GLOBAL LI-ION GRAPHITE CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended August 31, 2022 and 2021

Baker Tilly WM LLP
900 – 400 Burrard Street
Vancouver, British Columbia
Canada V6C 3B7
T: +1 604.684.6212
F: +1 604.688.3497

vancouver@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Li-Ion Graphite Corp.:

Opinion

We have audited the consolidated financial statements of Global Li-Ion Graphite Corp. and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at August 31, 2022 and 2021, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits 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 audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes the events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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 and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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.

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.

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
December 29, 2022

GLOBAL LI-ION GRAPHITE CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31, 2022 AND 2021
(Expressed in Canadian Dollars)

		2022		2021
ASSETS				
Current				
Cash	$	18,514	$	236,534
Amounts receivable		10,485		897
GST recoverable		14,054		3,552
Deposits and prepaid expenses		81,150		75,800
Investment (Note 4)		5,000		35,000
		129,203		351,783
Non-Current				
Amounts due from related parties (Note 3)		47,701		26,364
Exploration and evaluation assets (Note 5)		2,771,354		3,830,162
Total Assets	$	2,948,258	$	4,208,309
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	90,531	$	153,736
Amounts due to related parties (Note 3)		336,600		230,509
Share subscriptions received (Note 6)		107,500		-
		534,631		384,245
EQUITY				
Share capital (Note 6)		10,688,590		10,688,590
Share-based payment reserve (Note 6)		1,619,201		1,515,107
Deficit		(9,894,164)		(8,379,633)
		2,413,627		3,824,064
Total Liabilities and Equity	$	2,948,258	$	4,208,309

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Directors on December 29, 2022:

"Jason Walsh" Director *"Geoff Watson"* Director

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

GLOBAL LI-ION GRAPHITE CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	2022	2021
EXPENSES		
Administration fees (Note 7)	$ 45,600	$ 45,721
Advertising and awareness	1,349	276,577
Consulting fees (Note 7)	124,000	291,960
Foreign exchange (gain) loss	(17,491)	23,746
General and administrative (Note 7)	35,943	38,444
Management fees (Note 7)	25,000	50,000
Professional fees (Note 7)	92,501	98,943
Share-based payments (Notes 6 and 7)	104,094	264,774
Travel, meals and entertainment	80,998	39,265
	(491,994)	(1,129,430)
Interest income	249	2,022
Unrealized gain (loss) on investment (Note 4)	(30,000)	5,000
Write-down of exploration and evaluation assets (Note 5)	(1,110,995)	(18,615)
Write-off of accounts payable	118,209	-
Net and comprehensive loss	$ (1,514,531)	$ (1,141,023)
Loss per share – basic and diluted	$ (0.02)	$ (0.02)
Weighted average number of shares outstanding – basic and diluted	63,326,216	61,183,810

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

GLOBAL LI-ION GRAPHITE CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	Number of Shares	Share capital	Share subscriptions received	Share-based payment reserve	Deficit	Total
Balance August 31, 2020	47,833,682	$ 9,386,894	$ 159,366	$ 1,250,333	$ (7,238,610)	$ 3,557,983
Shares issued pursuant to:						
Private placement	9,000,684	540,041	(159,366)	-	-	380,675
Exercise of warrants	6,491,850	767,355	-	-	-	767,355
Share issuance costs	-	(5,700)	-	-	-	(5,700)
Share-based payments	-	-	-	264,774	-	264,774
Net and comprehensive loss for the year	-	-	-	-	(1,141,023)	(1,141,023)
Balance August 31, 2021	63,326,216	10,688,590	-	1,515,107	(8,379,633)	3,824,064
Share-based payments	-	-	-	104,094	-	104,094
Net and comprehensive loss for the year	-	-	-	-	(1,514,531)	(1,514,531)
Balance August 31, 2022	63,326,216	$ 10,688,590	$ -	$ 1,619,201	$ (9,894,164)	$ 2,413,627

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

GLOBAL LI-ION GRAPHITE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021
(Expressed in Canadian Dollars)

		2022		2021
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net loss for the year	$	(1,514,531)	$	(1,141,023)
Unrealized loss (gain) on investment		30,000		(5,000)
Share-based payments		104,094		264,774
Write-down of exploration and evaluation assets		1,110,995		18,615
Write-off of accounts payable		(118,209)		-
Changes in working capital:				
Amounts receivable		(9,588)		-
GST recoverable		(10,502)		(775)
Deposits and prepaid expenses		(5,350)		2,262
Accounts payable and accrued liabilities		55,004		(62,663)
Cash used in operating activities		(358,087)		(923,810)
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares issued, net of share issuance costs		-		1,142,330
Share subscriptions received		107,500		-
Advances from related parties		84,754		-
Cash provided by financing activities		192,254		1,142,330
CASH FLOWS USED IN INVESTING ACTIVITIES				
Expenditures on exploration and evaluation assets		(52,187)		(97,145)
Repayments to related parties		-		(50,168)
Cash used in investing activities		(52,187)		(147,313)
Change in cash		(218,020)		71,207
Cash, beginning		236,534		165,327
Cash, ending	$	18,514	$	236,534
Supplemental disclosures				
Fair value of shares issued for the acquisition of exploration and evaluation assets	$	-	$	22,500
Shares issued for debt settlement	$	-	$	60,000
Taxes paid	$	-	$	-
Interest paid	$	-	$	-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Global Li-Ion Graphite Corp. (the "Company") was incorporated under the laws of the province of British Columbia on November 6, 2014. The Company's principal business is the exploration for and evaluation of mineral resources. The Company's registered office and principal place of business is located at 908 - 510 Burrard Street, Vancouver B.C. The Company's common shares are listed on the Canadian Securities Exchange (the "CSE") under the symbol LION.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the year ended August 31, 2022, the Company has not generated revenues, net loss was $1,514,531 (2021: $1,141,023) and, as at August 31, 2022, it had a working capital deficit of $405,428 (2021: $32,462). The ability of the Company to remain in operation as a going concern is dependent on its ability to obtain necessary financing, generate positive cash flows and, ultimately, the achievement of profitable operations.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant effects on the world's equity markets and the movement of people and goods has become restricted. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding. The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These events and conditions create a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. As the outcome of these matters cannot be predicted at this time, these consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue in business as a going concern. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretation Committee ("IFRIC").

(b) Basis of Preparation, consolidation and functional currency

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Preparation, consolidation and functional currency (continued)

The consolidated financial statements include Global Li-Ion Graphite Corp. and its wholly owned subsidiary Khensani Limited ("Khensani") from the date of acquisition, April 4, 2018, which owns 100% of Avana Industrial Minerals ("AIM"). All inter-company transactions have been eliminated.

Subsidiaries are entities over which the Company has exposure, or has rights, to variable returns from its involvement, and has the ability to use power over the investee to direct the relevant activities of the entity to affect its returns.

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company, and its wholly owned subsidiaries, is the Canadian dollar, which is also the Company's presentation currency.

(c) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made relate to the following:

i. The recoverable amount of exploration and evaluation assets.

Critical accounting judgments

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

i. The determination of the functional currencies of the Company and its subsidiaries; and
ii. The assessment of impairment indicators for the exploration and evaluation assets.

(d) Exploration and evaluation assets

Pre-exploration costs or property investigation costs are expensed in the period in which they are incurred. Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration and evaluation assets (continued)

Exploration and evaluation assets are carried at cost less accumulated impairment losses, if any, until such time as the exploration and evaluation assets are technically feasible or put into production, sold, determined to no longer have commercially viable prospects to the Company or are abandoned. Exploration and evaluation assets are deemed to be impaired if the property has an indicator of impairment, and the Company determines the recoverable amount of the asset to be less than its carrying amount.

Exploration and evaluation assets are reviewed for indicators of impairment at each reporting date. An exploration and evaluation asset is deemed to have an indicator of impairment if the period for which the Company has the right to explore the property has expired or is not expected to be renewed, substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned, exploration and evaluation activities have not led to the discovery of commercially viable quantities or mineral resources and the Company has decided to discontinue such activities for the specific property, or if sufficient data exists to indicate that development of a specific property would be unlikely to recover the carrying amount of the associated capitalized exploration and evaluation expenditures.

If there is an indication of impairment, and the Company determines the recoverable amount of the specific exploration and evaluation asset as the greater of the asset's value in use or fair value less costs of disposal, and comparing this to the carrying amount as at the reporting date. If the carrying amount exceeds the recoverable amount, those exploration and evaluation assets, in excess of estimated recoveries, are written off to profit or loss as an impairment loss.

When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are capitalized as exploration and evaluation assets when the payments are made.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.Exploration and evaluation assets are classified as intangible assets.

(e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments (continued)

Financial assets

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

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial assets:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period. Cash, deposits, amounts receivable, and amounts due from related parties are classified in this category.

Fair value through OCI (“FVOCI”): Debt instruments that are held for collection of contractual cash flows and for selling the debt instruments, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the debt instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these debt instruments is included as finance income using the effective interest method. The Company had no financial assets classified in this category.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss in the period in which it arises. The investment is classified in this category.

Financial liabilities

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: where the Company optionally designates financial liabilities at FVTPL the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company has not designated any financial liabilities at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments (continued)

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

At present, the Company classifies all of its financial liabilities as held at amortized cost, which include accounts payable and accrued liabilities, share subscriptions received and amounts due to related parties. These financial liabilities are classified as current liabilities as the related payments are due within 12 months, or on demand.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

(f) Share capital

Common shares, options and warrants are classified as equity.

When units are issued, which include shares and warrants, the warrants are valued using the residual value method where proceeds are allocated to the common shares up to their fair value as determined by the current quoted trading price on the date of issuance, and the balance, if any, to the warrants within reserves.

(i) Share issue costs

Share issue costs that are directly attributable to issuing new shares are deducted from equity, net of any tax effects.

Costs that relate to the stock market listing, or are otherwise not incremental and directly attributable to issuing new shares, are recorded as an expense in profit or loss.

Costs that relate to both share issuance and listing are allocated based on the proportion of new shares issued to the total number of shares listed.

(ii) Equity instruments issued as consideration

The fair value of shares issued as purchase consideration is based upon the quoted trading price of those shares on the date of issuance. Other equity instruments issued as purchase consideration in non-cash transactions are recorded at fair value determined by management using the Black-Scholes option pricing model.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Share capital (continued)

(iii) Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance its Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share using the residual value method into: i) share capital; and ii) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability. Upon expenses being renounced, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company indemnifies the subscribers of flow-through shares against certain tax related amounts that become due related to their flow-through subscriptions.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial liability until paid.

(g) Share-based payments

The Company accounts for stock options and warrants granted to directors, officers, employees, and non-employees at fair value. The fair value of the options and warrants to employees, including directors, at the date of the grant is determined using the Black-Scholes option pricing model and share-based payments is recorded within profit or loss using the graded vesting method, and reflected in share-based payments reserve, over the vesting periods. The fair value of stock options granted to non-employees is measured based on the fair value of the goods and services received, unless that fair value cannot be estimated reliably, in which case the fair value is determined with reference to the fair value of the instruments granted, and is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is recorded within profit or loss upon re-measurement.

The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

If and when the stock options and warrants are exercised, the applicable amounts of share-based payment reserve is transferred to share capital. For those stock options and warrants that expire unexercised or are cancelled, the applicable amount is not reclassified to another component of equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income/(loss) per share

Basic income/(loss) per share is calculated by dividing the income/(loss) for the period by the weighted average number of shares outstanding. The Company uses the treasury stock method of calculating fully diluted income per share amounts, whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding options and warrants has an anti-dilutive impact for the reported periods thus fully diluted loss per share is the same as basic loss per share.

(i) Foreign currency transactions

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

(j) Income taxes

Income tax 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, in which case the income tax is recognized directly in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled.

Deferred tax assets are recognized to the extent that it is probable that the future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(k) Changes in accounting policies

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than August 31, 2022. These updates are not currently relevant to the Company or are not expected to have a material impact on these consolidated financial statements and are therefore not discussed herein.

(Expressed in Canadian Dollars)

3. AMOUNTS DUE TO AND FROM RELATED PARTIES

Bios Energy Corp., Bua Capital Management Ltd., Bua Group Holdings Ltd., Incubara Capital Corp., Swiss EMX, XRApplied Technologies Inc. ("XRApplied"), GRW Inc., and 667981 BC J ROOZ are companies with directors in common with the Company. Unless otherwise noted amounts due from and to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

Amounts due from related parties

	August 31, 2022	August 31, 2021
Director	$ 3,940	$ 3,940
Bios Energy Corp.	10,250	1,457
Swiss EMX	20,967	20,967
XRApplied Technologies Inc.	12,544	-
Total	$ 47,701	$ 26,364

Amounts due to related parties

	August 31, 2022	August 31, 2021
Bua Capital Management Ltd.	$ 79,154	$ 59,957
Bua Group Holdings Ltd.	23,510	3,140
Incubara Capital Corp.	12,511	14,912
667981 BC J ROOZ	5,250	-
GRW Inc.	3,675	-
Director	212,500	152,500
Total	$ 336,600	$ 230,509

The amount due to Incubara Capital Corp. includes $19,384 which represents outstanding interest on a previous interest-bearing debt that was settled in the year ended March 31, 2019. The interest portion remain unsettled. The debt is presented net of amounts due from Incubara Capital Corp. of $6,873.

4. INVESTMENT

As at August 31, 2022, the fair value of the 100,000 common shares of XRApplied was $5,000 (2021: $35,000). The Company recorded an unrealized loss on investment of $30,000 (2021: unrealized gain on investment of $5,000) during the year ended August 31, 2022.

5. EXPLORATION AND EVALUATION ASSETS

a) Lac de Gras property

During the year ended August 31, 2016, the Company acquired an interest in the Lac de Gras property, Northwest Territories. The Company holds a 29.46 % interest in 3 claims, pursuant to a NMT Head Agreement with Peregrine Diamonds Ltd. The property is subject to a Gross Overriding Royalty ("GOR") of 4% on diamonds and a net smelter royalty ("NSR") of 4% on all metals, of which 50% of either of these royalties can be purchased for $4,000,000.

In addition to the royalty noted above, royalty payments would also be required to be made to the Government of the Northwest Territories in the event of future production.

In 2017, management wrote down the costs accumulated on the Lac de Gras property to $10,000 as an asset impairment.

b) Neuron Graphite Project

On October 27, 2017, and amended October 25, 2019, the Company entered into an option agreement to purchase a 100% interest in the Neuron Graphite Project in the Thompson mining district of Northern Manitoba from Callinex Mines Inc. ("Callinex").

The Company may exercise its option to acquire 100% of the Neuron Graphite Project from Callinex by:

- Paying $200,000 cash (paid) and issuing 1,000,000 common shares (issued – fair value of $760,000) to Callinex within three days of signing the option agreement; and
- Issuing 1,000,000 common shares to Callinex on the second anniversary of signing the option agreement. On November 7, 2019, the Company agreed to extend the deadline to issue these common shares by one full year. In consideration for this extension, the Company issued an additional 250,000 common shares to Callinex valued at $22,500. On October 25, 2020, Callinex and the Company entered into a second amendment agreement to extend the deadline to issue 1,000,000 common shares to Callinex by October 27, 2021. As at the date of approval of these consolidated financial statements, the 1,000,000 common shares had not yet been issued.

The Company also issued 100,000 common shares with a fair value of $76,000 as a finder's fees.

5. EXPLORATION AND EVALUATION ASSETS (continued)

b) Neuron Graphite Project (continued)

The Company is also required to issue 3,000,000 common shares to Callinex on the earlier of completing a Preliminary Economic Assessment, Pre-Feasibility Study or Feasibility Study on or before the third anniversary of signing the option agreement. These common shares were due on October 27, 2021, but have not been issued.

During the year ended August 31, 2022, the Company impaired the mineral property as the option agreement with Callinex had expired and no new agreement was entered into. The impairment write-down of the property costs in full amounted to $1,110,995 for the year ended August 31, 2022.

c) Madagascar Graphite Project

On September 13, 2017, the Company entered into a memorandum of understanding ("MOU") with Avana Resources Limited ("Avana") to acquire a 100% interest in Avana's graphite interests in Madagascar. On April 4, 2018, the Company entered into and closed a definitive share purchase agreement with Avana for the acquisition of Avana's graphite interests in Madagascar. Pursuant to this agreement the Company acquired 100% of Khensani Limited which owns 100% of Avana Industrial Minerals ("AIM") which entered into an agreement to acquire certain mining permits from the original permit holders. The project comprises 3 mining exploitation permits totaling 4,375 hectares (10,811 acres), in the vicinity of Andasibe in Toamasina Province in Madagascar (collectively, the "Property").

Pursuant to the MOU and definitive share purchase agreement to acquire a 100% interest in the Property, the Company will make the following cash and share payments to Avana:

- US$40,000 within one day of signature of the MOU (paid);
- US$100,000 within 5 business days of signature of the Definitive Agreement (paid);
- US$100,000 within 30 business days of signature of the Definitive Agreement (paid);
- EUR$200,000 to be directed to certain third parties in respect of an agreement to transfer the Property from the original permit holders to AIM (paid);
- 4,000,000 common shares of the Company within 10 business days of approval by the CSE of the transaction (issued – fair value of $1,720,000);
- Upon the Company achieving an annualized production rate from the Property of at least 5,000 tons of graphite oxide per year as calculated on a monthly basis for at least three consecutive months;

  (i) US$1,000,000 in cash or in common shares of the Company; and
  (ii) The greater in terms of value of either 1,000,000 common shares of the Company or common shares of the Company worth US$1,000,000.

The Company also issued 333,797 common shares with a fair value of $143,533 as a finder's fees.

d) MVZ Silver-Gold Mine

During the year ended August 31, 2021, the Company entered into a letter agreement with Grupo Minero Diflor S.A. de C.V., a private Mexican company, to acquire a 100% interest in the MVZ Silver-Gold Mine Property in Chihuahua, Mexico. Subsequently, the Company abandoned the property resulting in an asset impairment loss of $18,615 during the year ended August 31, 2021.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

	Lac de Gras	Neuron Graphite	Madagascar Graphite	MVZ Silver-Gold Mine	Total
Acquisition Costs					
Balance, August 31, 2020	$ 10,000	$1,058,500	$ 2,561,272	$ -	$3,629,772
Additions – cash	-	-	12,657	-	12,657
Balance, August 31, 2021	10,000	1,058,500	2,573,929	-	3,642,429
Additions – cash	-	-	10,103	-	10,103
Write-down	-	(1,058,500)	-	-	(1,058,500)
Balance, August 31, 2022	10,000	-	2,584,032	-	2,594,032
Exploration Costs					
Balance, August 31, 2020	-	52,495	69,365	-	121,860
Technical reports	-	-	19,520	-	19,520
Other	-	-	46,353	18,615	64,968
Write-down	-	-	-	(18,615)	(18,615)
Balance, August 31, 2021	-	52,495	135,238	-	187,733
Technical reports	-	-	5,297	-	5,297
Other	-	-	36,787	-	36,787
Write-down	-	(52,495)	-	-	(52,495)
Balance, August 31, 2022	$ -	$ -	$ 177,322	$ -	$ 177,322
Balance at August 31, 2021	$ 10,000	$1,110,995	$ 2,709,167	$ -	$3,830,162
Balance at August 31, 2022	$ 10,000	$ -	$ 2,761,354	$ -	$2,771,354

6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

a) Authorized

An unlimited number of common shares, without par value.

b) Issued

On September 3, 2020, the Company closed a non-brokered private placement and issued 9,000,684 units at a price of $0.06 per unit for gross proceeds of $540,041, of which $540,041 was allocated to share capital, and $nil was allocated to warrants. Each unit consists of one common share and one share purchase warrant. Each warrant was exercisable to acquire one common share at an exercise price of $0.10 per share until September 3, 2022.

During the year ended August 31, 2021, 6,491,850 common shares were issued pursuant to the exercise of warrants at a price between $0.10 and $0.12 per share for total proceeds of $767,355.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

c) Options

The Company has an incentive stock option plan (the "Plan"), whereby the Company may grant stock options to directors, officers, employees or consultants. Under the Plan, options are exercisable up to a maximum of 5 years and vest as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Company's shares on the trading day immediately preceding the day on which the Company announces the grant of options. The Plan provides for the issuance of up to 10% of the Company's issued common shares at the date of the grant. Options awarded under the Plan are equity settled.

On November 18, 2020, the Company granted 1,000,000 stock options to various directors, officers, or consultants. Each option is exercisable to acquire one common share at $0.12 per common share for a period of 2 years. The fair value of the stock options granted was $87,493 calculated using the Black-Scholes Option Pricing Model using the following assumptions: spot price: $0.12; expected volatility: 155%, expected life: 2 years, forfeiture rate: 0%, dividend yield rate: 0%, and risk-free interest rate: 0.26%. Expected volatility is based on the historical volatility of the Company.

On February 16, 2021, the Company granted 1,000,000 stock options to a director and consultant. Each option is exercisable to acquire one common share at $0.245 per common share for a period of 2 years. The fair value of the stock options granted was $177,281 calculated using the Black-Scholes Option Pricing Model using the following assumptions: spot price: $0.25; expected volatility: 154%, expected life: 2 years, forfeiture rate: 0%, dividend yield rate: 0%, and risk-free interest rate: 0.20%. Expected volatility is based on the historical volatility of the Company.

Option transactions and the number of options outstanding are summarized as follows:

	Number of options	Weighted average exercise price
Outstanding, August 31, 2020	3,100,000	$ 0.15
Granted	2,000,000	0.18
Expired	(600,000)	0.30
Outstanding, August 31, 2021 and 2022	4,500,000	$ 0.15

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

c) Options (continued)

Options outstanding and exercisable at August 31, 2022 are as follows:

Number of options	Exercise price	Grant date	Expiry date	Remaining life (years)
2,500,000	$0.12	April 10, 2022	April 10, 2024*	1.61
1,000,000	$0.12	November 18, 2020	November 18, 2022**	0.22
1,000,000	$0.245	February 16, 2021	February 16, 2023	0.46
4,500,000	$0.15			1.05

*During the year ended August 31, 2022, 2,500,000 stock options exercisable at $0.12 per share expired on February 20, 2022. On April 10, 2022, the options were reissued with a new expiration date of April 10, 2024. This modification resulted in the recognition of additional share-based payment expense of $104,094. The inputs to the Black-Scholes option pricing model to calculate the fair value of the share-based payment expense were: stock price $0.075, exercise price $0.12, expected life of 2 years, volatility of 128%, annual dividend rate of 0% and interest rate of 2.43%.
**Subsequent to the year ended August 31, 2022, a total of 1,000,000 stock options with an exercise price of $0.12 expired unexercised.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding, August 31, 2020	5,908,500	$ 0.12
Issued	9,000,684	0.10
Exercised	(6,491,850)	0.12
Outstanding, August 31, 2021 and 2022	8,417,334	$ 0.10

In relation to the 6,491,850 warrants exercised during the year ended August 31, 2021, the weighted average trading price of the Company's shares was $0.17 on the date of exercise.

Warrants outstanding at August 31, 2022 are as follows:

Number of warrants	Exercise price	Issue date	Expiry date
8,417,334	$0.10	September 3, 2020	September 3, 2022*
8,417,334	$0.10		

*Subsequent to the year ended August 31, 2022, a total of 8,417,334 warrants with an exercise price of $0.10 expired unexercised.

e) Share subscriptions received in advance

As at August 31, 2022, the Company had share subscriptions received in advance of $107,500 related to a private placement that has not closed. The share subscriptions received in advance have been classified as a liability as at August 31, 2022.

The share subscriptions received in advance are part of a planned private placement of units at $0.05 per unit, for between 4 million and 10 million units, with proceeds to be used for general working capital.

7. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel include directors and officers of the Company.

(Expressed in Canadian Dollars)

7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The Company paid or accrued fees to companies controlled by key management personnel as follows:

		August 31, 2022		August 31, 2021
Administration fees	$	45,600	$	45,600
Professional fees		42,000		42,000
Management fees		25,000		50,000
Consulting fees		120,000		120,000
Occupancy costs, included in general and administrative		15,200		10,154
Share-based payments		41,638		136,532
	$	289,438	$	404,286

Refer to Note 3 for balances owing to and from related parties as at August 31, 2022 and 2021.

8. CAPITAL DISCLOSURES

The Company's principal source of capital is from the issuance of common shares. The Company's capital management objective is to obtain sufficient capital to explore current exploration and evaluation assets, and to develop new business opportunities for the benefit of its shareholders. To meet the objectives, management monitors the Company's ongoing capital requirements on specific business opportunities on a case by case basis. The capital structure of the Company consists of equity attributable to common shareholders, consisting of issued share capital, share-based payment reserve and deficit. The Company's capital totaled $2,413,627 as at August 31, 2022 (2021: $3,824,064). The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management from the previous year.

9. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, deposits, amounts receivable, amounts due from related parties, investment, accounts payable and accrued liabilities, subscriptions received in advance and amounts due to related parties. The fair value of these financial instruments, except for investment which is discussed below, approximates their carrying amounts, due to their short terms to maturity.

Financial instruments measured at fair value are classified into one of the 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 or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company's investment is measured at FVTPL using Level 1 inputs.

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

9. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has credit risk in the amount of its cash, deposits, amounts receivable and amounts due from related parties, with the carrying amounts of each representing the Company's maximum exposure to credit risk. The Company manages credit risk by placing cash and deposits with major Canadian financial institutions. Management assesses the recoverability of amounts receivable and amounts due from related parties. While management believes that credit risk related to amounts receivable and due from related parties is nominal, there is no guarantee that the amounts will be recovered in full. The Company had not provided an allowance for doubtful accounts against any of the amounts receivable or amounts due from related parties. The Company's exposure to and management of credit risk has not changed materially during the year ended August 31, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company has a working capital deficit of $405,428 as at August 31, 2022, which includes $18,514 of cash to settle current liabilities of $534,631. Management is assessing various options to raise funds including the issuance of shares and units. The Company is actively working on a private placement of units at $0.05 per unit, for between 4 million and 10 million units, of which $107,500 of proceeds have been received in advance (note 6(e)). The Company's exposure to and management of liquidity risk has not changed materially during the year ended August 31, 2022.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is not material. The Company's exposure to and management of interest rate risk has not changed materially during the year ended August 31, 2022.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The other price risk associated with the Company's current investments primarily relates to the change in the market price of the investment in XRApplied common shares. As at August 31, 2022, the Company owns 100,000 common shares. Each common share is fair valued at $0.05 (2021: $0.35). A 10% change in the market price of XRApplied common shares would have an impact of approximately $500 (2021: $3,500) on profit or loss. Management believes there is other price risk related to this investment. While the Company will seek to maximize the proceeds it receives from the sale of its investment, there is no assurance as to the timing of disposition or the amount that will be realized. The Company's exposure to and management of other price risk has not changed materially during the year ended August 31, 2022.

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange rate risk on its foreign currency denominated cash, and accounts payable and accrued liabilities. As at August 31, 2022, the Company held US$6,205 cash, and US$110,684 accounts payable and accrued liabilities. As at August 31, 2022, a 10% change in the foreign exchange rate would have impacted profit or loss by approximately $12,000. The Company's exposure to and management of foreign exchange risk has not changed materially during the year ended August 31, 2022.

(Expressed in Canadian Dollars)

10. INCOME TAXES

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rates to income (loss) before taxes as follows:

	For the year ended August 31, 2022	For the year ended August 31, 2021
Loss before taxes	$ (1,514,531)	$ (1,141,023)
Statutory Canadian corporate tax rate	27.00%	27.00%
Anticipated tax expense (recovery)	(409,000)	(308,000)
Difference resulting from:		
Items not deductible for tax purposes and other	30,000	76,000
Share issue costs	-	(2,000)
Adjustment to prior year estimates	(23,000)	(148,000)
Change in unrecognized deferred tax assets	402,000	382,000
Deferred income taxes (recovery)	$ -	$ -

The significant components of the Company’s unrecognized deferred tax assets are as follows:

	August 31, 2022	August 31, 2021
Investments	$ 31,000	$ 27,000
Exploration and evaluation assets	656,000	350,000
Share issue costs	2,000	8,000
Capital losses	44,000	44,000
Non capital loss carry forwards	1,635,000	1,537,000
Deductible temporary differences at statutory rates	2,368,000	1,966,000
Unrecognized deferred tax assets	(2,368,000)	(1,966,000)
	$ -	$ -

The Company has available non-capital losses for Canadian income tax purposes of $6,069,000 which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses will expire as follows:

Year of expiry	Amount
2042	$ 344,000
2041	915,000
2040	466,000
2039	1,049,000
2038	2,483,000
2037	237,000
2036	349,000
2035	129,000
2034	97,000
	$ 6,069,000

(Expressed in Canadian Dollars)

10. INCOME TAXES (continued)

As at August 31, 2022, the Company has $2,404,000 (2021: $1,868,000) of tax pools related to its exploration and evaluation assets which can be used to reduce future taxable income and which can be carried forward indefinitely.

11. SEGMENTED INFORMATION

The assets and operations of the Company are located in Canada and Madagascar.

	Canada	**Madagascar**	**TOTAL**
	$	**$**	**$**
For the Year Ended August 31, 2022			
Net loss	(1,514,531)	-	(1,514,531)
As at August 31, 2022			
Current assets	129,203	-	129,203
Non-current assets	57,701	2,761,354	2,819,055
Total liabilities	515,029	19,602	534,631

	Canada	**Madagascar**	**TOTAL**
	$	**$**	**$**
For the Year Ended August 31, 2021			
Net loss	(1,141,023)	-	(1,141,023)
As at August 31, 2021			
Current assets	351,783	-	351,783
Non-current assets	1,147,359	2,709,167	3,856,526
Total liabilities	359,703	24,542	384,245