ACME LITHIUM INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE PERIOD ENDED JUNE 30, 2023, AND 2022
(With Comparative AUDITED Figures as at SEPTEMBER 30, 2022)
(In Canadian dollars)

Notice of No Auditor Review of Interim Condensed Financial Statements

The accompanying unaudited interim condensed financial statements have been prepared by management and approved by the Audit Committee.

The Company’s independent auditors have not performed a review of these interim condensed financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditors.

August 23, 2023

ACME LITHIUM INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2023 AND SEPTEMBER 30, 2022
(Expressed in Canadian dollars)

	Note	June 30, 2023 (Unaudited)	September 30, 2022 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		**$ 2,012,322**	$ 9,816,956
GST receivable		**20,312**	61,030
Prepaid expenses – current	4	**450,142**	107,393
		2,482,776	9,985,379
Noncurrent assets			
Prepaid expenses and deposits - noncurrent	4	**144,540**	210,165
Right-of-use asset	5	**165,451**	-
Equipment	6	**531,114**	181,904
Exploration and evaluation properties	7	**11,305,226**	3,792,216
		12,146,331	4,184,285
Total assets		**$ 14,629,107**	$ 14,169,664
SHAREHOLDERS' EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**$ 1,304,978**	$ 246,258
Current portion of lease liability		**26,369**	-
Due to related parties	11	**-**	93,705
Flow-through premium liability	12	**-**	594,615
		1,331,347	934,578
Non-current liabilities			
Non-current portion of lease liability		**145,138**	-
Total liabilities		**$ 1,476,485**	$ 934,578
Shareholders' equity			
Share capital	8	**$ 16,109,186**	$ 15,219,436
Reserves	9,10	**3,194,116**	3,194,116
Accumulated other comprehensive income		**50,396**	237,801
Deficit		**(6,201,076)**	(5,416,267)
Total shareholders' equity		**13,152,622**	13,235,086
Total shareholders' equity and liabilities		**$ 14,629,107**	$ 14,169,664

Nature and continuation of operations *(Note 1)*
Commitments (*Note 18*)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON AUGUST 23, 2023

"Vivian Katsuris"
Vivian Katsuris, Director

"Ioannis Tsitos"
Ioannis Tsitos, Director

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

ACME LITHIUM INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE PERIODS ENDED JUNE 30, 2023, AND 2022

(Unaudited - Expressed in Canadian dollars)

		Three months ended		Nine months ended	
	Note	**June 30, 2023**	June 30, 2022	**June 30, 2023**	June 30, 2022
Operating expenses					
Business development	17	**$ 239,855**	$ 458,039	**$ 787,775**	$ 1,064,039
Professional fees	17	**135,480**	97,117	**402,261**	243,496
General and administrative	17	**110,663**	1,798,986	**402,199**	1,897,253
Net loss before other income (expense)		**(485,998)**	(2,354,142)	**(1,592,235)**	(3,204,788)
Other income (expense)					
Rental income		**7,500**	-	**7,500**	-
Forex gain or loss		**(1,291)**	18,752	**(5,987)**	(2,278)
Impairment (loss) recovery	7,17	**94,165**	(253,528)	**94,165**	(253,528)
Interest income		**18,456**	5,386	**117,133**	8,808
Flowthrough Income	12	**-**	15,536	**594,615**	15,953
Net income(loss) for the period		**$ (367,168)**	$ (2,567,996)	**$ (784,809)**	$ (3,435,833)
Other comprehensive income (loss)					
Foreign currency translation gain (loss)		**(216,600)**	(158)	**(187,405)**	(158)
Comprehensive income (loss) for the period		**$ (583,768)**	$ (2,568,154)	**$ (972,214)**	$ (3,435,991)
Weighted average number of shares – basic and diluted		**59,121,067**	49,673,800	**54,685,811**	44,846,605
Loss per share – basic and diluted		**$ (0.01)**	$ (0.05)	**$ (0.01)**	$ (0.08)

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

ACME LITHIUM INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED JUNE 30, 2023, AND 2022
(Unaudited - Expressed in Canadian dollars)

	SHARE CAPITAL						
	Number of shares	**Amount**	**Reserves**	**Subscriptions receivable**	**Accumulated other comprehensive income**	**Deficit**	**Total**
Balances, September 30, 2021	**36,327,814**	**$ 4,810,051**	**$ 822,744**	**$ (48,000)**	**$ -**	**$(1,892,272)**	**$ 3,692,523**
Shares issued for:							
Private placement	8,772,628	8,884,308	-	48,000	-	-	8,932,308
Mineral Properties	750,000	855,000	-	-	-	-	855,000
Warrants exercised	6,345,625	1,007,375	-	-	-	-	1,007,375
Finder's warrants	-	(89,407)	89,407	-	-	-	-
Share issuance costs	-	(245,001)	-	-	-	-	(245,001)
Share-based compensation	-	-	1,721,906	-	-	-	1,721,906
Net loss and comprehensive loss for the year	-	-	-	-	(158)	(3,435,833)	(3,435,991)
Balances, June 30, 2022	**52,196,067**	**$15,222,326**	**$2,634,057**	**$ -**	**$ (158)**	**$(5,328,105)**	**$12,528,120**
Balances, September 30, 2022	**53,496,067**	**$15,219,436**	**$3,194,116**	**$ -**	**$ 237,801**	**$(5,416,267)**	**$13,235,086**
Shares issued for:							
Mineral Properties	850,000	412,250	-	-	-	-	412,250
Warrants exercised	4,775,000	477,500	-	-	-	-	477,500
Net loss and comprehensive loss for the year	-	-	-	-	(187,405)	(784,809)	(972,214)
Balances, June 30, 2023	**59,121,067**	**$16,109,186**	**$3,194,116**	**$ -**	**$ 50,396**	**$(6,201,076)**	**$13,152,622**

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

ACME LITHIUM INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2023, AND 2022
(Unaudited - Expressed in Canadian dollars)

	June 30, 2023	June 30, 2022
OPERATING ACTIVITIES		
Net loss for the period	**$ (784,809)**	$ (3,435,833)
Adjustments for:		
Depreciation	**63,619**	-
Flow-through recovery	**(594,615)**	-
Impairment loss	**-**	253,528
Share-based compensation	**-**	1,721,906
Changes in non-cash working capital items:		
Accounts receivable	**40,718**	6,531
Prepaid expenses	**(277,124)**	(42,380)
Accounts payable and accrued liabilities	**965,015**	(92,320)
Deferred revenue	**-**	833,526
Cash used in operating activities	**$ (587,196)**	$ (755,042)
INVESTING ACTIVITIES		
Acquisition of machinery and equipment	**(390,977)**	-
Exploration and evaluation expenditures	**(7,100,760)**	(1,004,731)
Cash used in investing activities	**$ (7,491,737)**	$ (1,004,731)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	**477,500**	9,939,683
Share issuance costs	**-**	(245,001)
Flowthrough liability	**-**	789,048
Lease liability payment	**(15,796)**	-
Cash provided by financing activities	**$ 461,704**	$ 10,483,730
Change in cash and cash equivalents	**(7,617,229)**	8,723,957
Effect of foreign exchange rate in cash	**(187,405)**	(158)
Cash and cash equivalents, beginning of period	**9,816,956**	2,802,252
Cash and cash equivalents, end of period	**$ 2,012,322**	$ 11,526,051
Cash	**$ 427,336**	$ 8,526,051
Cash equivalents	**$ 1,584,986**	$ 3,000,000

Supplemental cash flow information *(Note 16)*

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

1. NATURE AND CONTINUANCE OF OPERATIONS

ACME Lithium Inc. (the "Company") was incorporated under the provisions of the Business Corporations Act of British Columbia on January 31, 2017. On November 23, 2020, the Company changed its name from Hapuna Ventures Inc. to ACME Lithium Inc. and changed its principal business from technology to a mineral exploration company.

The Company's corporate office is located at 318 - 1199 W Pender St, Vancouver, British Columbia, Canada, V6E 2R1 and its registered and records office address is at 2900-733 Seymour Street, Vancouver, British Columbia, Canada V6B 0S6. The Company's common shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "ACME" and on the OTCQX Best Market ("OTCQX") under the symbol "ACLHF".

The Company is a mineral exploration company engaged in the acquisition, exploration and evaluation of natural resource properties located in the State of Nevada, USA, Manitoba and Saskatchewan, Canada. To date, no mineral development projects have been completed and no commercial development or production has commenced.

As at June 30, 2023, the Company has not yet determined whether the properties are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

The Company is a reporting issuer in the Province of British Columbia, Alberta, and Ontario. All public filings for the Company can be found on the SEDARPLUS website www.sedarplus.ca.

Background

The Company was incorporated under the provisions of the Business Corporations Act of British Columbia on January 31, 2017, as a wholly owned subsidiary of Kona Bay Technologies Inc. ("Kona Bay") whose line of business was in technology. By December 19, 2020, the Company had disposed of all its digital business and related outstanding obligations to an arm-length purchaser.

On December 29, 2020, the Company entered into an Amalgamation Agreement (the "Amalgamation Agreement") with 1281524 B.C. Ltd. ("Subco") and 1266291 B.C. Ltd. ("Fundco") which closed on December 30, 2020. Pursuant to the Amalgamation Agreement, the following occurred: (i) Subco and Fundco amalgamated. (ii) The unit holders of Fundco received an equivalent number of units of the Company; and (iii) The amalgamated Company, "Amalco" became a wholly owned subsidiary of the Company.

Going concern

These interim condensed consolidated financial statements (the "financial statements") have been prepared on a going concern basis, assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As of June 30, 2023, the Company had a deficit of $6,201,076 (September 30, 2022 - $5,416,267) and a working capital of $1,151,429 (September 30, 2022 –$9,050,801).

As the Company is in early-stage exploration and it does not generate revenues, the continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating commitments as they come due and generating profitable operations in the future. As of June 30, 2023, the Company had sufficient working capital to cover its expenditures over the next 12 months.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with the same accounting policies and methods of computation as compared with the most recent annual financial statements, being for the year ended September 30, 2022.

These financial statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on August 23, 2023.

b) Basis of Measurement

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

c) Basis of Consolidation

These financial statements include the accounts of the Company and its subsidiary, ACME Lithium US Inc. ("ACME US"). Effective December 16, 2021, the Company amalgamated with its previously wholly owned subsidiary, 1266291 BC Ltd., and will continue to act as one company under the name ACME Lithium Inc. The financial statements of the Company's subsidiaries have been consolidated from the date that control commenced. Control is achieved when the Company has the power to govern the financial operating policies of an entity to obtain the benefits from its activities. All intercompany balances and transactions and income and expenses have been eliminated upon consolidation.

d) Reclassifications

The change in certain items of prior period was made to conform to the current period presentation and explain the nature and magnitude of the change.

e) Presentation and Functional Currency

These interim condensed consolidated financial statements are presented in Canadian dollars, which is the functional currency of the parent Company. The functional currency of the Company's wholly owned US subsidiary, ACME US, is in US dollars.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Revenues and expenses are translated at the exchange rates prevailing on the dates of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

To presenting financial statements, the assets and liabilities of ACME US are expressed in Canadian dollars using the exchange rates prevailing at the end of each reporting period. The assets and liabilities are translated into Canadian dollars at the spot rate at the date of the statement of financial position. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case exchange rates at the dates of the transactions are used. Exchange differences are recognized in other comprehensive income and reported as a currency translation adjustment in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Critical accounting judgments, estimates and assumptions – The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

<u>Critical Judgments</u>

Going concern of operations **-** Management has made the determination that the Company will continue as a going concern for the following year.

Title to exploration assets **-** Although the Company has taken steps to verify title to its exploration properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

Flow-through shares - the Company determines the flow-through share premium by allocating the total funds received between common share and flow-through premium liability by first assessing the fair value of the common shares issued, based on market price at issuance, with any excess considered being allocated to warrants (if any) and the flow-through premium.

<u>Estimates</u>

Share-based compensation - Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Finder's warrants - Finders warrants are valued using the Black-Scholes option pricing model with assumptions such as volatility, risk free rate, and expected dividend. These assumptions are made based on the conditions prevalent on the date of issuance.

Sale of Royalty - Management's assessments related to the recognition of revenues for arrangements are based on estimates and assumptions. Where deferral of cash consideration about gross revenue royalty agreement is deemed appropriate, subsequent revenue recognition is often determined based on certain assumptions and estimates, the Company's continuing involvement in the arrangement and the benefits expected to be derived by the purchaser.

Impairment of exploration and evaluation assets - The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available.

Deferred income taxes - The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates (continued)

Useful lives of property and equipment – Management exercises professional judgement when determining the useful life and residual values of property and equipment. Management estimates these inputs based on industry standards and previous experience assessing similar capital assets.

Leases – The application of IFRS 16 Leases requires the Company to make judgments and estimates that affect the measurement of right-of-use assets and liabilities. In determining the lease term, all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options) are considered. Assessing whether a contract includes a lease also requires judgment. Estimates are required to determine the incremental borrowing rate to measure liabilities where the interest rate in the lease is not readily available.

Cash and cash equivalents - The Company considers deposits with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents. As of June 30, 2023, the Company had a total of $Nil held in trust classified as cash equivalents (September 30, 2022 – $Nil).

Property and equipment - On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company.

Property and equipment are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

The Company utilizes the straight-line basis method of amortization. The amortization rates applicable to each category of property and equipment are as follows:

Machinery and equipment	straight-line basis	6 years
Furniture and fixtures	straight-line basis	7 years
Vehicle	straight-line basis	5 years
Computer	straight-line basis	5 years

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. The depreciation method, useful life and residual values are assessed annually. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of loss and comprehensive loss.

Impairment of non-financial assets - At each statement of financial position date, in accordance with IAS 36 "Impairment of Assets", the Company assesses whether there is any indication that any of those assets have suffered an impairment loss. If any indication exists, the Company estimates the asset's recoverable amount.

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the reporting period. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units, and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An impairment loss for an individual asset or CGU shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognized and is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The recoverable amount is the greater of an assets or CGU fair value less costs 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 current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate largely independent cash inflows, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Exploration and evaluation assets – Once the legal right to explore a property has been acquired, all expenditures related to acquisition, exploration, and evaluation of the properties ("E&E assets") (including option payments and annual fees to maintain the property in good standing) are capitalized and deferred by property until the project to which they relate is sold, abandoned, impaired, or placed into production. Costs not directly attributable to exploration and evaluation activities are expensed in the period in which they occur. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units of production method over estimated recoverable reserves.

Management assesses carrying values of properties for which events and circumstances may indicate possible impairment on an annual basis. Impairment of a property is generally considered to have occurred if (1) the period for which the entity has the right to explore the area has expired or is not expected to be renewed; (2) substantive expenditures on further exploration is neither budgeted nor planned; (3) exploration has not led to discovery of commercially viable quantities; or (4) the carrying amount is unlikely to be recovered in full from successful development or sale. When a project is deemed to no longer have commercially viable prospects to the Company, exploration, and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, more than estimated recoveries, are written down to profit or loss.

Any option payments received by the Company from third parties, or any proceeds received by the Company from the sale of royalties on its properties from third parties are credited to the capitalized cost of the E&E assets. If payments received exceed the capitalized cost of the E&E assets, the excess is recognized as income in the period received.

Restoration and environmental obligations - The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration 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 costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

As at June 30, 2023, and September 30, 2022, the Company did not have any decommissioning liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital- 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 the value to the more easily measurable component based on fair value and then the residual value, if any, to the less measurable component. Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

Finders' warrants - Warrants issued to agents and brokers in connection with a financing are recorded at fair value using the Black-Scholes option pricing model and charged to share issue costs associated with the offering with an offsetting credit to reserves in shareholders' equity.

Flow-through shares - Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the difference between the current market price of the Company's common shares and the issue price of the flow-through share and ii) share capital. Upon eligible exploration expenditures being incurred, the Company recognizes a deferred tax liability for 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 must be expended on Canadian resource property exploration within a period of two years. Failure to expend such funds after the end of the first year as required under the Canadian income tax legislation will result in a Part XII.6 tax to the Company on flow-through proceeds renounced under the "Look-back" Rule. When applicable, this tax is accrued as flowthrough share tax expense until paid.

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

The Company provides for income taxes using the liability method of tax allocation. Under this method, deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse. Deferred income tax assets are recognized to the extent that management has determined it is probable to be realized.

Revenue recognition - The Company may recognize other income from the sale of royalty interests on its wholly owned exploration properties. In these arrangements, the consideration received is based on a pre-determined fixed fee paid up front and is allocated to the performance obligations in the contracts. Fees associated with the purchase that are collected prior to being earned are recorded as deferred revenues. Revenue is recognized as the performance obligations are satisfied.

Share-based payments - The Company records all share-based payments at their fair value. 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 charged to reserves. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

The share-based payments costs are charged to operations over the stock option vesting period. Agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to reserves.

Earnings (Loss) per share - The Company uses the treasury stock method in computing earnings (loss) per share. Under this method, basic earnings (loss) per share is computed by dividing earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding using the treasury stock method, to reflect the potential dilution of securities that could result from the exercise of in-the-money stock options and warrants. Diluted loss per share excludes all dilutive potential equity instruments if their effect is anti-dilutive.

Financial instruments – The Company determines the classification of its financial instruments at initial recognition. The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial instruments are classified and measured at either:

i. Amortized cost.
ii. FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
iii. FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified. Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

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. 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. 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 supportable forward-looking information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

Assets carried at amortized cost. If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flow from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

Related party transactions - Parties are 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. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

Leases - At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company has recognized the right-of-use assets and lease liabilities for long-term leases that have a lease term of 5 years. The lease payments associated with these leases are charged against the lease liability and right-of-use assets is amortized on straight line basis over the period of lease term.

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements - During the period ended June 30, 2023, there are no new standards adopted in the year. The following accounting standards interpretations have been issued but are not yet effective:

IAS 1 –Presentation of Financial Statements ("IAS 1"), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023, with early application permitted. The Company is currently assessing the impact of this amendment on its consolidated financial statements.

4. PREPAID EXPENSES AND DEPOSITS

The Company's prepaid expenses and deposits for the periods ended June 30, 2023, and September 30, 2022, are composed of the following:

		June 30, 2023		September 30, 2022
Current Prepaid and Deposits:				
Advertising and Promotions	**$**	**54,798**	$	57,600
Rent		**-**		24,000
Exploration costs		**335,626**		-
Management fees		**26,357**		-
Director fees		**2,625**		-
Others		**30,736**		25,793
	$	**450,142**	$	107,393

		June 30, 2023		September 30, 2022
Noncurrent Prepaid and Deposits:				
Exploration advances	**$**	**-**	$	76,481
Rent		**21,000**		-
Equipment advances		**-**		103,123
Reclamation Bond*		**82,126**		30,561
Deficiency Deposit**		**41,414**		-
	$	**144,540**	$	210,165

*Reclamation bond is on the Company's Nevada properties. The bond can be refunded upon the faithful performance of the conditions and stipulations as set forth in the bond, the plan of operations and the regulations of the State of Nevada.

**Deficiency deposit is for the Company's Saskatchewan property. The deposit will cover the shortfall or reallocate the reduced credit to the existing group of claims. The deposit can be refunded once approved for sufficient assessment work in the next assessment work period.

(Expressed in Canadian dollars)

5. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, using the effective interest method for the present value determination. As the implicit rate in the lease is 18%, the Company applied the same to calculate the present value of its lease payments.

The Company has entered into lease agreement of its offices for 5 years expiring on November 30, 2027.

Many leases include one or more options to renew. The Company assumes renewals in the determination of the lease term if the renewals are deemed to be reasonably assured at lease commencement date. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The continuity of the right-of-use asset ("ROU asset") and lease liability for the period ended June 30, 2023, and September 30, 2022, is as follows:

Right-of-use asset:		
Value of right-of-use assets as of September 30, 2022, 2021	$	-
Additions		187,303
Depreciation		(21,852)
Value of right-of-use assets as of June 30, 2023	**$**	**165,451**
Lease liability:		
Lease liability recognized as of September 30, 2022, 2021	$	-
Additions		187,303
Lease payments		(31,831)
Lease interests		16,035
Lease liability recognized as of June 30, 2023	$	171,507
Current portion	$	26,369
Long-term portion		145,138
	$	**171,507**

During the period ended June 30, 2023, the Company did not identify any indicators of impairment (2022 – $Nil).

Following table reflects the undiscounted lease obligations payable during the five years 19uent to the period ended June 30, 2023:

	2023	2024	2025	2026	2027	Total
Office lease	$ 55,156	$ 56,167	$ 57,178	$ 58,188	$ 24,420	$ 251,109

As of June 30, 2023, the Company recognized $165,451 as right-of-use assets and lease liability of $171,507 in the statement of financial position (September 30, 2022 – $Nil). The rent deposit amount of $21,000 is included in prepaids (September 30, 2022 – $24,000) (Note 4).

During the nine months ended June 30, 2022, the company has paid rent of $9,000 for the office premises.

(Expressed in Canadian dollars)

6. PROPERTY AND EQUIPMENT

	Machinery and Equipment	Furniture and fixtures	Computers	Vehicle	Total
Costs:					
Balance, September 30, 2021	$ -	$ -	$ -	$ -	$ -
Additions	108,308	22,392	-	68,699	199,399
Balance, September 30, 2022	$ 108,308	$ 22,392	-	$ 68,699	$ 199,399
Additions	374,655	8,939	4,264	-	387,858
Balance, June 30, 2023	**$ 482,963**	**$ 31,331**	**$ 4,264**	**$ 68,699**	**$ 587,257**
Accumulated depreciation:					
Balance, September 30, 2021	$ -	$ -	$ -	$ -	$ -
Depreciation	9,026	1,599	-	6,870	17,495
Balance, September 30, 2022	$ 9,026	$ 1,599	$ -	$ 6,870	$ 17,495
Depreciation	25,247	2,772	323	10,306	38,648
Balance, June 30, 2023	**$ 34,273**	**$ 4,371**	**$ 323**	**$ 17,176**	**$ 56,143**
Net book value:					
September 30, 2022	$ 99,282	$ 20,793	$ -	$ 61,829	$ 181,904
June 30, 2023	**$ 448,690**	**$ 26,960**	**$ 3,941**	**$ 51,523**	**$ 531,114**

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation expenditures for the period ended June 30, 2023, are as follows:

	Clayton Valley, Nevada	Fish Lake Valley, Nevada	Shatford and Cat Euclid, Manitoba	Birse Lake, Manitoba	Bailey Lake, Saskatchewan	Total
Acquisition costs						
Balance, September 30, 2022	$1,438,543	$ 148,065	$ 120,000	$ 20,000	$ -	$ 1,726,608
Additions – cash	66,200	11,536	-	-	109,476	187,212
Additions - common shares	371,250	-	-	-	41,000	412,250
Balance, June 30, 2023	**$1,875,993**	**$ 159,601**	**$ 120,000**	**$ 20,000**	**$ 150,476**	**$ 2,326,070**
Exploration and evaluation costs						
Balance, September 30, 2022	$1,242,756	$ 139,113	$ 766,909	$ 66,004	$ -	$ 2,214,782
Consulting	23,975	47,915	128,429	-	-	200,319
Geological surveys	1,609,044	142,747	292,675	5,916	-	2050,382
Drilling	1,947,542	-	2,592,061	-	-	4,539,603
Testing and assaying	-	64,928	14,294	-	-	79,222
Travel	-	1,122	88,557	-	-	89,679
Foreign currency translation	(30,356)	(15,301)	-	-	-	(45,657)
Balance, June 30, 2023	**$4,792,961**	**$ 380,524**	**$ 3,882,925**	**$ 71,920**	**$ -**	**$ 9,128,330**
Sale of GOR royalty	**-**	**-**	(149,174)	**-**	**-**	**(149,174)**
Total, June 30, 2023	**$6,668,954**	**$ 540,125**	**$ 3,853,751**	**$ 91,920**	**$ 150,476**	**$ 11,305,226**

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

The Company's exploration and evaluation expenditures for the year ended September 30, 2022, are as follows:

	Clayton Valley, Nevada	Fish Lake Valley, Nevada	Shatford and Cat Euclid, Manitoba	Birse Lake, Manitoba	Warm Springs, Oregon	Total
Acquisition costs						
Balance, September 30, 2021	$ 433,947	$ 71,867	$ 120,000	$ -	$ -	$ 625,814
Additions – cash	64,035	72,924	-	20,000	100,334	257,293
Additions - common shares	855,000	-	-	-	-	855,000
Foreign currency translation	85,561	3,274	-	-	-	88,835
Balance, September 30, 2022	**$1,438,543**	**$ 148,065**	**$ 120,000**	**$ 20,000**	**$ 100,334**	**$ 1,826,942**
Exploration and evaluation costs						
Balance, September 30, 2021	$257,792	$ 35,093	$ 27,000	$ -	$ -	$ 319,885
Consulting	157,832	71,418	162,509	31,004	-	422,763
Geological surveys	158,821	29,965	532,817	35,000	153,194	909,797
Drilling	415,612	-	44,583	-	-	460,195
Maintenance fees	30,809	-	-	-	-	30,809
Reports and administration	109,564	1,822	-	-	-	111,386
Travel	26,928	1,098	-	-	-	28,026
Foreign currency translation	85,398	(283)	-	-	-	85,115
Balance, September 30, 2022	**$1,242,756**	**$ 139,113**	**$ 766,909**	**$ 66,004**	**$ 153,194**	**$ 2,367,976**
Impairment	**-**	**-**	**-**	**-**	**(253,528)**	**(253,528)**
Sale of GOR royalty	**-**	**-**	(149,174)	**-**	**-**	**(149,174)**
Total, September 30, 2022	**$2,681,299**	**$ 287,178**	**$ 737,735**	**$ 86,004**	**$ -**	**$ 3,792,216**

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Clayton Valley, Nevada

On May 12, 2021, the Company entered into an assignment agreement with an arm's length party to acquire a 100% interest in 64 claims, comprising the CC, CCP and SX placer lithium claims (the "Project Claims"), located in Clayton Valley, Esmeralda County, Nevada. Under the terms of the agreement, the Company needs to undertake the following to exercise its option: pay cash payments of US$278,500 ($241,564 – US $178,500 paid), issue 5,250,000 common shares (2,250,000 issued), and incur a total of US$2,750,000 in exploration and development expenditures ($2,489,869 – US $1,871,886 incurred). The Company also paid the initial deposit of $6,416 (US$5,000) to reimburse the arm's length party. The property is subject to a 3.0% Gross Overriding Royalty. The Company has the right to buy back one-half of the royalty for US$1,500,000 for a period of 3 years following the commencement of commercial production.

The following are the terms of the agreement:

	Cash Payment	Common Shares	Exploration expenditures
	$ (in USD)	#	$ (in USD)
On the Approval Date March 2, 2021 (paid and issued)	78,500	750,000	-
On or before March 2, 2022 (paid and issued)	50,000	750,000	250,000
On or before March 2, 2023 (paid and issued)	50,000	750,000	500,000
On or before March 2, 2024	50,000	1,000,000	1,000,000
On or before March 2, 2025	50,000	2,000,000	1,000,000
Total	**278,500**	**5,250,000**	**2,750,000**

In connection with the option agreement entered with the arm's length party, the Company is required pay an advance royalty payment of US$200,000 on the 5th anniversary of the effective date of the agreement, and continuing each annual anniversary date thereafter, until he the property is in production. The cash advances will be credited against future royalty payments due.

In June 2021, the Company staked 58 new claims. The total cost incurred to obtain the claims was $23,902 (US$19,362).

As at June 30, 2023, the Clayton Valley project has a carrying value of $6,668,954 (September 30, 2022 – $2,681,299) which includes $4,792,961(September 30, 2022 – $1,242,756) in exploration expenditures.

FLV Property (Fish Lake Valley, Nevada)

On November 9, 2020, the Company entered into a mineral property purchase and sale agreement (the "FLV agreement") with an arm's length party, whereby the Company acquired 81 lode mining claims located in Esmeralda County, Nevada, USA. Under the terms of the FLV agreement, the right, title, and interest in the FLV claims was purchased by paying consideration of $50,000 (paid) and by issuing 100,000 common shares (issued with a fair value of $3,000).

On October 9, 2021, the Company staked 63 new claims (FLV-2) by paying $34,982 (US$ 28,047).

On March 15, 2023, the Company staked 63 new claims (FLV-3) by paying $39,246 (US$28,713).

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

As at June 30, 2023, the FLV claim group has a carrying value of $540,125 (September 30, 2022 – $287,178) which includes $380,524 (September 30, 2022 – $139,113) in exploration expenditures.

Shatford and Cat-Euclid Lake Properties

On September 9, 2021, the Company entered into a staking agreement to acquire mineral rights in Euclid and Shatford Lake areas of Southeast Manitoba. The Euclid group has six (6) claim blocks and Shatford group has 21 claim blocks. These claims are royalty-free and not subject to any agreement. For the period ended June 30, 2023, initial staking, claim fees and geological surveys were incurred for two properties in Manitoba – the Euclid Lake and Shatford Lake properties.

During the year ended September 30, 2022, the Company entered a term sheet with an arm's length party for the purchase of royalties in the Cat-Euclid and Shatford lake property. The Company received $833,526 (US$650,000) in cash for the purchase of a 2% gross overriding revenue (GOR) royalty. The proceeds from this transaction were recorded as a reduction to the exploration and evaluation assets. As the proceeds exceeded the capitalized cost of the exploration and evaluation assets of $149,174 as of April 5, 2022, the excess proceeds of $684,352 is recognized as a gain on sale of royalty in the statement of loss and comprehensive loss.

Birse Lake Property

The Company has staked 10 new claims, located east of Shatford lake. These claims are royalty-free and not subject to any agreement.

Bailey Lake Property

On December 5, 2022, the Company entered into a purchase agreement to acquire 100% interest in the 5 mineral claims in north central region of Saskatchewan, Canada. The Company must pay a consideration of (i) $9,476 on closing (paid on December 7, 2022), and (ii) the grant of a 1% Net Smelter Return Royalty of the gross value of all products derived and shipped from the property.

On December 6, 2022, the Company entered into an option agreement to acquire 100% interest in the 13 mineral claims in Bailey Lake, located in the northeastern region of Saskatchewan, Canada. To exercise this option, the Company must pay to the owner an aggregate of $450,000 ($100,000 paid), issue and deliver an aggregate of 450,000 shares (100,000 issued) and incur an aggregate of $1,554,000 of expenditures on the property in accordance with the following schedule:

	Cash Payment	Common Shares	Exploration expenditures
		#	
On or before December 7, 2022 (paid and issued)	$100,000	100,000	$ -
On or before December 5, 2023	150,000	150,000	388,500
On or before date December 5, 2024	200,000	200,000	518,000
On or before December 5, 2025	-	-	647,500
Total	**$450,000**	**450,000**	**$1,554,000**

The property is subject to a 2.0% Net Smelter Return Royalty of the gross value of all products derived and shipped from the property. The Company has the right to buy back one-half of the royalty (1% NSR) for $2,000,000 for a period of 24 months following the commencement of commercial production.

7. EXPLORATION AND EVALUATION ASSETS (continued)

As at June 30, 2023, the Cat Euclid, Shatford and Birse Lake projects have a carrying value of $3,853,751 (September 30, 2022 – $823,739) which includes $3,853,751 (September 30, 2022 – $803,739) in exploration expenditures.

Oregon Properties

On March 23, 2022, the Company staked 340 new mining claims located in southeast Oregon. During the year ended September 30, 2022, expenditures incurred on the property $253,528. However, it decided to focus on other properties and recorded an impairment loss of $253,528 relating to this property during the year ended September 30, 2022.

During the period ended June 30, 2023, the Company has recognized $94,165 (US$69,700) as other income from refund received for maintenance and location relating to this property (Note 17).

8. SHARE CAPITAL

Authorized
The Company has authorized share capital of an unlimited number of common shares and preferred shares without par value. Common and/or preferred shares are entitled to receive dividends when they are declared by the Board of Directors.

Issued and Outstanding Common Shares
As of June 30, 2023, the Company has a total issued and outstanding common shares: 59,121,067 (September 30, 2022 – 53,496,067).

Private Placement Financing and Share Issuances

During the period ended June 30, 2023, the Company had the following capital transactions:

For the nine-month period ended June 30, 2023, 4,775,000 warrants were exercised into common shares at $0.10 per share for total gross proceeds of $477,500.

On December 7, 2022, 100,000 common shares valued at $0.41 were issued as per the mineral property acquisition agreement of Bailey Lake, Saskatchewan.

On March 2, 2023, 750,000 common shares valued at $0.495 issued as per the mineral property acquisition agreement of Clayton Valley, Nevada

During the year ended September 30, 2022, the Company had the following capital transactions:

For the year ended September 30, 2022, 6,900,000 warrants were exercised into common shares at $0.10 per share for total gross proceeds of $690,000 and 745,625 warrants were exercised into common shares at $0.60 per share for total gross proceeds of $447,375.

On May 19, 2022, the Company completed its second and final tranche of its non-brokered private placement financing through the issuance of 231,482 units (the "Units") at a price of $1.08 per Unit for aggregate gross proceeds of $250,000. The Units consist of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $1.40 per share for three years.

8. SHARE CAPITAL (continued)

Also on May 19, 2022, the Company completed a non-brokered flow-through financing with another arm's length party. The Flow-Through Private Placement ("FT Private Placement") consisted of 666,668 units (the "FT Units") at a price of $1.50 per Unit for aggregate gross proceeds of $1,000,002. The FT Units consist of one flow-through common share and one-half of one non-flow through common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $1.80 per share for two years. The Company paid aggregate finder's fee of $95,900 cash, 46,667 compensation warrants exercisable for two years at $1.50 and 16,204 compensation warrants exercisable for two years at $1.08.

On May 13, 2022, the Company completed a non-brokered private placement (the "Private Placement") through the issuance of 3,194,976 units (the "Units") at a price of $1.08 per Unit for aggregate gross proceeds of $3,450,574. The Units consist of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $1.40 per share for three years. A residual value of $143,774 was assigned to the warrants.

Also on May 13, 2022, the Company completed a non-brokered flow-through financing with another arm's length party. The Flow-Through Private Placement ("FT Private Placement") consisted of 666,668 units (the "FT Units") at a price of $1.50 per Unit for aggregate gross proceeds of $1,000,002. The FT Units consist of one flow-through common share and one-half of one non-flow through common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $1.80 per share for two years. The Company paid aggregate finder's fee of $91,550 cash, 46,667 compensation warrants exercisable for two years at $1.50 and 16,204 compensation warrants exercisable for two years at $1.08. A residual value of $30,000 was assigned to the warrants.

On March 9, 2022, the Company issued 3,179,500 units (the "Units") in a non-brokered private placement at a price of $0.94 per Unit for gross proceeds of $2,988,730. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for two years at a price of $1.22 per share.

On March 2, 2022, the Company issued 750,000 shares at a fair value of $1.14 per share for the Clayton Valley Project (Note 6).

On December 16, 2021, the Company closed its flow-through financing – a non-brokered private placement – through the issuance of 833,334 units at a price of $1.20 per unit for aggregate proceeds of $1,000,001. Part of the proceeds were recognized as Flow-through premium liability amounting to $183,333 and shall be recognized as income over a period of 12 months from closing date (Note 12). Each Unit consists of one flow-through common share and one-half of one non-flow through common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $1.50 per share for two years. Finders' fees totaling $70,000 cash and 58,333 compensation warrants exercisable for two years at an exercise price of $1.20 were paid to an arm's length party.

Shares held in Escrow

Pursuant to an escrow agreement dated March 25, 2021, (the "Escrow Agreement"), a total of 3,242,244 common shares held by principals of the Company were placed under escrow. Of that number, as of June 30, 2023, a total of 972,673 remained in escrow. Of the remaining shares held in escrow, 486,337 will be released every six months with the final shares being released on April 28, 2024.

On October 28, 2022 and April 28, 2023, 486,337 common shares were released from escrow.

(Expressed in Canadian dollars)

9. STOCK OPTIONS

The Company has a stock option plan for directors, officers, employees, and consultants. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued and outstanding common shares at the time the options are granted. The number of shares reserved for issuance to any individual director, officer or consultant shall not exceed 5% of the issued and outstanding common shares. The number of incentive stock options granted to any one consultant, or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued shares of the Company. The exercise price of each option is determined by the Board.

On April 14, 2022, the Company granted an aggregate of 2,000,000 incentive stock options to directors, consultants, and employees as per the Company’s Stock Option Plan, with an exercise price of $1.28 per share for a period of five years from the date of grant. 1,500,000 options were fully vested on grant date and the remaining 500,000 options vested on August 14, 2022. The estimated fair value of the options was $1,910,992. The Company expensed the entire amount as share-based compensation during the year ended September 30, 2022. The options were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate - 2.58%; expected life – 5 years; expected volatility – 100%; forfeiture rate – Nil and expected dividends – Nil.

On April 28, 2022, the Company granted an aggregate of 225,000 incentive stock options to a consultant as per the Company’s Stock Option Plan, with an exercise price of $1.30 per share for a period of three years from the date of grant. The options vested on August 28, 2022. The estimated fair value of the options was $174,658. The Company expensed the entire amount as share-based compensation during the year ended September 30, 2022. The options were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate – 2.58%; expected life – 3 years; expected volatility – 100%; forfeiture rate – Nil and expected dividends – Nil.

On July 9, 2021, the Company granted $1,325,000 incentive stock options to directors and a consultant with an exercise price of $0.80 per share for a period of five years from date of grant. A total of 1,250,000 options vested immediately. The remaining 75,000 options were fully vested by November 9, 2021. The estimated fair value of the options was $845,285, of which $822,744 has been recorded during the year ended September 30, 2021, and the remaining balance $22,541 has been recorded during the year ended September 30, 2022, in connection with the issuance of these options. The options were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate - 0.94%; expected life – 5 years; expected volatility – 100%; forfeiture rate – Nil and expected dividends – Nil.

As of June 30, 2023, the Company has 3,550,000 incentive stock options outstanding (September 30, 2022 – 3,550,000). A summary of the movements of the stock options is presented below:

Year ended	**June 30, 2023**		September 30, 2022	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning	**3,550,000**	**$ 1.10**	**1,325,000**	**$ 0.80**
Granted	**-**	**-**	**2,225,000**	**1.28**
Outstanding, end	**3,550,000**	**1.10**	**3,550,000**	**1.10**
Exercisable	**3,550,000**	**$ 1.10**	**3,550,000**	**$ 1.10**

(Expressed in Canadian dollars)

9. STOCK OPTIONS (continued)

The following table summarizes information regarding stock options outstanding as of June 30, 2023:

Date issued	Number of options outstanding	Exercise price	Expiration date
July 9, 2021	1,325,000	$ 0.80	July 9, 2026
April 14, 2022	2,000,000	1.28	April 14, 2027
April 28, 2022	225,000	1.30	April 28, 2025
Total options outstanding	**3,550,000**		
Total options exercisable	**3,550,000**		

10. WARRANTS

The following table summarizes information regarding share purchase warrants outstanding as of June 30, 2023:

Date issued	Number of warrants	Exercise price	Expiry date
June 21, 2021	2,635,883	0.60	June 21, 2025*
July 2, 2021	1,055,575	0.60	June 21, 2025*
December 16, 2021	416,667	1.50	December 16, 2023
December 16, 2021	58,333	1.20	December 16, 2023
March 9, 2022	1,589,750	1.22	March 9, 2024
May 13, 2022	16,204	1.08	May 13, 2024
May 13, 2022	46,667	1.50	May 13, 2024
May 13, 2022	333,334	1.80	May 13, 2024
May 13, 2022	1,597,488	1.40	May 13, 2025
May 19, 2022	16,204	1.08	May 19, 2024
May 19, 2022	46,667	1.50	May 19, 2024
May 19, 2022	115,741	1.40	May 19, 2025
May 19, 2022	333,334	1.80	May 19, 2024
	8,261,847		

*On June 9, 2023, the expiry date of the share purchase warrants issued by the Company on June 21, 2021 and July 2, 2021 have been extended for two (2) years to June 21, 2025.

The weighted average exercise price of the warrants as of June 30, 2023, is $1.05, and the weighted average remaining life of the warrants is 1.52 years (September 30, 2022 – $0.69 and 0.91 years, respectively).

<u>Finders' warrants</u>

On May 19, 2022, the Company granted 16,204 warrants to finders with an exercise price of $1.08 per share and 46,667 warrants exercisable at $1.50 for a period of two years from date of grant. The estimated fair value of the warrants was $33,533, recorded during the year ended September 30, 2022, in connection with the issuance of these warrants. The warrants were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate – 2.71%; expected life – 2 years; expected volatility – 100%; forfeiture rate – Nil and expected dividends – Nil.

Also on May 13, 2022, the Company granted 16,204 warrants to finders with an exercise price of $1.08 per share and 46,667 warrants exercisable at $1.50 for a period of two years from date of grant. The estimated fair value of the warrants was $29,081, recorded during the year ended September 30, 2022, in connection with the issuance of these warrants. The warrants were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate - 2.68%; expected life – 2 years; expected volatility – 100%; forfeiture rate – Nil and expected dividends – Nil.

(Expressed in Canadian dollars)

10. WARRANTS (continued)

Finders' warrants (continued)

On December 16, 2021, the Company granted 58,333 warrants to finders with an exercise price of $1.20 per share for a period of two years from date of grant. The estimated fair value of the warrants was $26,793, recorded during the year ended September 30, 2022, in connection with the issuance of these warrants. The warrants were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate - 0.90%; expected life – 2 years; expected volatility – 100%; forfeiture rate – Nil and expected dividends – Nil.

A summary of changes in the Company's share purchase warrants outstanding for the periods ended June 30, 2023, and 2021 is as follows:

	June 30, 2023		September 30, 2022	
	Number of warrants	Weighted average exercise price	**Number of warrants**	Weighted average exercise price
Outstanding, beginning	**13,329,704**	$ 0.69	**16,404,940**	$ 0.24
Granted	**-**	-	**4,570,389**	1.40
Exercised	**(4,775,000)**	0.10	**(7,645,625)**	0.15
Expired	**(292,857)**	0.60	**-**	-
Outstanding, end of period	**8,261,847**	$ 1.05	**13,329,704**	$ 0.69

Warrants held in escrow.

Pursuant to an escrow agreement dated March 25, 2021, (the "Escrow Agreement"), a total of 1,575,000 warrants held by principals of the Company were placed under escrow. Of that number, As of June 30, 2023, a total of 472,500 remained in escrow.

In November 2022, 1,459,010 outstanding escrow warrants were exercised at $0.10 into escrow common shares. On October 28, 2022 and April 28, 2023, 236,250 warrants were released from escrow.

11. RELATED PARTY TRANSACTIONS

The Company has identified its directors and certain senior officers as its key personnel and the compensation costs for key personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties.

As of June 30, 2023, the Company has $Nil (September 30, 2022 – $93,705) due to related parties broken down as follows:

	June 30, 2023	September 30, 2022
CEO	**$ -**	$ 79,000
CFO and Corporate Secretary	**-**	14,705
Total	**$ -**	$ 93,705

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (continued)

During the periods ended June 30, 2023, and June 30, 2022, the Company entered the following transactions with related parties:

	June 30, 2023	June 30, 2022
Management fees	**$ 225,500**	$ 144,250
Director fees	**45,000**	-
Accounting fees	**47,221**	24,184
Share-based payments	**-**	1,433,244
Total	**$ 317,721**	$ 1,601,678

(a) Management fees were paid or accrued to the following:

	June 30, 2023	June 30, 2022
Company controlled by the CEO	**$ 158,000**	$ 90,000
Company controlled by the CFO	**67,500**	54,250
Total	**$ 225,500**	$ 114,250

(b) Accounting fees of $47,221 were paid to a company controlled by the Company's CFO and Corporate Secretary (2022 – $24,184).

(c) Director fees were paid or accrued to the following:

	June 30, 2023	June 30, 2022
Company controlled by Director	**$ 22,500**	$ -
Director	**22,500**	-
Total	**$ 45,000**	$ -

12. FLOW-THROUGH PREMIUM LIABILITY

December 16, 2021, FT Financing
On December 16, 2021, the Company issued 833,334 flow-through units for gross proceeds of $1,000,001 and recognized a deferred flow-through premium of $191,667, non-cash, as the difference between the amounts recognized in common shares and the amounts the investors paid for the units.

As of June 30, 2023, the flow-through premium liability outstanding relating to these flow-through shares was $Nil (September 30, 2022 – $34,613). The Company spent $1,000,001 in eligible exploration expenditures as of December 31, 2022.

For the period ended June 30, 2023, the Company recognized flow-through income of $34,613 (2021 – $Nil).

May 13, 2022, FT Financing
On May 13, 2022, the Company issued 666,668 flow-through units for gross proceeds of $1,000,002 and recognized a deferred flow-through premium of $280,001, non-cash, as the difference between the amounts recognized in common shares and the amounts the investors paid for the units.

As of June 30, 2023, the flow-through premium liability outstanding relating to these flow-through shares was $Nil (September 30, 2022 – $280,001). The Company spent $1000,002 in eligible exploration expenditures as of June 30, 2023.

For the period ended June 30, 2023, the Company recognized flow-through income of $280,001 (2022 – $Nil).

(Expressed in Canadian dollars)

12. FLOW-THROUGH PREMIUM LIABILITY (continued)

May 19, 2022, FT Financing
On May 19, 2022, the Company issued 666,668 flow-through units for gross proceeds of $1,000,002 and recognized a deferred flow-through premium of $280,001, non-cash, as the difference between the amounts recognized in common shares and the amounts the investors paid for the units.

As of June 30, 2023, the flow-through premium liability outstanding relating to these flow-through shares was $Nil (September 30, 2022 – $Nil). The Company spent $1,000,002 in eligible exploration expenditures as of June 30, 2023.

For the period ended June 30, 2023, the Company recognized flow-through income of $280,001 (2022 – $Nil).

13. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares of $16,109,186. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, meet financial obligations, have sufficient capital to achieve and maintain profitable operations and to provide returns for shareholders and benefits for other stakeholders. As of June 30, 2023, the Company had a working capital of $1,151,429 (September 30, 2022 – $9,050,801). Management expects to raise additional capital from the capital markets or from private placements of securities.

14. SEGMENT INFORMATION

The Company operates in one business segment, the exploration of mineral properties. The Company conducts its operations in Canada and the USA. Geographic information is as follows:

June 30, 2023	**Canada ($)**	**USA ($)**	**Total ($)**
Total assets	**7,343,121**	**7,285,986**	**14,629,107**
Loss (income) for the period	**827,351**	**(42,542)**	**784,809**

June 30, 2022	Canada ($)	USA ($)	Total ($)
Total assets	14,308,631	-	14,308,631
Loss for the period	3,431,263	4,570	3,435,833

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

General Objectives, Policies, and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Fair value of financial instruments

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 that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The fair value of the Company's financial instruments approximates their carrying value due to their short term to maturity. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

Risk Management

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar or other foreign currencies will affect the Company's operations and financial results. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered any foreign currency contracts to mitigate this risk.

(Expressed in Canadian dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Foreign Currency Risk (continued)

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

		June 30, 2023	September 30, 2022
Cash and cash equivalents	USD$	28,720	843,975
Reclamation bond	USD$	63,144	24,197
Accounts payable and accrued liabilities	USD$	942,262	6,579

Based on the above net exposures and if all other variables remain constant, a 10% change in the value of the foreign currency against the Canadian dollar would result in an increase or decrease of $136,918 (September 30, 2022 - $86,159) in loss and comprehensive loss.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist of cash and cash equivalents. Most of the Company's cash and cash equivalents are maintained with a federally regulated financial institution with reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal as of June 30, 2023.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are uncertain, the liquidity risk increases.

The Company's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company will prepare annual capital expenditure budgets which will be regularly monitored and updated as necessary. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

16. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash financing and operating transactions during the period ended June 30, 2023, and 2022. :

	June 30, 2023	June 30, 2022
	$	$
Stock-based compensation	**-**	1,721,906
Shares issued for exploration activities	**412,250**	855,000
Fair value of warrants issued to finders	**-**	89,407

During the period ended June 30, 2023, the Company paid $22,574 in interest and $Nil in taxes (2022 – interest of $397; taxes of $Nil).

(Expressed in Canadian dollars)

17. BREAKDOWN OF EXPENSES AND OTHER INCOME (EXPENSES)

	Note	Three months ended		Nine months ended	
		June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Business development					
Conference and seminars		**$ 18,667**	$ 43,236	**$ 52,406**	$ 105,013
Corporate development		**34,164**	29,000	**149,455**	47,000
Investor relations		**46,587**	37,842	**110,789**	93,713
Website and marketing		**140,437**	347,961	**475,125**	818,313
Total		**$ 239,855**	$ 458,039	**$ 787,775**	$ 1,064,039
General and administrative					
Depreciation	6	**$ 36,685**	$ -	**$ 63,619**	$ -
Insurance		**3,270**	2,734	**10,044**	4,724
Interest expense	5	**7,892**	189	**22,574**	573
Property investigation	7	**1,110**	10,120	**53,287**	10,120
Regulatory and filing fees		**22,010**	19,690	**69,885**	65,859
Rent	6	**-**	9,000	**29,672**	30,246
Selling, office and general		**19,147**	13,158	**61,670**	26,592
Travel		**20,549**	22,189	**91,448**	37,223
Share-based compensation		**-**	1,721,906	**-**	1,721,906
Total		**$ 110,663**	$ 1,798,986	**$ 402,199**	$ 1,897,253
Professional fees					
Accounting and audit fees	11	**$ 32,412**	$ 28,365	**$ 84,605**	$ 52,115
Consulting fees		**522**	-	**6,305**	-
Director fees	11	**15,000**	-	**45,000**	-
Legal fees		**11,046**	6,502	**40,851**	47,131
Management fees	11	**76,500**	62,250	**225,500**	144,250
Total		**$ 135,480**	$ 97,117	**$ 402,261**	$ 243,496

During the current period, other income includes recovery of previously impaired assets of $94,165 income (2022 – loss of $253,528) due to refund received from Bureau of Land Management (BLM) for maintenance and location on the Oregon properties. (Note 7).

18. COMMITMENTS

The Company has certain commitments related to key management compensation for $30,500 per month with no specific expiry of terms (Note 11).

The Company has certain commitments in connection with its mineral properties (Note 6).

The Company is bound by management agreement with the CEO according to which, in the event of termination of the agreement, the Company will be liable for the remaining balance of fees and a lump sum equal to six months on his standing management fees.

On December 1, 2022, the Company entered into a 5-year lease agreement for its office premises with annual fees of $54,567 beginning in December 2022, with a 1.8% increase each year during the 5-year term.

On January 6, 2023, the Company entered into an agreement with an arm's length party for branding and marketing for a period of 12 months with a total transaction fee of $40,000, payable in 4 quarters. During the quarter ended June 30, 2023, $20,000 is paid and a balance of $20,000 is outstanding.