United Lithium Corp.

Consolidated Financial Statements

July 31, 2022 and 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of United Lithium Corp.

Opinion

We have audited the consolidated financial statements of United Lithium Corp. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

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

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management Discussion and Analysis prior to the date of this audit report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Barry Hartley.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
November 18, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

United Lithium Corp.
Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)

	Notes	July 31, 2022	July 31, 2021
ASSETS			
Current assets			
Cash		$ 2,304,833	$ 8,341,524
Amounts receivable		191,070	130,922
Prepaid expenses	4	79,049	742,048
		2,574,952	9,214,494
Non-current assets			
Exploration and evaluation assets	3,5	13,186,342	9,608,898
Equipment	6	7,003	8,754
Long term prepaid expenses		6,290	7,255
TOTAL ASSETS		**$ 15,774,587**	**$ 18,839,401**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7,9	$ 580,757	$ 667,335
TOTAL LIABILITIES		580,757	667,335
SHAREHOLDERS' EQUITY			
Share capital	8	28,748,472	19,890,739
Reserves	8	5,621,576	11,573,932
Obligation to issue shares	8	50,000	40,000
Accumulated other comprehensive loss		(27,620)	(5,123)
Deficit		(19,197,381)	(13,327,482)
TOTAL SHAREHOLDERS' EQUITY		**15,195,047**	18,172,066
Non-controlling interest	3,11	(1,217)	-
TOTAL EQUITY		**15,193,830**	18,172,066
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 15,774,587**	**$ 18,839,401**

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

Approved and authorized on behalf of the Board on November 18, 2022:

"Faizaan Lalani" Director "Michael Dehn" Director

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

(Expressed in Canadian Dollars)

	Notes	For the years ended July 31, 2022	2021
Expenses			
Depreciation	6	$ 1,751	$ -
General and administration		110,850	24,992
Investor relations		174,633	43,437
Management and consulting fees	9	366,716	270,749
Marketing		2,245,129	4,607,198
Professional fees		537,679	324,549
Project generation		410,356	204,121
Public company costs and Director fees	9	67,665	36,578
Regulatory and transfer agent fees		68,952	29,290
Share-based payments	8,9	1,683,366	2,365,141
Travel		-	463
Foreign exchange loss		23,389	12,738
Total expenses		(5,690,486)	(7,919,256)
Transaction costs	3	(88,176)	(81,670)
Loss on settlement of debt	7	(92,454)	(294,333)
Net loss		**(5,871,116)**	**(8,295,259)**
Loss attributable to:			
Shareholders of the parent company		(5,869,899)	(8,295,259)
Non-controlling interest	3,11	(1,217)	-
		$ (5,871,116)	**$** (8,295,259)
Other comprehensive loss			
Foreign currency translation loss attributed to equity shareholders of the parent company		(22,497)	(4,072)
Total comprehensive loss		**$ (5,893,613)**	**$ (8,299,331)**
Basic and diluted loss per share		**$ (0.09)**	**$ (0.20)**
Weighted average number of common shares outstanding		**68,765,774**	**42,188,997**

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

(Expressed in Canadian Dollars)

		Share capital		Reserves								
	Notes	Number of shares	Amount	Equity settled employee compensation and warrants	Special warrants	Special broker warrants	Total reserves	Obligation to issue shares	Accumulated other comprehensive loss	Non-controlling Interest	Deficit	Total
Balance at July 31, 2020		3,624,632	$ 4,043,706	$ 708,463	$ -	$ -	$ 708,463	$ 50,000	$ (1,051)	$ -	$ (5,032,223)	$ (231,105)
Shares issued, private placement	8	26,027,363	4,309,851	-	-	-	-	(50,000)	-	-	-	4,259,851
Share issuance costs	8	-	(81,874)	-	-	-	-	-	-	-	-	(81,874)
Finders warrants	8	-	(102,062)	102,062	-	-	102,062	-	-	-	-	-
Special warrants	8	-	-	-	9,200,000	-	9,200,000	-	-	-	-	9,200,000
Special warrants issuance cost	8	-	-	-	(920,278)	-	(920,278)	-	-	-	-	(920,278)
Special broker warrants	8	-	-	-	(644,000)	644,000	-	-	-	-	-	-
Shares issued, amalagamation	3,5,8	11,500,000	7,820,000	-	-	-	-	-	-	-	-	7,820,000
Shares issued, property	3,7,8	1,141,829	543,633	-	-	-	-	-	-	-	-	543,633
Warrants issued, property	3,5,8	-	-	358,980	-	-	358,980	-	-	-	-	358,980
Debt settlement	7,8	807,777	533,133	-	-	-	-	-	-	-	-	533,133
Shares issued, exercise of options	8	400,000	256,000	-	-	-	-	-	-	-	-	256,000
Shares issued, exercise of warrants	8	9,278,062	2,327,916	-	-	-	-	-	-	-	-	2,327,916
Reallocation for options exercised	8	-	239,899	(239,899)	-	-	(239,899)	-	-	-	-	-
Reallocation for warrants exercised	8	-	537	(537)	-	-	(537)	-	-	-	-	-
Share-based payments	8	-	-	2,365,141	-	-	2,365,141	-	-	-	-	2,365,141
Obligation to issue shares	5,8	-	-	-	-	-	-	40,000	-	-	-	40,000
Exchange difference on translation		-	-	-	-	-	-	-	(4,072)	-		(4,072)
Net loss		-	-	-	-	-	-	-	-	-	(8,295,259)	(8,295,259)
Balance at July 31, 2021		**52,779,663**	**$ 19,890,739**	**$ 3,294,210**	**$ 7,635,722**	**$ 644,000**	**$ 11,573,932**	**$ 40,000**	**$ (5,123)**	**$ -**	**$ (13,327,482)**	**$18,172,066**
Share issuance costs	8	-	(1,564,281)	-	1,564,281	-	1,564,281	-	-	-	-	-
Special warrants convertion	8	15,890,886	9,200,000	-	(9,200,000)	-	(9,200,000)	-	-	-	-	-
Shares issued, property	3,8	929,774	460,000	-	-	-	-	(40,000)	-	-	-	420,000
Shares issued, exercise of warrants	8	1,696,715	428,559	-	-	-	-	-	-	-	-	428,559
Shares issued, exercise of special warrants	8	25,908	15,000	-	-	-	-	-	-	-	-	15,000
Shares issued, debt settlements	7,8	684,848	318,455	-	-	-	-	-	-	-	-	318,455
Share-based payments	8	-	-	1,683,366	-	-	1,683,366	-	-	-	-	1,683,366
Obligation to issue shares	5,8	-	-	-	-	-	-	50,000	-	-	-	50,000
Exchange difference on translation		-	-	-	(3)	-	(3)	-	(22,497)	-		(22,500)
Net loss		-	-	-	-	-	-	-	-	(1,217)	(5,869,899)	(5,871,116)
Balance at July 31, 2022		**72,007,794**	**$ 28,748,472**	**$ 4,977,576**	**$ -**	**$ 644,000**	**$ 5,621,576**	**$ 50,000**	**$ (27,620)**	**$ (1,217)**	**$ (19,197,381)**	**$15,193,830**

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

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(Expressed in Canadian Dollars)

	For the years ended July 31, 2022		2021
Operating activities			
Net loss	$ (5,871,116)	$	(8,295,259)
Adjustments for non-cash items:			
Depreciation	1,751		-
Share-based payments	1,683,366		2,365,141
Loss on settlement of debt	92,454		294,333
Unrealized foreign exchange	(21,532)		(4,072)
Accrued interest	-		2,104
Changes in non-cash working capital items:			
Amounts receivable	(59,588)		(123,314)
Prepaid expenses	662,999		(737,048)
Accounts payable and accrued liabilities	89,420		325,942
Net cash flows used in operating activities	(3,422,246)		(6,172,173)
Investing activities			
Exploration and evaluation assets	(2,652,531)		(285,294)
Cash paid for acquisition of subsidiary	(420,000)		(250,000)
Cash acquired from acquisition of subsidiary	14,527		1,332
Equipment purchase	-		(8,754)
Long-term prepaid expense	-		(7,255)
Net cash flows used in investing activities	(3,058,004)		(549,971)
Financing activities			
Shares issued for cash	-		4,259,851
Share issuance costs	-		(81,874)
Options exercised	-		256,000
Warrants exercised	443,559		2,327,916
Special warrants issued for cash	-		9,200,000
Special warrants issuance costs	-		(920,278)
Repayment of loans	-		(58,007)
Net cash flows provided by financing activities	443,559		14,983,608
Change in cash	(6,036,691)		8,261,464
Cash, beginning of the year	8,341,524		80,060
Cash, end of the year	**$ 2,304,833**	**$**	**8,341,524**
Supplemental disclosure with respect to cash flows:			
Shares issued, amalgamation	$ -	$	7,820,000
Shares issued, property	$ 460,000	$	543,633
Warrants issued, property	$ -	$	358,980
Shares issued, debt settlements	$ 318,455	$	533,133

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

1. Nature of operations and going concern

United Lithium Corp. (the "Company") was incorporated on April 28, 2017 under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties.

The head office and principal address of the Company is located at 750 West Pender Street, Suite 401, Vancouver, British Columbia, Canada, V6C 2T7. The Company's registered and records office address is 750 West Pender Street, Suite 401, Vancouver, British Columbia, Canada, V6C 2T7.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. At July 31, 2022, the Company had not achieved profitable operations, had a net loss of $5,871,116 for the year ended July 31, 2022, an accumulated deficit of $19,197,381 at July 31, 2022 and expects to incur further losses in the development of its business, all of which indicates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance that it will be able to do so in the future.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in future periods.

2. Significant accounting policies and basis of preparation

These consolidated financial statements were authorized for issue by the directors of the Company on November 18, 2022.

Statement of compliance with International Financial Reporting Standards

These consolidated financial statements of the Company 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").

Basis of preparation

These consolidated financial statements of the Company have been prepared on a historical cost basis except for certain financial assets measured at fair value. These consolidated financial statements are presented in Canadian dollars unless otherwise specified. The financial statements of the Company reflect the consolidation of the financial results of Company and its wholly owned subsidiaries.

2. Significant accounting policies and basis of preparation (cont'd)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, the Company's, and its subsidiary's functional and presentation currency.

Equipment

Equipment is recognized at cost less accumulated depreciation. The cost includes expenditures that are directly attributable to the acquisition of the equipment. Where parts (components) of an item of equipment have different useful lives or for which different amortization rates are appropriate, they are accounted for as separate items of equipment. Estimates of residual values, methods and useful lives of all assets are assessed annually.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

Asset class	**Declining balance rates**
Equipment	20% to 30%

Leasehold improvements are recorded at cost net of recoveries and amortized on a straight-line basis over the term of the lease agreement.

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled subsidiaries. Details of controlled subsidiaries are as follows:

		Percentage owned*	
	Country of incorporation	**July 31, 2022**	**July 31, 2021**
Greenhat Mineral Holdings Ltd	Canada	100%	100%
Greenhat Minerals Holdings (US) Ltd.	U.S.	100%	100%
1257590 B.C. LTD	Canada	100%	100%
Bergby Lithium AB	Sweden	100%	100%
Litiumlöydös Oy	Finland	83.6%	0%

*Percentage of voting power is in proportion to ownership.

Significant judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at

2. Significant accounting policies and basis of preparation (cont'd)

Significant judgements *(cont'd)*

the date of the consolidated financial statements and the reported revenues and expenses during this period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of evaluation and exploration assets, valuation of share-based payments, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Management determines whether assets acquired, and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. The Company completed the acquisitions of 1257590 B.C. Ltd, Bergby Lithium AB, and Litiumlöydös Oy (Note 3) and concluded that the acquired entities did not qualify as a business combination under IFRS 3, as significant processes were not acquired. Accordingly, the acquisitions have been accounted for as an asset acquisition.

- Based on the primary indicators in IAS 21 – The Effects of Change in Foreign Exchange Rates – the Canadian dollar has been determined as the functional currency of the Company. Effects of changes in foreign exchange rates on the consolidation of the financial statements are recorded in other comprehensive loss and carried in the form of a cumulative translation adjustment in the accumulated comprehensive loss section of the statements of loss and comprehensive loss.

- Management assesses the Company's ability to continue as a going-concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (Note 1), whose subsequent changes could materially impact the validity of such an assessment.

Foreign currency translation

The functional currency of a Company is measured using the currency of the primary economic environment in which the Company operates. These consolidated financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into an entity's functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

2. Significant accounting policies and basis of preparation (cont'd)

Foreign currency translation *(cont'd)*

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of loss and comprehensive loss in the period in which they arise.

The financial statements of subsidiaries that have a functional currency different from that of the Company are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position; income and expenses – at the average rate of the period and items that are directly recognized in equity at historical rates. Exchange differences are recognized in other comprehensive income as exchange difference on translation.

Exploration and evaluation assets

Exploration and evaluation expenditures relating to mineral properties include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. 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. Vesting is determined by the Board of Directors.

2. Significant accounting policies and basis of preparation (cont'd)

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, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants will be in the equity settle employee compensation and warrants reserve.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading 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 FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	
Cash	FVTPL
Amounts receivable	Amortized cost
Accounts payable	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss in the period in which they arise.

2. Significant accounting policies and basis of preparation (cont'd)

***Financial instruments** (cont'd)*

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance 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 loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive 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.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss. Other accounting stands or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

2. Significant accounting policies and basis of preparation (cont'd)

Impairment of assets

The carrying amount of the Company's assets (which includes exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash

Cash consists of cash on hand and deposits held with banks.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred tax is accounted for using the statement of financial position 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. Deferred taxes are not recognized for temporary differences related to the initial recognition of the assets or liabilities that affect neither accounting nor taxable profit nor investments in subsidiaries, associates and interests in joint ventures to the extent it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner and expected date of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilized.

2. Significant accounting policies and basis of preparation (cont'd)

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercise were used to acquire common shares at the average market price during the reporting period.

Restoration and environmental obligations

The Company recognizes liabilities for legal and constructive obligations associated with the retirement of mineral properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in 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 the 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. The increase in the provision due to the passage of time is recognized as interest expense. The Company did not have any restoration provisions at July 31, 2022.

Accounting standards issued but not yet applied

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's financial statements.

3. Acquisition and Amalgamation

Amalgamation

On August 28, 2020, the Company obtained 100% control over 1263391 B.C. Ltd. ("126 B.C.") by acquiring all issued and outstanding common shares of 126 BC.

On October 13, 2020, the Company, closed an amalgamation between 126 B.C. Ltd. and 1257590 B.C. Ltd ("125 B.C"). Pursuant to the amalgamation, the Company completed the purchase of 100% of all issued and outstanding common shares of 125 B.C. by issuing 11,500,000 common shares of the Company with a fair value of $7,820,000. 125 B.C. has an option to acquire the Barbara Lake property (Note 5).

At the transaction date, the Company determined that the acquisition of 125 B.C. did not constitute a business as defined under IFRS 3, Business Combinations, and the transaction was accounted for as an asset acquisition. The excess of the consideration paid over the fair value of the net liabilities was attributed to the exploration and evaluation asset.

(Expressed in Canadian Dollars)

3. Acquisition and Amalgamation (cont'd)

***Amalgamation** (cont'd)*

Purchase Price		
11,500,000 common shares issued	$	7,820,000
Fair value of net assets acquired		
Exploration and evaluation assets (Note 5)		7,825,752
Accounts payable and accrued liabilities		(5,752)
	$	7,820,000

The purchase price is as follows:

Acquisition of Bergby Lithium AB

On April 29, 2021 the Company acquired from Leading Edge Materials ("Leading Edge") and its subsidiaries Tasman Metals AB ("Tasman") and Tasman Metals Ltd., all of the issued and outstanding share capital of Bergy Lithium AB ("Bergby"). Bergby holds a 100% interest in and to the mining licenses comprising of the Bergby Lithium project ("Bergby Lithium Project"), located in Sweden (Note 5). Total consideration as follows:

a) Cash of $250,000 paid at the closing date;

b) 1,031,864 common shares issued by the Company at the closing date subject to an escrow restriction whereby 20% of such shares shall be released after each subsequent four-month period following the closing date. The fair value of the shares issued was estimated using Black-Scholes Option Pricing Model that estimates the discount related to the lack of marketability of the shares from the contractual restriction.

c) 400,000 common share purchase warrants issued by the Company at the closing date. Each share purchase warrant entitling the holder thereof to acquire one common share of the Company at an exercise price of $0.485 for a period of 36 months; and Payment of an additional $250,000 in cash on the date that is six months following the closing date; (Paid on October 20, 2021) (Note 13).

The Company did commit to Leading Edge to exercise reasonable commercial efforts toward spending $1,000,000 on exploration work on the Project within 18 months from the closing date.

At the transaction date, the Company determined that acquisition of Bergby did not constitute a business as defined under IFRS 3, Business Combinations, and the transaction was accounted for as an asset acquisition. The excess of the consideration paid over the fair value of the net liabilities was attributed to the exploration and evaluation asset. In addition to the purchase price, the Company spent $81,670 in legal fees as part of the transaction cost.

(Expressed in Canadian Dollars)

3. Acquisition and Amalgamation (cont'd)

Acquisition of Bergby Lithium AB *(cont'd)*

Purchase Price		
Cash consideration	$	250,000
Consideration payable (Note 7)		250,000
Fair value of the 1,031,864 common shares issued (Note 8)		468,857
Fair value of 400,000 warrants issued (Note 8)		358,980
	$	**1,327,837**
Fair value of assets and liabilities acquired		
Cash	$	1,332
Receivables		123
Exploration and evaluation assets (Note 5)		1,342,786
Accounts payable and accrued liabilities		(16,404)
	$	**1,327,837**

Acquisition of Litiumlöydös Oy - Finland

On February 14, 2022, the Company completed the acquisition of 83.6% of the issued and outstanding share capital of Litiumlöydös Oy ("Litiumlöydös"), for total consideration of $840,000. Litiumlöydös holds a 100% interest in and to the mining licenses comprising the Kietyönmäki Lithium project located in the Kietyönmäki lithium prospect, Finland. Total consideration is as follows:

(a) paid $420,000 in cash; and

(b) issued 871,803 common shares of the Company at a price of $0.48 per share. The shares are escrowed and released over an 8-month period, whereby 70% of such shares will be released on June 11, 2022, and the remaining 30% shares will be released on October 14, 2022 (Note 8).

At the transaction date, the Company determined that the acquisition of Litiumlöydös did not constitute a business as defined under IFRS 3, Business Combinations, and the transaction was accounted for as an asset acquisition. The excess of the consideration paid over the fair value of the net liabilities was attributed to the exploration and evaluation asset. In addition to the purchase price, the Company spent $88,176 in legal fees as part of the transaction cost

Purchase Price		
Cash consideration	$	420,000
Fair value of the 871,803 common shares issued (Note 8)		420,000
	$	**840,000**
Fair value of assets and liabilities acquired		
Cash	$	14,527
Receivables		560
Exploration and evaluation assets (Note 5)		824,913
	$	**840,000**

(Expressed in Canadian Dollars)

4. Prepaid expenses

Prepaid expenses consist of the following:

		July 31, 2022		July 31, 2021
Insurance	$	11,632	$	10,532
Consulting		51,000		60,000
Marketing		16,417		671,516
Total prepaid expenses	$	79,049	$	742,048

5. Exploration and evaluation assets

The following is a description of the Company's exploration and evaluation assets for the years ended July 31, 2022 and 2021:

July 31, 2022	Barbara Lake Lithium Property	Bergby Lithium Project	Greenhat Projects	Kietyönmäki lithium Project	Totals
Balance, beginning	$ 8,123,815	$ 1,485,083	$ -	$ -	$ 9,608,898
Acquisition costs	100,000	1,163	1,004,044	824,913	1,930,120
Exploration costs	-	1,591,156	-	56,168	1,647,324
Balance, ending	**$ 8,223,815**	**$ 3,077,402**	**$ 1,004,044**	**$ 881,081**	**$ 13,186,342**

July 31, 2021	Barbara Lake Lithium Property	Bergby Lithium Project	Totals
Balance, beginning	$ -	$ -	$ -
Acquisition costs	8,020,528	1,342,786	9,363,314
Exploration costs	103,287	142,297	245,584
Balance, ending	**$ 8,123,815**	**$ 1,485,083**	**$ 9,608,898**

Barbara Lake Lithium Property

On October 13, 2020, the Company completed the amalgamation of 126 B.C. and 125 B.C. by issuing 11,500,000 common shares of the Company with a fair value of $7,820,000. The excess of the consideration paid over the fair value of the net liabilities was attributed to the exploration and evaluation asset in the amount of $7,825,725 (Note 3).

Pursuant to the amalgamation, the Company acquired 125 B.C.'s option ("Option") to acquire up to 100% of Barbara Lake Lithium Property (the "Property") which is located in the Barbara Lake Area of the Thunder Bay Mining District in Ontario, Canada.

5. Exploration and evaluation assets (cont'd)

Barbara Lake Lithium Property *(cont'd)*

The Option will be exercisable as follows:

Payments
- Payment of $40,000 in cash to the property owner by July 30, 2020 (paid – November 10 ,2020);
- Payment of $40,000 in cash to the property owner by July 30, 2021 (paid – November 15, 2021);
- Payment of $50,000 in cash to the property owner by July 30, 2022;(paid – October 27, 2022) (Note 7);
- Issue to the property owner such number of the Company's shares within 10 business days at the date of closing (109,965 common shares issued on October 13, 2020 at a fair value of $74,776) (Note 8);
- Issue to the property owner such number of the Company's shares as equal to $40,000, by July 31, 2021 (issued 57,971 common shares– November 15, 2021) (Notes 8 and 13); and
- Issue to the property owner such number of Company's shares as equal to $50,000, by July 31, 2022; (Issued 208,333 shares – October 27, 2022) (Note 13).

Expenditures
- Incurring $100,000 of expenditures on the Property by July 31, 2021 (completed);
- Incurring and additional $250,000 of expenditures on the Property by July 31, 2022 (optionor has agreed that expenses will be incurred); and
- Incurring and additional $500,000 of expenditures on the Property by July 31, 2023.

Bergby Lithium Project

On April 29, 2021, the Company completed the acquisition of 100% of the issued and outstanding share capital of Bergby, for total consideration of $1,327,837 (Note 3). Bergby holds a 100% interest in and to the mining licenses comprising the Bergby Lithium Project, located in Sweden.

On April 29, 2021 (the closing date), the Company and Leading Edge entered into a royalty agreement wherein Leading Edge shall be entitled to a 2% net smelter returns royalty on the Bergby Lithium Project, which shall be subject to a buyback right for $1,000,000.

In the event Leading Edge acquires certain additional mineral claims in the region of the Bergby Lithium Project prior to March 21, 2021 (the "Bonus Date"), the issuance of such additional number of common share purchase warrants ("Bonus Warrants") as is equal to $250,000 divided by the 10- day volume weighted average trading price of the purchaser shares on the Canadian Securities Exchange (CSE) as of the date immediately preceding the Bonus Date (the "Bonus Price") with each Bonus Warrant entitling Leading Edge to acquire, for a period of 36 months, one share at an exercisable price equal to the Bonus Price. During the year ended July 31, 2021, the Company did not acquire additional mineral claims and $250,000 Bonus Warrants were not accrued.

Greenhat Projects

During the year ended July 31, 2022, the Company spent $1,004,044 is staking unpatented load mining claims in the vicinity of Custer, South Dakota.

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets (cont'd)

Litiumlöydös Oy – Kietyönmäki Lithium project

On February 14, 2022, the Company completed the acquisition of 83.6% of the issued and outstanding share capital of Litiumlöydös, for total consideration of $840,000 (Note 3). Litiumlöydös holds a 100% interest in and to the mining licenses comprising the Kietyönmäki Lithium project located in the Kietyönmäki lithium prospect, Finland.

6. Equipment

		Equipment
Cost		
Balance July 31, 2020	$	-
Additions		8,754
Balance July 31, 2021	**$**	**8,754**
Amortization		
Balance July 31, 2020	$	-
Additions		-
Balance July 31, 2021	**$**	**-**
Net book value		
Balance July 31, 2020	**$**	**-**
Balance July 31, 2021	**$**	**8,754**
Cost		
Balance July 31, 2021	$	8,754
Additions		-
Balance July 31, 2022	**$**	**8,754**
Amortization		
Balance July 31, 2021	$	-
Additions		1,751
Balance July 31, 2022	**$**	**1,751**
Net book value		
Balance July 31, 2021	**$**	**8,754**
Balance July 31, 2022	**$**	**7,003**

7. Accounts payable and accrued liabilities

		July 31, 2022		**July 31, 2021**
Accounts payable (Notes 3 and 5)	$	379,825	$	554,804
Amounts due to related parties (Note 9)		55,675		28,050
Accrued liabilities		145,257		84,481
Total accounts payable and accrued liabilities	$	580,757	$	667,335

On July 31, 2022, the Company had recorded $50,000 due in relation to the acquisition to Barbara Lake, paid subsequent to year end on October 27, 2022 (Note 13).

7. Accounts payable and accrued liabilities (cont'd)

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

On October 22, 2021, the Company paid $250,000 related to Bergby acquisition as per agreement (Note 3).

On November 1, 2021, the Company settled an aggregate of $226,800 in debt through the issuance of 684,848 common shares of the Company with a fair value of $318,455 (Note 8). The Company recognized a loss on debt settlement of $92,454 as a result of the transaction.

On August 27, 2020, the Company settled an aggregate of $238,800 in debt through the issuance of 807,777 common shares of the Company with a fair value of $533,133 (Note 8). The Company recognized a loss on debt settlement of $294,333 as a result of the transaction.

8. Share capital and reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At July 31, 2022, there were 72,007,794 (July 31, 2021 – 52,779,663) issued and fully paid common shares, of which a total of 674,287 shares were held in escrow ("Escrow Shares"). Of the 674,287 Escrow Shares, 412,746 of the Escrow Shares were held since April 29, 2021 in relation to the Bergby acquisition to be released on August 29 and December 29, 2022 (Note 3), and 261,541 shares were added on February 14, 2022 in relation to Litiumlöydös acquisition (Note 3) to be released on October 14, 2022 (Note 13).

<u>During the year ended July 31, 2022</u>:

On December 16, 2021 the Company announced that it has filed its final short form base shelf prospectus (the "Final Shelf Prospectus") with the securities commissions in each of the provinces and territories of Canada and received a final receipt in respect thereof.

The Final Shelf Prospectus allows the Company to offer and issue up to $150,000,000 of common shares, warrants, subscription receipts, units, debt securities, or any combination of such securities (collectively, the "Securities") during the 25-month period that the Final Shelf Prospectus remains effective. The Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of sale and, subject to applicable regulations, may include "at-the-market distributions" (as such term is defined in National Instrument 44-102 – Shelf Distributions), public offerings or strategic investments.

The specific terms of any offering of Securities (an "Offering"), including the use of proceeds from any Offering, will be set forth in any one or more prospectus supplement(s) to be filed with applicable securities regulators in connection with any such Offering(s).

On September 9, 2021, the Company converted 13,939,394 special warrants to common shares and warrants in connection with the March 8, 2021 private placement at a rate of 1.14, resulting in an issuance of 15,890,886 shares and 7,945,435 warrants with exercise price of $0.85 and 12,954 from Broker warrants converted, until March 8, 2023. The Company also recorded $1,564,278 share issuance cost related to the transaction.

8. Share capital and reserves (cont'd)

Issued share capital *(Cont'd)*

During the year ended July 31, 2022, 1,696,715 warrants were exercised for gross proceeds of $428,559.

During the year ended July 31, 2022, 22,726 special broker warrants were exercised into 25,908 common shares gross proceeds of $15,000.

During the year ended July 31, 2022, the Company settled an aggregate of $226,800 in debt through the issuance of 684,848 common shares of the Company with a fair value of $318,455 (Note 7).
During the year ended July 31, 2022, the Company issued 871,803 common shares in relation to Litiumlöydös Oy project acquisition of property with a fair value of $420,000 (Notes 3 and 5).

On November 15, 2021, the Company issued 57,971 common shares valued at $40,000 in relation to the Barbara Lake acquisition that was recorded as obligation to issue shares during the year ended July 31, 2021 (Notes 3 and 5). During the year ended July 31, 2022, the Company recorded obligation to issue shares of $50,000 for Barbara Lak acquisition. Subsequent to the year end, 208,333 common shares were issued (Note 13).

<u>During the year ended July 31, 2021:</u>

On August 18, 2020, the Company completed a private placement financing issuing 19,998,858 units at a price of $0.11 per unit for gross proceeds of $2,199,874 of which $50,000 was received during the year ended July 31, 2020. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of $0.25 for a period of 24 months from the date of issuance.

On August 27, 2020, the Company settled an aggregate of $238,800 in debt through the issuance of 807,777 common shares of the Company with a fair value of $533,133 (Note 7).

On September 9, 2020, the Company completed a private placement financing issuing 6,028,505 common shares at a price of $0.35 per unit for gross proceeds of $2,109,977. Finders' fees of $60,739, other fees of $21,135 and 172,512 finders' warrants, exercisable at $0.35 per common share for a period of 24 months from the date of issuance with a fair value of $102,062, were paid in connection with the private placement.

On October 13, 2020, the Company, closed an amalgamation between the Company's wholly-owned subsidiary 126 B.C. and 125 B.C. In connection with the amalgamation, the Company issued 11,500,000 common shares of the Company at a value of $7,820,000 to the previous shareholders of 125 B.C. and 109,965 common shares at a value of $74,776 of the Company to the owner of the Barbara Lake Lithium Property. (Notes 3 and 5)

On April 29, 2021, the Company issued 1,031,864 common shares with a discounted fair value of $468,857 as part of the 100% acquisition of Bergby (Note 3 and 5).

During the year ended July 31, 2021, 9,278,062 warrants were exercised for gross proceeds of $2,327,916.

During the year ended July 31, 2021, 400,000 of options were exercised for gross proceeds of $256,000. The weighted average trading price of the Company's shares on the date of exercise was $1.18.

(Expressed in Canadian Dollars)

8. Share capital and reserves (cont'd)

Reserves

Company reserves are made of reallocation on exercise of equity settle employee compensation and warrants, special warrants, and special broker warrants.

a. Stock options

On June 19, 2017, the Company implemented a stock option plan (the "Plan"), enabling the Board to grant stock options to purchase common shares in the capital of the Company to eligible persons (collectively, "Optionees") in consideration of such Optionees providing services to the Company or a subsidiary of the Company. The number of stock options granted by the Company to Optionees is determined by the Board, within the guidelines established by the Plan. The stock options enable such persons to purchase common shares at a price fixed under such guidelines. The aggregate number of shares that may be issued pursuant to options granted under the Plan, unless otherwise approved by shareholders, may not exceed that number which is equal to 10% of the issued and outstanding shares of the Company at the time of the grant and the term of any stock option will not exceed ten years.

The following table summarizes information about stock option transactions for the year ended July 31, 2022:

	Number of Options	Weighted Average Exercise Price ($)
Balance, July 31, 2020	28,568	3.50
Stock options granted	4,200,000	0.80
Stock options exercised	(400,000)	0.64
Stock options cancelled	(150,000)	0.64
Balance, July 31, 2021	3,678,568	0.85
Stock options granted	2,550,000	0.60
Balance, July 31, 2022	6,228,568	0.75

Stock options outstanding at July 31, 2022 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price ($)	Expiry Date
500,000	500,000	0.82	January 8, 2023
1,000,000	1,000,000	0.86	February 8, 2023
28,568	28,568	3.50	July 9, 2023
1,450,000	1,175,000	0.64	November 6, 2025
300,000	225,000	1.11	February 19, 2026
250,000	187,500	1.18	February 19, 2026
150,000	112,500	1.22	March 17, 2026
2,550,000	2,550,000	0.60	December 23, 2026
6,228,568	5,778,568		

During the year ended July 31, 2022, the Company granted 2,550,000 (2021 – 4,200,000) stock options with a weighted average fair value of $0.53 (2021 - $0.80) per option. The Company recorded share-based payments of $1,683,366 (July 31, 2021 - $2,365,141) relating to options vested during the year.

(Expressed in Canadian Dollars)

8. Share capital and reserves (cont'd)

***Reserves** (cont'd)*

***a. Stock options** (cont'd)*

The fair value of options granted was determined using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	July 31, 2022	July 31, 2021
Risk-free interest rate	1.23%	0.34%
Expected life	5 years	3.93 years
Estimated volatility	152.56%	154.55%
Dividend rate	N/A	N/A

b. Warrants

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, July 31, 2020	34,671	8.75
Issued	20,571,370	0.26
Exercised	(9,278,062)	0.25
Expired	(34,671)	8.75
Balance, July 31, 2021	11,293,308	0.26
Issued	7,958,389	0.85
Exercised	(1,696,715)	0.25
Balance, July 31, 2022	17,554,982	0.53

The following table summarizes information about the warrant transactions for the year ended July 31, 2022:

Warrants outstanding at July 31, 2022 are as follows:

Number of Warrants	Exercise Price ($)	Expiry Date
9,151,887	0.25	August 18, 2022
44,706	0.35	September 9, 2022
7,958,389	0.85	March 8, 2023
400,000	0.49	April 29, 2024
17,554,982		

In connection with the March 8, 2021 special warrants indenture, 7,945,435 warrants were issued and 12,954 warrants were issued from conversion of 22,726 Special Broker warrants. Each warrant gives the holder the right to acquire one share of the Company at a price of $0.85 for a term of two years until March 8, 2023.

8. Share capital and reserves (cont'd)

Reserves *(cont'd)*

b. Warrants *(con'd)*

In connection with the August 18, 2020 private placement, 19,998,858 warrants were issued. Each warrant gives the holder the right to acquire one share of the Company at a price of $0.25 for a term of two years.

In connection with the September 9, 2020 private placement, 172,512 finders' warrants were issued. Each warrant gives the holder the right to acquire one share of the Company at a price of $0.35 for a term of two years. The finders' warrants were valued at $102,062 using the Black-Scholes Option Pricing Model with the following assumptions: risk free rate of 0.25%, volatility of 140%, dividends of nil, and expected life of two years.

In connection with the acquisition of Bergby on April 29, 2021, 400,000 warrants were issued as part of the purchase price consideration (Note 3). Each warrant entitling the holder thereof to acquire one share of the Company at a price of $0.485 for a period of 3 years. The warrants were valued at $358,980 using the Black-Scholes Option Pricing Model with the following assumptions: risk free rate of 0.52%, volatility of 160%, dividends
of nil and expected life of three years.

c. Special warrants and special broker warrants

<u>During the year ended July 31, 2022:</u>

On September 9 2021, the Company converted 13,939,394 special warrants for proceeds of $9,200,000 in connection with the March 8, 2021 private placement at a rate of 1.14 (conversion terms were 1.10 after 120 days of final prospectus receipt not received, and an additional 0.02 every 30 days thereafter until received) resulting in issuance of 15,890,886 shares and 7,945,435 warrants with exercise price of $0.85 until March 8, 2023. At time of conversion the $1,564,281 of special warrants share issuance cost were transferred to regular share issuance cost.

During the year ended July 31, 2022, 22,726 special broker warrants were exercised into 25,908 common shares and 12,954 warrants for proceeds of $15,000 and 953,030 remain outstanding.

<u>During the year ended July 31, 2021:</u>

On March 8, 2021, the Company completed a special warrant private placement issuing 13,939,394 units at a price of $0.66 per unit for gross proceeds of $9,200,000. Each unit consisted of one common share and one common share purchase warrant. Each full common share purchase warrant entitles the holder to purchase one common share at a price of $0.85 for a period of 24 months from the date of issuance.

All unexercised Special Warrants will automatically be exercised on the date (the "Qualification Date") that is the earlier of (i) six (6) months and a day following Closing of the Offering, and (ii) the 3rd business day after a receipt is issued for the Final Prospectus.

(Expressed in Canadian Dollars)

8. Share capital and reserves (cont'd)

***Reserves** (cont'd)*

c. Special warrants and special broker warrants (**cont'd**)

In connection with the closing of special warrants private placement, the Company also granted 547,445 non-transferable compensation warrant units to the agents at an exercise price of $0.66 for a period of 2 years. Each compensation warrant units entitles the holder to receive one common share and one-half underlying purchase warrant for an exercise price of $0.85 for a period of 2 years after the closing. The compensation warrants were fair valued at $361,314.

In connection with the closing of special warrants private placement, the Company also granted 428,312 non-transferable advisory warrant units to the agents at an exercise price of $0.66 for a period of 2 years. Each advisory warrant units entitles the holder to receive one common share and one-half underlying purchase warrant for an exercise price of $0.85 for a period of 2 years after the closing. The advisory warrants were fair valued at $282,686.

During the year ended July 31, 2021, the Company recorded $920,278 of special warrant issuance costs for cash commissions and professional services (includes compensation and advisory warrants) in connection with the special warrant private placement.

9. Related party transactions

Balances
As at July 31, 2022, $55,675 (July 31, 2021 - $28,050) is due to related parties and is included in trade payables and accrued liabilities (Note 7). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Transactions
During the years ended July 31, 2022 and 2021 the following amounts were incurred with directors and officers of the Company:

	July 31, 2022	July 31, 2021
Director fees	$ 48,000	$ 21,000
Management fees to the CEO	160,000	156,000
Management fees to the CFO	155,000	76,000
Share-based payments	1,185,794	1,001,372
	$ 1,548,794	**$ 1,254,372**

(Expressed in Canadian Dollars)

10. Income tax

Reconciliation of income taxes at statutory rates with the reported income taxes is as follows:

	July 31, 2022	July 31, 2021
Net loss for the year	$ (5,871,116)	$ (8,295,259)
Statutory tax rate	27%	27%
Expected income tax recovery	(1,585,201)	(2,239,720)
Non-deductible items and other	672,512	665,018
Change in unrecognized deductible temporary differences	912,689	1,574,702
Deferred income tax recovery	**$ -**	**$ -**

The significant components of the Company's deferred tax asset are as follows:

	July 31, 2022	July 31, 2021
Unrecognized deferred tax asset:		
Non-capital losses	$ 3,474,206	$ 2,466,452
Exploration and evaluation assets	(2,325)	36,095
Share issuance costs	164,787	221,432
	$ 3,636,668	$ 2,723,979

At July 31, 2022, the Company has accumulated non-capital losses for income taxes of approximately $12,867,435 (2021: $9,139,007). The losses expire in 2037-2041.

11. Non-controlling Interest

On February 14, 2022, the Company completed the acquisition of 83.6% of the issued and outstanding share capital of Litiumlöydös, for total consideration of $840,000 (Note 3).

As at July 31, 2022, the Company holds 83.6% (July 31, 2021 – Nil) interest in Litiumlöydös resulting in 16.4% ownership interest held by non-controlling shareholders.

Reconciliation of non-controlling interest as follows:

	July 31, 2022	July 31, 2021
Balance, beginning	$ -	$ -
Share in net loss	(1,217)	-
Balance, ending	**$ (1,217)**	**$ -**

(Expressed in Canadian Dollars)

12. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to necessary levels of equity funding. Liquidity risk is assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency exchange risk as it expenses and liabilities denominated in currencies other than the functional currency of the Company and its subsidiaries.

The Company's reporting currency is the Canadian dollar, and the Company has significant Swedish Krona ("SEK") and Euro (EUR) operations.

As at July 31, 2022, the Company had the following USD, Euro, and SEK denominated assets and liabilities:

	July 31, 2022			July 31, 2021		
	Euros	US Dollars	Swedish Krona	Euros	US Dollars	Swedish Krona
Cash	$ 13,072	$ 17,544	$ 119,594	$ -	$ 17,138	$ 383,131
Receivables	7,237	-	166,104	-	-	-
Accounts payable and accrued liabilities	112,614	46,551	(199,275)	-	-	(101,231)
Loan payable	-	-	-	-	-	(16,489)
Total	$ 132,923	$ 64,095	$ 86,423	$ -	$ 17,138	$ 265,411

12. Financial risk and capital management (cont'd)

Foreign exchange risk (cont'd)

As at July 31, 2022, a 10% change in exchange rates between Euro, US dollars, SEK and Canadian dollar would impact the Company's net income (loss) by $28,344 (July 31, 2021 – $28,255).

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risks.

Capital Management
The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's management of capital during the year ended July 31, 2022.

Fair value
The Company's financial instruments consist of cash, amounts receivable, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments. Cash is measured at fair value using Level 1 inputs.

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 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.

Cash is measured using level 1 inputs.

13. Subsequent events

a) On August 29, 2022, an additional 206,373 shares in escrow were released in connection with Bergby acquisition (Notes 3 and 8).

b) On October 14, 2022, the remaining 261,541 shares in escrow were released in connection with Litiumlöydös Oy acquisition (Notes 3 and 8).

c) Subsequent to year ended July 31, 2022, 1,007,000 warrants were exercised for gross proceeds of $251,750.

d) Subsequent to year ended July 31, 2022, 8,189,593 warrants expired unexercised.

e) On October 27, 2022, the Company paid cash of $50,000 and issued 208,333 common shares valued at $50,000 in relation to the Barbara Lake acquisition (Note 5).

f) On August 19, 2022, the Company granted 4,050,000 restricted share units to directors and officer of the Company in accordance with the Company's Equity Incentive Plan.