 share purchase finders warrants (valued at \$22,000). Each finders warrant entitles the holder to purchase one common share at a price of \$10.00 for a two-year period. A value of \$977,534 was attributed to the flow-through premium liability in connection with the financing. As at March 31, 2023, the Company has fulfilled \$1,661,807 of the flow-through exploration commitments.
- issued 6,705 common shares at a value of \$50,000 as part of the acquisition payments for the Jean Lake Option Agreement (see Note 6).
- issued 20,000 common shares valued at \$355,000 pursuant to a PSU redemption to a related party.

During the year ended March 31, 2022, the Company:

- issued 186,700 common shares upon exercise of options for gross proceeds of \$850,575. The weighted average share price on the date of the option exercises was \$12.
- issued 155,134 common shares upon exercise of warrants for gross proceeds of \$741,889.
- closed a non-brokered private placement of 40,166 units at \$8.50 per unit for gross proceeds of \$341,415. Each unit consists of one common share and one share purchase warrant. The warrant entitles the holder to purchase one additional common share for a period of 18 months at a price of \$12.50 per share.
- issued 5,000 common shares at a value of \$25,000 as part of the acquisition payments for the Jean Lake Option Agreement (see Note 6).
- issued 11,194 common shares at a value of \$69,963 as part of the acquisition payments for the Zoro North Option Agreement (see Note 6).
- closed a non-brokered private placement of 47,800 units at \$5.25 per unit for gross proceeds of \$250,950. Each unit consists of one common share and one share purchase warrant. The warrant entitles the holder to purchase one additional common share for a period of 24 months at a price of \$6.50 per share.
- issued 8,178 common shares valued at \$42,933 to settle \$42,933 of services with a non-related party.
- issued 20,000 common shares valued at \$380,000 to settle \$279,644 of debt with a non-related party and recorded \$100,356 as loss on the settlement.
- issued 30,000 common shares valued at \$532,500 pursuant to a PSU redemption to a related party.

10. CAPITAL STOCK AND RESERVES (cont'd...)

c) Stock options:

The Company follows the policies of the Canadian Securities Exchange under which it is authorized to grant options to executive officers and directors, employees, and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the policies, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the day before the date of grant. The options can be granted for a maximum term of ten years.

The options shall be subject to such vesting requirements, if any, as may be determined by the Board from time to time provided that options granted to consultants performing "investor relation activities" must vest in stages over 12 months with no more than ¼ of the options granted vesting in any six month period.

During the year ended March 31, 2023, the Company:

- granted 20,000 stock options to a consultant of the Company. The options are exercisable at \$12.75 per option for three years with an estimated fair value of \$198,300 and vest immediately.
- granted 8,000 stock options to a consultant of the Company. The options are exercisable at \$13.75 per option for three years with an estimated fair value of \$83,200 and vest immediately.
- granted 62,000 stock options to a consultant of the Company. The options are exercisable at \$9.00 per option for three years with an estimated fair value of \$395,600 and vest immediately.
- granted 31,000 stock options to a consultant of the Company. The options are exercisable at \$9.50 per option for three years with an estimated fair value of \$208,600 and vest immediately.
- had 121,000 stock options that expired or were forfeited, resulting in a reallocation of share-based reserves of \$891,400 from reserves to deficit.

During the year ended March 31, 2022, the Company:

- granted 5,000 stock options to consultants of the Company. The options are exercisable at \$5.25 per option for five years with an estimated fair value of \$21,500 and vest immediately.
- granted 10,000 stock options to consultants of the Company. The options are exercisable at \$7.50 per option for five years with an estimated fair value of \$66,100 and vest immediately.
- granted 6,000 stock options to consultants of the Company. The options are exercisable at \$12.50 per option for five years with an estimated fair value of \$61,600 and vest immediately.
- reinstated 4,000 options previously forfeited.
- granted 110,000 stock options to consultants of the Company. The options are exercisable at \$14.25 per option for one year with an estimated fair value of \$666,100 and vest immediately.
- granted 10,000 stock options to a consultant of the Company. The options are exercisable at \$20.50 per option for five years with an estimated fair value of \$163,700 and vest immediately.
- granted 20,000 stock options to a consultant of the Company. The options are exercisable at \$17.50 per option for five years with an estimated fair value of \$285,300 and vest immediately.
- granted 15,000 stock options to a consultant of the Company. The options are exercisable at \$16.50 per option for two years with an estimated fair value of \$150,400 and vest immediately.
- granted 4,000 stock options to a consultant of the Company. The options are exercisable at \$15.50 per option for three years with an estimated fair value of \$46,600 and will vest 100% on December 8, 2022. For the year ended March 31, 2022, the Company recorded \$3,897 as share-based compensation. For the year ended March 31, 2023, the Company recorded \$42,702 as share-based compensation.

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10. CAPITAL STOCK AND RESERVES (cont'd...)

c) Stock options: (cont'd...)

Stock option transactions for the year ended March 31, 2023 are summarized as follows:

Expiry Date	Exercise Price	Balance March 31, 2022	Granted	Exercised	Forfeited/ Expired	Balance March 31, 2023	Exercisable
January 4, 2023	\$14.25	105,000	-	-	(105,000)	-	-
March 1, 2024	\$16.50	15,000	-	-	-	15,000	15,000
March 8, 2025	\$15.50	4,000	-	-	-	4,000	4,000
September 2, 2025	\$12.75	-	20,000	-	-	20,000	20,000
September 6, 2025	\$13.75	-	8,000	-	-	8,000	8,000
November 20, 2025	\$4.00	8,000	-	(2,000)	-	6,000	6,000
December 2, 2025	\$9.00	-	62,000	-	-	62,000	62,000
December 13, 2025	\$9.50	-	31,000	-	-	31,000	31,000
January 15, 2026	\$7.25	41,300	-	(6,000)	-	35,300	35,300
October 21, 2026	\$5.25	5,000	-	(5,000)	-	-	-
November 1, 2026	\$7.50	10,000	-	-	-	10,000	10,000
December 3, 2026	\$12.50	6,000	-	-	(6,000)	-	-
January 17, 2027	\$20.50	10,000	-	-	(10,000)	-	-
February 16, 2027	\$17.50	20,000	-	-	-	20,000	20,000
Total		224,300	121,000	(13,000)	(121,000)	211,300	211,300
Weighted average exercise price		\$12.88	\$10.06	\$5.98	\$14.67	\$10.81	\$10.81
Weighted average remaining life (years)						2.57	

The fair value of stock options was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Fair value per option	\$6.00	\$7.50
Exercise price	\$11.00	\$14.50
Expected life (years)	3.00	2.26
Interest rate	3.49%	1.16%
Annualized volatility (based on historical volatility)	118%	114%
Dividend yield	0.00%	0.00%

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10. CAPITAL STOCK AND RESERVES (cont'd...)

c) Stock options: (cont'd...)

Stock option transactions for the year ended March 31, 2022 are summarized as follows:

Expiry Date	Exercise Price	Balance March 31, 2021	Granted	Exercised	Forfeited/ Expired	Balance March 31, 2022	Exercisable
June 27, 2021	\$5.00	5,000	-	-	(5,000)	-	-
January 4, 2023	\$14.25	-	110,000	(5,000)	-	105,000	105,000
January 17, 2024	\$6.00	-	4,000	(4,000)	-	-	-
March 1, 2024	\$16.50	-	15,000	-	-	15,000	15,000
March 8, 2025	\$15.50	-	4,000	-	-	4,000	4,000
June 12, 2025	\$3.50	39,000	-	(39,000)	-	-	-
November 20, 2025	\$4.00	127,000	-	(119,000)	-	8,000	8,000
January 15, 2026	\$7.25	61,000	-	(19,700)	-	41,300	41,300
October 21, 2026	\$5.25	-	5,000	-	-	5,000	5,000
November 1, 2026	\$7.50	-	10,000	-	-	10,000	10,000
December 3, 2026	\$12.50	-	6,000	-	-	6,000	6,000
January 17, 2027	\$20.50	-	10,000	-	-	10,000	10,000
February 16, 2027	\$17.50	-	20,000	-	-	20,000	20,000
Total		232,000	184,000	(186,700)	(5,000)	224,300	224,300
Weighted average exercise price		\$4.79	\$14.31	\$4.56	\$5.00	\$12.79	\$12.79
Weighted average remaining life (years)						2.45	

d) Performance Stock Options:

During the year ended March 31, 2022, the Company granted 15,000 performance-based stock options to a consultant of the Company. The options are exercisable at \$14.25 per option for two years with an estimated fair value of \$126,297 and will vest 100% when the closing share price is \$25.00 or higher for three consecutive trading days. For the year ended March 31, 2022, the Company recorded \$Nil as share-based compensation as the fair value will be recorded on a straight-line basis over the life of the performance-based stock option as it was issued on March 31, 2022. For the year ended March 31, 2023, the Company recorded \$63,148 as share-based compensation.

Expiry Date	Exercise Price	Balance March 31, 2021 and 2022	Granted	Exercised	Forfeited/ Expired	Balance March 31, 2023	Exercisable
March 31, 2024	\$14.25	15,000	-	-	-	15,000	-
Total		15,000	-	-	-	15,000	-
Weighted average exercise price		\$14.25	-	-	-	\$14.25	-
Weighted average remaining life (years)						1.25	

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10. CAPITAL STOCK AND RESERVES (cont'd...)

d) Performance Stock Options (cont'd...):

For performance-based stock options with a market condition, a Monte Carlo simulation model is used to determine the fair value. The Monte Carlo model utilizes multiple input variables that determine the probability of satisfying the market conditions stipulated in the award. The expense recognized for performance-based options is based on an estimation of the probability of achieving the market condition and the timing of the achieving of the market condition, which is difficult to predict. The following assumptions were used at the time of grant:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Market target price	-	\$25.00
Share price	-	\$15.00
Expected life (years)	-	2
Interest rate	-	2.27%
Annualized volatility (based on historical volatility)	-	111.2%

e) Performance Share Units: (“PSU”)

Effective January 17, 2022, amended September 7, 2022, the Company’s board of directors adopted a performance-based share unit plan (the “PSU Plan”) which reserved a fixed aggregate of 343,391 common shares (being 10% of the Company’s then issued and outstanding common shares”) for issuance upon the redemption of performance-based share award units (each a “PSU”). Under the terms of the PSU Plan, the Company is required to obtain shareholder approval for the PSU Plan within 3 years after its adoption, and at least every three years thereafter. Any PSUs issued are subject to a four month hold from date of issue.

	Number of PSUs Outstanding	Number of PSUs Vested	Weighted Average Grant Date Fair Value	Share-based payment reserve
Balance at March 31, 2021	-	-	\$ -	\$ -
PSUs granted	280,000	-	14.85	1,063,622
PSUs vested	-	50,000	17.75	-
PSUs redeemed	(30,000)	(30,000)	17.75	(532,500)
Balance at March 31, 2022	250,000	20,000	14.50	531,122
PSUs granted	160,000	-	9.10	-
PSUs vesting through the year	-	-	14.50	547,374
PSUs redeemed	(20,000)	(20,000)	17.75	(355,000)
PSUs forfeited/cancelled	(390,000)	-	10.66	(723,497)
Balance at March 31, 2023	-	-	\$ -	\$ -

On January 31, 2022, the Company granted 280,000 PSU’s with a fair value of \$4,156,210, to certain directors and officers under the Company’s PSU Plan. Of the 280,000 PSUs granted, 50,000 PSUs vested and became redeemable by the holders, and the remaining 230,000 PSUs were to vest and become redeemable only upon the achievement of certain closing price milestones ranging between \$25.00 and \$87.50 which will expire on January 31, 2025.

Of the 280,000 PSUs granted, 50,000 PSUs vested during the year ended March 31, 2022 and the remaining unvested PSUs were to be expensed straight line over 3 years. During the year ended March 31, 2022, the Company recognized share-based payment expense of \$1,063,622. Of the 50,000 PSUs that vested, 30,000 were converted to common shares during the year-ended March 31, 2022. During the year ended March 31, 2023, the Company recognized share-based payment expense of \$363,195 to the date of modification.

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10. CAPITAL STOCK AND RESERVES (cont'd...)

e) Performance Share Units: ("PSU") (cont'd...)

During the year ended March 31, 2023, 390,000 unvested PSUs were cancelled. Upon cancellation \$723,496 of previously recognized share-based compensation expense was reversed from reserves to stock-based compensation.

During the year ended March 31, 2023, the Company:

- i) granted 40,000 PSU's with a fair value at \$387,379, to a director under the Company's PSU Plan. The PSUs will vest and become redeemable only upon the achievement of certain closing price milestones ranging between \$25.00 and \$87.50 which were to expire on April 12, 2025. During the year ended March 31, 2023, the Company recognized share-based payment expense of \$63,679 to the date of modification.
- ii) modified 140,000 unvested PSU's from earlier grants. The modified PSUs have a fair value of \$1,068,398 and will vest and become redeemable upon the occurrence of certain capital market liquidity events, with the balance vesting on the achievement of certain closing price milestones ranging between \$19.50 and \$68.00. During the year ended March 31, 2023, the Company recognized \$64,884 in share-based compensation expense.
- iii) granted 120,000 PSU's with a fair value of \$1,246,463, to directors under the Company's PSU Plan. The PSUs will vest and become redeemable upon the occurrence of certain capital market liquidity events, with the balance vesting on the achievement of certain closing price milestones ranging between \$19.50 and \$68.00. During the year ended March 31, 2023, the Company recognized \$55,615 in share-based compensation expense.

f) Unit warrants:

A continuity of the unit warrants granted is as follows:

Expiry Date	Exercise Price	Balance March 31, 2022	Granted	Exercised	Cancelled/ Expired	Balance March 31, 2023
August 28, 2022	\$3.75	53,778	-	(53,778)	-	-
August 28, 2022	\$5.00	121,600	-	(121,600)	-	-
October 29, 2022	\$12.50	36,166	-	(3,572)	(32,594)	-
December 15, 2022	\$5.00	22,000	-	(10,000)	(12,000)	-
December 2, 2023	\$6.50	47,800	-	(23,800)	-	24,000
Total		281,344	-	(212,750)	(44,594)	24,000
Weighted average exercise price		\$5.98	-	\$4.98	\$10.48	\$6.50
Weighted average remaining life (years)						0.67

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10. CAPITAL STOCK AND RESERVES (cont'd...)

f) Unit warrants: (cont'd...)

During the year ended March 31, 2022, the Company issued 87,966 unit warrants in connection with private placement financings. Based on the residual method, no value was allocated to the unit warrants issued. A continuity of the unit warrants granted is as follows:

Expiry Date	Exercise Price	Balance March 31, 2021	Granted	Exercised	Cancelled/Expired	Balance March 31, 2022
August 28, 2022	\$3.75	104,800	-	(51,022)	-	53,778
August 28, 2022	\$5.00	145,711	-	(24,111)	-	121,600
December 15, 2022	\$5.00	98,000	-	(76,000)	-	22,000
October 29, 2022	\$12.50	-	40,166	(4,000)	-	36,166
December 2, 2023	\$6.50	-	47,800	-	-	47,800
Total		348,511	87,966	(155,133)	-	281,344
Weighted average exercise price		\$4.62	\$9.24	\$4.78	\$0.00	\$5.98
Weighted average remaining life (years)						0.67

g) Agent warrants:

During the year ended March 31, 2023, the Company issued 5,765 agent warrants in connection with private placement financings. A continuity of the agent warrants granted is as follows:

Expiry Date	Exercise Price	Balance March 31, 2021 and 2022	Granted	Exercised	Cancelled/Expired	Balance March 31, 2023
July 19, 2024	\$10.00	-	5,765	-	-	5,765
Total		-	5,765	-	-	5,765
Weighted average exercise price		-	\$10.00	-	-	\$10.00
Weighted average remaining life (years)						1.3

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10. CAPITAL STOCK AND RESERVES (cont'd...)

g) Agent warrants: (cont'd...)

The fair value of agent warrants was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Fair value per agents warrant	\$3.81	-
Exercise price	\$10.00	-
Expected life (years)	2.00	-
Interest rate	3.30%	-
Annualized volatility (based on historical volatility)	120%	-

h) Reserves:

Reserves comprise of share-based payments, warrant reserves and PSU reserves.

11. RELATED PARTY TRANSACTIONS

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 and companies controlled by them. The remuneration of directors and other members of key management personnel during the year ended March 31, 2023 was as follows:

For the year ended March 31, 2023 Paid or accrued to:	Management fees	Investor relation fees	Consulting Fees	Share-based payments	Total
<u>Key management personnel:</u>					
Current and former directors, officers and companies controlled by them	\$ 381,819	\$ 66,530	\$ 65,000	\$ 804,016	\$ 1,317,365

For the year ended March 31, 2022 Paid or accrued to:	Management fees	Share-based payments	Total
<u>Key management personnel:</u>			
Current and former directors, officers and companies controlled by them	\$ 375,264	\$ 1,063,622	\$ 1,438,886

Short term related party loan payable (Note 8).

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	As at March 31, 2023	As at March 31, 2022
Current and former directors, officers and companies controlled by them	\$ 112,975	\$ 99,027

The amounts due are unsecured, non-interest bearing, and have no specific terms of repayment.

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the year ended March 31, 2023, significant non-cash investing and financing transactions included:

- a) included in accounts payable and accrued liabilities is \$1,037,816 related to exploration and evaluation assets.
- b) included in short-term loans payable is \$67,717 related to exploration and evaluation assets.
- c) issued 17,594 common shares with a fair value of \$152,454 for the acquisition of exploration and evaluation assets.
- d) issuance of 13,000 common shares upon exercise of options resulting in a reallocation of share-based reserves of \$78,528 from reserves to share capital.
- e) issued 20,000 common shares pursuant to PSU redemption resulting in a reallocation of share-based reserves of \$355,000 from reserves to share capital.
- f) issued 5,765 share purchase finders warrants valued at \$22,000.
- g) expired or forfeited 121,000 options resulting in a reallocation of share-based reserves of \$891,400 from reserves to stock-based compensation.
- h) recorded a \$977,532 flow through premium liability in connection with a financing (Note 10b).
- i) included in long-term prepaids is \$24,404 related to exploration and evaluation assets.
- j) included in short-term loans payable is \$159,778 related to settlement of accounts payable.

During the year ended March 31, 2022, significant non-cash investing and financing transactions included:

- a) included in accounts payable and accrued liabilities is \$542,221 related to exploration and evaluation assets.
- b) issued 16,194 common shares with a fair value of \$94,963 related to exploration and evaluation assets.
- c) issuance of 186,700 common shares upon exercise of options resulting in a reallocation of share-based reserves of \$761,273 from reserves to share capital.
- d) issued 20,000 common shares with a fair value of \$380,000 to settle \$279,644 of debt with a non-related party.
- e) issued 8,178 common shares with a fair value of \$42,933 for services.
- f) issued 30,000 common shares pursuant to PSU redemption resulting in a reallocation of share-based reserves of \$532,500 from reserves to share capital.
- k) included in long-term prepaids is \$253,302 related to exploration and evaluation assets.

13. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	March 31, 2023	March 31, 2022
Exploration and evaluation assets		
Canada	\$ 10,713,334	\$ 5,746,320
United States	1,706,457	1,444,802
	\$ 12,477,791	\$ 7,191,122

14. FINANCIAL RISK MANAGEMENT

Capital management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from fiscal year 2022.

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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 the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and 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 fair value of the Company's long-term investment is calculated using Level 1 inputs.

The carrying value of cash, accounts payable and accrued liabilities, accounts receivable, current portion of net investment in sublease, lease obligation and short-term loans payable approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and net investment in sublease. The Company limits its exposure to credit loss by placing its cash with major Canadian financial institutions and monitors the incoming sublease monthly payments to ensure they are current.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2023, the Company had a cash balance of \$574,587 (2022 – \$235,455) to settle current liabilities of \$2,912,822 (2022 – \$1,101,946). All of the Company's financial liabilities except lease obligation and loan payable have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company is exposed to liquidity risk and is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

14. FINANCIAL RISK MANAGEMENT (cont'd...)

Financial risk factors (cont'd...)

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

The Company has cash balances and no variable interest-bearing debt. The Company's cash does not have significant exposure to interest rate risk.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities, and option agreement payments that are denominated in a foreign currency. There is a risk in the exchange rate of the Canadian dollar relative to the US dollar and a significant change in this rate could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. 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. The Company closely monitors commodity prices of gold and lithium, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

15. CONTINGENCIES

During the year ended March 31, 2022, the Company filed a claim against certain previous directors of the Company for wrongful transfer of funds in the amount of \$157,185 for alleged deferred compensation to these directors. As a result of the claim against the Company, alleging that they are entitled to the compensation that had been garnished, and are also entitled to termination or change of control clauses as per their alleged management agreements. The amounts were garnished and later released as part of the settlement agreement detailed below.

The previous directors have also filed a counter claim against the Company, alleging that they are entitled to the compensation that has been garnished and being held in escrow, and are also entitled to termination or change of control clauses as per their alleged management agreements. The alleged management agreements would entitle each of the two directors to 12 months compensation in lieu of notice to termination without cause or 24 months of compensation if their agreements were terminated and within 6 months of a change of control of the Company, which includes a change in power to elect a majority of the board of directors or otherwise direct the management of the Company through proxies, voting agreements, or otherwise. Per the counter claim, the management agreement containing these clauses had allegedly been executed during the year prior to their dismissal and the change in control.

During the year March 31, 2023, the Company reached an agreement to settle the claim and counterclaim by the release of the funds held in court to the defendants and a nominal payment which has been made.

During the year ended March 31, 2023, the Company received correspondence from legal counsel to a former officer and alleging the former officer was in an employment relationship with the Company and the Company failed to pay him wages and severance, claiming damages from alleged wrongful dismissal, bad faith damages and related claims. The claim also alleged that the Company did not have the legal right to cancel 130,000 outstanding PSU's. The Company has made an assessment on the validity of the claims and, at this time, the probability and amounts of any potential loss resulting from such claims is not determinable and no amounts have been accrued for any potential liability resulting from this in these consolidated financial statements.

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15. CONTINGENCIES (cont'd...)

During the year ended March 31, 2023, the Company received correspondence from legal counsel to a former officer of the Company alleging the former officer was in an employment relationship with the Company and the Company failed to pay him wages and severance alleging he has been subject to inappropriate conduct in the course of his alleged employment. The claim also alleged that the Company did not have the legal right to cancel 70,000 outstanding PSU's. The Company has made an assessment on the validity of the claims and, at this time, the probability and amounts of any potential loss resulting from such claims is not determinable and no amounts have been accrued for any potential liability resulting from this in these consolidated financial statements.

The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses our potential liability by analyzing our litigation and regulatory matters using available information. The Company develops our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

16. INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	2023	2022
Income (loss) before taxes for the year	\$ 956,578	\$ (4,150,992)
Canadian federal and provincial income tax rates	27%	27%
Expected income tax recovery based on above rates	\$ 258,000	\$ (1,120,749)
Change in statutory, foreign tax, foreign exchange rates and other	2,000	-
Non-deductible items	(29,000)	699,278
Impact of flow through share	449,000	-
Share issue cost	(27,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(108,000)	-
Tax benefit not realized	(545,000)	421,471
Deferred income tax recovery	\$ -	\$ -

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16. INCOME TAXES (cont'd...)

The significant components of the Company's deferred income tax assets and liabilities, using a Canadian basic statutory rate of 27% (2022 – 27%) are as follows:

	March 31, 2023	March 31, 2022
Non-capital losses	\$ 2,244,000	\$ 3,015,000
Cumulative exploration and development expenses	-	(209,000)
Share issuance costs and others	23,000	6,000
	2,267,000	2,812,000
Unrecognized deferred tax assets	(2,267,000)	(2,812,000)
Net deferred tax assets	\$ -	\$ -

At March 31, 2023, the Company has accumulated non-capital losses of approximately \$8,311,000 (2022 - \$11,165,000) which may be available to offset future income for Canadian income tax purposes which expire over the next twenty years. These losses, if not utilized, will expire through to 2042. In addition, there are resource-related expenditures of approximately \$Nil (2022 - \$6,416,000) which may be used to offset future taxable income indefinitely, subject to annual rates prescribed by the Canadian Income Tax Act. Deferred tax benefits, which may arise as a result of these losses, have not been recognized in these consolidated financial statements as it is not probable that the Company will generate future taxable income against which to utilize the temporary differences.

17. SUBSEQUENT EVENTS

Subsequent to the year ended March 31, 2023, the Company:

- i) entered into an agreement, subsequently amended, and earned a 100% interest in the Lac Simard South property located in Quebec by paying \$35,000 (paid subsequently) and issuing 10,700 common shares (issued subsequently). The Company also staked additional mineral claims.
- ii) has submitted a registration statement or Form F-1 with the securities and exchange commissions relating to a proposed public offering of its common shares in the United States.