

MEGAWATT LITHIUM AND BATTERY METALS CORP.

Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Six Months Ended March 31, 2023 and 2022

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Megawatt Lithium and Battery Metals Corp. for the interim period of three and six months ended March 31, 2023 and 2022 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Manning Elliott LLP, have not performed a review of these interim financial statements.

May 25, 2023

MEGAWATT LITHIUM AND BATTERY METALS CORP.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	March 31, 2023	September 30, 2022
		\$	\$
ASSETS			
Current			
Cash		111,295	762,790
Mineral option payment receivable	4(e)	-	175,000
Taxes recoverable		117,905	88,187
Prepaid expenses		27,972	28,263
		257,172	1,054,240
Exploration and evaluation assets	4	1,805,519	1,802,789
Total assets		2,062,691	2,857,029
LIABILITIES			
Current			
Accounts payable and accrued liabilities		193,899	558,078
Flow-through premium liability	5	104,328	143,558
Total liabilities		298,227	701,636
SHAREHOLDERS' EQUITY			
Share capital	6(b)	27,103,915	27,103,915
Reserves		1,766,137	1,766,137
Deficit		(26,913,018)	(26,523,997)
Non-controlling interest	9	(192,570)	(190,662)
Total shareholders' equity		1,764,464	2,155,393
Total liabilities and shareholders' equity		2,062,691	2,857,029

Nature of operations and going concern (Note 1)
Subsequent event (Note 11)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "David Thronley-Hall"
Director

/s/ "Kelvin Lee"
Director

MEGAWATT LITHIUM AND BATTERY METALS CORP.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars, except number of shares)

		Three months ended		Six months ended	
	Note	2023	March 31, 2022	2023	March 31, 2022
		\$	\$	\$	\$
Operating expenses					
Exploration and evaluation expenses	4	75,434	3,066	123,086	65,150
General and administrative		16,741	5,637	24,031	13,078
Management and consulting	7	63,000	149,175	160,158	253,155
Marketing and shareholder communication		1,212	246,040	2,444	274,765
Professional fees		47,337	103,662	96,455	171,216
Regulatory and filing fees		14,818	59,265	23,985	69,593
Share-based compensation	7	-	-	-	282,295
		218,542	566,845	430,159	1,129,252
Other income (expense)					
Amortization of flow-through premium liability	5	5,275	4,187	39,230	4,187
Interest expense		-	(851)	-	(851)
Net loss and comprehensive loss		(213,267)	(563,509)	(390,929)	(1,125,916)
Net loss and comprehensive loss attributable to:					
Shareholders of the Company		(212,620)	(563,509)	(389,021)	(1,125,916)
Non-controlling interest		(647)	-	(1,908)	-
Net loss per share:					
Basic and diluted		(0.02)	(0.08)	(0.04)	(0.16)
Weighted average number of common shares:					
Basic and diluted		8,758,732	7,128,732	8,758,732	6,926,825

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

MEGAWATT LITHIUM AND BATTERY METALS CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Six months ended	
	2023	March 31, 2022
	\$	\$
Operating activities:		
Net loss and comprehensive loss for the period	(390,929)	(1,125,916)
Items not affecting cash:		
Share-based compensation	-	282,295
Amortization of flow-through premium liability	(39,230)	(4,187)
Changes in non-cash working capital items:		
Mineral option payment receivable	175,000	-
Taxes recoverable	(29,718)	(30,107)
Prepaid expenses	291	(110,121)
Accounts payable and accrued liabilities	(364,179)	(108,343)
Cash used in operating activities	(648,765)	(1,096,379)
Investing activities:		
Acquisition of Quebec Properties	-	(51,066)
Acquisition of Burton Silver Pty Ltd.	-	(739)
Exploration and evaluation expenditures - 1256714 B.C. Ltd	-	(22,731)
Exploration and evaluation expenditures - Route 381 Lithium	-	(1,000)
Exploration and evaluation expenditures - Cobalt Hill	(2,730)	(2,365)
Cash used in investing activities	(2,730)	(77,901)
Financing activities:		
Proceeds from issuance of units	-	436,220
Proceeds from issuance of flow-through units	-	879,445
Share issuance costs	-	(71,324)
Cash provided by financing activities	-	1,244,341
Net change in cash	(651,495)	70,061
Cash, beginning of period	762,790	495,193
Cash, end of period	111,295	565,254
Supplemental cash flow information:		
Warrants issued as finders fees	-	40,584
Interest paid	-	851

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

MEGAWATT LITHIUM AND BATTERY METALS CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Deficit	Non- controlling interest	Total shareholders' equity
	#	\$	\$	\$	\$	\$
Balance, September 30, 2021	6,435,390	24,860,203	1,045,864	(15,418,279)	4,331,590	14,819,378
Units issued for cash	242,345	344,469	91,752	-	-	436,221
Flow-through units issued for cash	450,997	708,698	170,747	-	-	879,445
Flow-through premium	-	(67,650)	-	-	-	(67,650)
Share issuance costs	-	(111,908)	40,584	-	-	(71,324)
Share-based compensation	-	-	282,295	-	-	282,295
Net loss and comprehensive loss for the period	-	-	-	(1,125,916)	-	(1,125,916)
Balance, March 31, 2022	7,128,732	25,733,812	1,631,242	(16,544,195)	4,331,590	15,152,449
Units issued for cash	40,000	20,948	5,051	-	-	25,999
Flow-through units issued for cash	840,000	523,920	106,079	-	-	629,999
Flow-through premium	-	(84,000)	-	-	-	(84,000)
Share issuance costs	-	(65,765)	23,765	-	-	(42,000)
Shares issued for mineral properties	750,000	975,000	-	1,188,229	(2,163,229)	-
Net loss and comprehensive loss for the period	-	-	-	(11,168,031)	(2,359,023)	(13,527,054)
Balance, September 30, 2022	8,758,732	27,103,915	1,766,137	(26,523,997)	(190,662)	2,155,393
Net loss and comprehensive loss for the period	-	-	-	(389,021)	(1,908)	(390,929)
Balance, March 31, 2023	8,758,732	27,103,915	1,766,137	(26,913,018)	(192,570)	1,764,464

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

MEGAWATT LITHIUM AND BATTERY METALS CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

MegaWatt Lithium and Battery Metals Corp. ("the Company") was incorporated on December 11, 2017 under the laws of British Columbia. On July 20, 2019, the Company completed its initial public offering and listed on the Canadian Securities Exchange ("CSE") under the symbol "MEGA" (previously "WAL"). On April 20, 2022, the Company's common shares commenced trading on the OTCQB under the symbol "WALRF". The head office and principal address of the Company is located at Suite 1500 - 1055 West Georgia Street, Vancouver BC, V6E 4N7. The Company's principal business activities include the acquisition and exploration of mineral property assets.

As at March 31, 2023, the Company had not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets 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 the future profitable production from the property or realizing proceeds from its disposition.

As at March 31, 2023, the Company has not generated revenue to date and had an accumulated deficit of \$26,913,018 (September 30, 2022 - \$26,523,997). The Company's operations to date have been funded through the issuance of equity. These factors represent a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These unaudited condensed interim consolidated financial statements for the three and six months ended March 31, 2023 and 2022 (the "financial statements") do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

On April 18, 2023, the Company announced that it will be consolidating its outstanding common shares on a ten-for-one basis. The Company's post consolidation shares began trading on the CSE on May 9, 2023. The presentation of number of shares, warrants, stock options and loss per share in these financial statements have been retrospectively adjusted for this share consolidation.

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on May 25, 2023.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended September 30, 2022 and 2021 (the "Annual Financial Statements").

b) Basis of measurement

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS, as well as information presented in the condensed interim consolidated statements of cash flows.

c) Functional and presentation currency

These financial statements have been prepared in Canadian dollars, which is the Company's and its subsidiaries' functional and presentation currency.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of statement of financial position. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

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2. BASIS OF PRESENTATION (continued)

d) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in these financial statements from the date control commences until the date control ceases.

A summary of the Company's subsidiaries included in these financial statements as at March 31, 2023 are as follows:

	Country of incorporation	Holding	Functional currency	Principal activity
1256714 B.C. Ltd. ("TargetCo")	Canada	80%	Canadian dollar	Holding company
1260945 B.C. Ltd. ("New Age Co")	Canada	100%	Canadian dollar	Holding company

e) Significant accounting policies

These financial statements were prepared using accounting policies consistent with those in Note 3 to the Annual Financial Statements.

f) Significant estimates and judgements

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and judgments, in applying accounting policies. Management continually evaluates these estimates and judgments based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities. The Company's interim results are not necessarily indicative of its results for a full year. The significant estimates and judgments applied in the preparation of these financial statements are consistent with those applied and disclosed in Note 3 to the Annual Financial Statements.

3. ACQUISITIONS

a) Acquisition of TargetCo

On October 15, 2020, the Company announced that it had closed the acquisition of TargetCo and acquired 60% of the issued and outstanding securities of TargetCo in consideration for the issuance of 1,500,000 common shares of the Company pro rata to shareholders of TargetCo. In connection with the transaction, the Company issued 67,500 finder common shares (the "Finders' Shares").

The acquisition of TargetCo has been accounted for by the Company as a purchase of assets. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes, and outputs, that together constitute a business, did not exist in these projects at the time of acquisition.

A summary of the Company's purchase price allocation as at the October 15, 2020 asset acquisition date is as follows:

	\$
<i>Purchase price:</i>	
Fair value of common shares issued	13,500,000
Fair value of Finders' Shares	607,500
Total consideration	14,107,500
<i>Purchase price allocation:</i>	
Exploration and evaluation assets (Note 4b)	23,107,500
Non-controlling interest (Note 9)	(9,000,000)
Net assets acquired	14,107,500

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3. ACQUISITIONS (continued)

On April 5, 2022, the Company closed the acquisition of an additional 20% of the issued and outstanding shares of TargetCo pursuant to a share purchase agreement dated effective March 25, 2022 (the "Definitive Agreement") with certain shareholders of TargetCo. Pursuant to the terms of the Definitive Agreement, the Company acquired an additional 20% of the issued and outstanding securities of TargetCo in consideration for the issuance of 750,000 common shares of the Company pro rata to the shareholders of TargetCo at a fair value of \$1.30 per share. The acquisition of the additional 20% of TargetCo is accounted for as an equity transaction and reduction of the non-controlling interest (Note 9). As a result of this transaction, the Company owns 80% of the issued and outstanding shares of TargetCo.

b) Acquisition of New Age Co

On April 14, 2021, the Company announced that it had completed the acquisition of all issued and outstanding securities of New Age Co pursuant to the terms of a share exchange agreement dated March 30, 2021 (the "Agreement") among the Company, New Age Co and the New Age Co shareholders. The acquisition of New Age Co resulted in the Company acquiring a 100% interest (subject to a 1% Net Smelter Returns Royalty ("NSR")) in and to certain mining tenements in Northern Territory and New South Wales, Australia as these exploration stage properties are the assets of New Age Co (the "New Age Co Properties") (Note 4d).

Pursuant to the terms of the Agreement, the Company acquired 100% of the issued and outstanding securities of New Age Co in consideration for the issuance of 1,140,000 common shares of the Company. In addition, the Company issued 7,500 common shares (the "New Age Finders' Shares") to arm's length third party finders in connection with the New Age Transaction.

The acquisition of New Age Co has been accounted for by the Company as a purchase of assets. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes, and outputs, that together constitute a business, did not exist in these projects at the time of acquisition.

A summary of the Company's purchase price allocation as at the April 14, 2021 asset acquisition date is as follows:

	\$
<i>Purchase price:</i>	
Fair value of common shares issued	4,446,000
Fair value of New Age Finders' Shares	29,250
Total consideration	4,475,250
<i>Purchase price allocation:</i>	
Exploration and evaluation assets (Note 4d)	4,475,250
Net assets acquired	4,475,250

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4. EXPLORATION AND EVALUATION ASSETS

A summary of the Company's exploration and evaluation assets is as follows:

	Cobalt Hill	Tyr Silver Project	James Bay Lithium Project	Total
	\$	\$	\$	\$
Acquisition cost				
Balance, September 30, 2021	615,000	11,555,805	1,780,000	13,950,805
Impairment	-	(11,555,805)	(701,569)	(12,257,374)
Option and sale proceeds	-	-	(175,000)	(175,000)
Balance, March 31, 2023 and September 30, 2022	615,000	-	903,431	1,518,431
Exploration and evaluation expenditures				
Balance, September 30, 2021	281,813	105,007	59,290	446,110
Additions	2,545	108,642	397,698	508,885
Impairment	-	(213,649)	(456,988)	(670,637)
Balance, September 30, 2022	284,358	-	-	284,358
Additions	2,730	-	-	2,730
Balance, March 31, 2023	287,088	-	-	287,088
Balance, September 30, 2022	899,358	-	903,431	1,802,789
Balance, March 31, 2023	902,088	-	903,431	1,805,519

During the three and six months ended March 31, 2023 and 2022, the Company incurred \$75,434 and \$498,086 less \$375,000 reimbursement (Note 4e) for a net \$123,086, respectively (2022 - \$3,066 and \$65,150, respectively) of exploration and evaluation expenses on the impaired properties, Tyr Silver Project, Century South Silver-Zinc Project, James Bay Lithium Project and New Age Co Properties which was recognized in profit or loss.

a) Cobalt Hill

Pursuant to an option agreement dated February 5, 2018, amended on April 25, 2019 and July 3, 2020, the Company was granted an option to acquire a 100% undivided interest in certain Cobalt Hill mineral claims ("Cobalt Hill") located in the Trail Creek Mining Division in British Columbia.

In 2021, the Company fulfilled the terms of the option agreement and acquired a 100% undivided interest in Cobalt Hill by making cumulative cash payments totaling \$355,000 and issuing a cumulative total of 110,000 common shares of the Company. The optionor retained a 1.5% NSR on Cobalt Hill.

b) Tyr Silver Project and Century South Silver-Zinc Project

On October 15, 2020, pursuant to the terms of the definitive agreement dated August 13, 2020, the Company closed the acquisition for 60% of TargetCo (Note 3a) which owns a 100% interest (subject to a 2% NSR) in two prospective silver-zinc projects in Australia, being the Tyr Silver Project and the Century South Silver-Zinc Project. On April 5, 2022, pursuant to the terms of the Definitive Agreement dated March 25, 2022, the Company closed the acquisition of an additional 20% of TargetCo (Note 3a).

During the year ended September 30, 2022, the Tyr Silver Project was fully impaired due to the application of IFRS to bring the Company's assets in line with its market capitalization. As a result, the Company recorded an amount of \$11,769,454 on September 30, 2022 as an impairment of exploration and evaluation assets and with subsequent exploration and evaluation expenditure recognized in profit or loss. The Company intends to keep the permit of this resource property in good standing. During the three and six months ended March 31, 2023, the Company incurred \$3,237 and \$9,541, respectively (2022 - \$nil and \$nil, respectively) exploration and evaluation expenditures on the property recognized in profit or loss.

MEGAWATT LITHIUM AND BATTERY METALS CORP.
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4. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended September 30, 2021, the Century South Silver-Zinc Project was fully impaired due to the application of IFRS to bring the Company's assets in line with its market capitalization. As a result, the Company recorded an amount of \$11,671,024 on September 30, 2021 as an impairment of exploration and evaluation assets and with subsequent exploration and evaluation expenditure recognized in profit or loss. During the three and six months ended March 31, 2023, the Company incurred \$nil and \$nil, respectively (2022 - \$3,066 and \$19,554, respectively) exploration and evaluation expenditures on the property recognized in profit or loss.

c) James Bay Lithium Project

In January 2021, the Company completed the acquisition of a 100% interest in and to the Route 381 Lithium, comprised of 40 mineral claims located in James Bay Territory in Quebec. In consideration for the acquisition, the Company paid the vendors an aggregate of \$60,000 in cash and issued 400,000 common shares of the Company with a fair value of \$1,720,000. In addition, the Company is subject to grant vendors a 2% NSR.

In December 2021, the Company acquired, by way of staking, 229 mineral exploration claims prospective for lithium in the James Bay region of Quebec, Canada ("Mitsumis").

During the year ended September 30, 2022, the James Bay Lithium Project was partially impaired due to the decrease in the fair value of mineral property option agreement (Note 4e). As a result, the Company recorded an amount of \$1,158,557 on September 30, 2022 as an impairment of exploration and evaluation assets and with subsequent exploration and evaluation expenditure recognized in profit or loss. The Company intends to keep the permit of this resource property in good standing. During the three and six months ended March 31, 2023, the Company incurred \$54,212 and \$405,579, respectively (2022 - \$nil and \$nil, respectively) exploration and evaluation expenditures on the property recognized in profit or loss.

d) New Age Co Properties

On April 14, 2021, the Company announced that it had completed the acquisition of all issued and outstanding securities of New Age Co (Note 3b).

Rare Earth Elements ("REE") (Northern Territory) - Arctic Fox and Isbjorn

Located in Australia's Northern Territory, both properties are in the exploration stage. Arctic Fox is contiguous with the Nolans Bore REE project and the Isbjorn asset is contiguous to the Charley Creek REE project.

Nickel-cobalt-scandium-HPA (New South Wales) - Chinook, Kodiak & Caribou

The three nickel-cobalt-scandium-HPA properties - Chinook, Kodiak and Caribou are located in Australia's central New South Wales, which is considered by management to be a highly prospective region of exploration. During the year ended September 30, 2021, the New Age Co Properties were fully impaired due to the application of IFRS to bring the Company's assets in line with its market capitalization. As a result, the Company recorded an amount of \$4,662,377 as an impairment of exploration and with subsequent exploration and evaluation expenditure recognized in profit or loss. During the three and six months ended March 31, 2023, the Company incurred \$17,985 and \$82,966, respectively (2022 - \$nil and \$45,596, respectively) exploration and evaluation expenditures on the property recognized in profit or loss.

e) Option on the James Bay Lithium Project

Effective September 27, 2022, the Company entered into a mineral property option agreement (the "Property Option Agreement") with Cygnus Gold Limited ("Cygnus"), whereby the Company granted Cygnus the option to acquire up to an 80% interest in the Company's Route 381 Lithium and Mitsumis properties located in Quebec, Canada (the "James Bay Lithium Project"). Option consideration from Cygnus is recorded as a reduction of the properties' capitalized exploration and evaluation assets reflecting a recovery of past costs incurred.

Under the terms of the Property Option Agreement, Cygnus has the option to acquire an initial 51% interest in the James Bay Lithium Project (the "First Option"). Following the exercise of the First Option, Cygnus has the option to acquire an additional 29% interest in the Projects (the "Second Option").

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4. EXPLORATION AND EVALUATION ASSETS (continued)

In order to exercise the First Option, Cygnus must commit to the following over three years:

- Payment of \$175,000 due on September 30, 2022 (which includes \$125,000 as an expense reimbursement to the Company) (the payment was received on October 12, 2022);
- Reimbursement of the Company’s exploration expenditures of up to \$375,000 from its 2022 exploration program by (the reimbursement was received on December 20, 2022);
- Fund \$2,000,000 in exploration expenditures on the Projects by the third anniversary date of the Property Option Agreement as follows:
 - \$500,000 to be incurred prior to the first anniversary of the effective date of the Property Option Agreement (less any reimbursements as described above);
 - \$500,000 to be incurred prior to the second anniversary of the effective date of the Property Option Agreement; and
 - \$1,000,000 to be incurred prior to the third anniversary of the effective date of the Property Option Agreement.

Cygnus will then have the option to exercise the Second Option by:

- Payment of \$50,000 to the Company within 30 days of the satisfaction of the First Option;
- Filing a NI 43-101 or the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”) compliant mineral resource estimate which defines a lithium oxide resource on the Projects of at least 5 million tonnes with an average grade of not less than 0.8% lithium oxide in any resource category as defined in NI 43-101 or the JORC Code, by the date which is no later than 5 years from the exercise of the First Option; and
- Cash consideration to the Company of \$1,000,000 within 3 days of filing the above report.

5. FLOW-THROUGH PREMIUM LIABILITY

Flow-through units are issued at a premium, calculated as the difference between the price of a flow-through unit and the price of a unit at issuance date, as tax deductions generated by the eligible expenditures are passed through to the shareholders of the flow-through shares once the eligible expenditures are incurred and renounced.

Funds raised through the issuance of flow-through units are required to be expended on qualifying Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

On November 23, 2021, the Company issued 450,997 flow-through units at a purchase price of \$1.95 per flow-through unit for gross proceeds of \$879,445. The flow-through units were issued at a premium of \$0.15 per unit. As a result, a flow-through premium liability of \$67,650 was recorded.

On September 22, 2022, the Company issued 840,000 flow-through units at a purchase price of \$0.75 per flow-through unit for gross proceeds of \$630,000. The flow-through units were issued at a premium of \$0.10 per unit. As a result, a flow-through premium liability of \$84,000 was recorded.

A summary of the Company’s flow-through share funding and expenditures along with the corresponding impact on the flow-through share premium liability is as follows:

	Flow-through funding and expenditure requirements	Flow-through premium liability
	\$	\$
Balance, September 30, 2021	-	-
Flow-through funds raised and premium recorded as a liability	1,509,445	151,650
Flow-through expenditures incurred and reduction of liability	(80,540)	(8,092)
Balance, September 30, 2022	1,428,905	143,558
Flow-through expenditures incurred and reduction of liability	(390,478)	(39,230)
Balance, March 31, 2023	1,038,427	104,328

The reduction in the flow-through premium liability is recorded in other income upon incurring flow-through eligible expenditures.

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(Unaudited - Expressed in Canadian dollars, except where noted)

6. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued

As at March 31, 2023, the Company had 8,758,732 shares issued and outstanding (September 30, 2022 - 8,758,732).

During the six months ended March 31, 2023, the Company had no share capital transactions.

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

On November 23, 2021, the Company closed a private placement for gross proceeds of \$1,315,665 from the sale of 242,345 units of the Company at a price of \$1.80 per Unit and 450,997 flow-through units of the Company at a price of \$1.95 per FT Unit. Each unit (the "Unit") is comprised of one common share of the Company and one half of a common share purchase warrant. Each FT Unit (the "FT Unit") is comprised of one common share of the Company to be issued as a "flow-through share" within the meaning of the Income Tax Act (Canada) and one half of a Warrant. Each Warrant will entitle the holder thereof to purchase one common share of the Company at a price of \$2.70 on or before November 17, 2023. Gross proceeds were allocated between share capital and warrants reserve using the relative fair value method. As a result, \$985,517 was allocated to share capital with the remaining \$67,650 recognized as a flow-through premium (Note 5) and \$262,498 was allocated to warrants reserve.

A summary of the Company's assumptions used in the Black-Scholes option pricing model for warrants issued on November 23, 2021 is as follows:

Share price	\$1.65
Expected life (years)	1.92
Expected volatility	128.00%
Risk-free rate	1.04%
Dividend yield	0.00%

In connection with the private placement, the Company paid total finder's fees of \$71,324 and issued to the finders 40,192 warrants of the Company (the "Finder's Warrants"). Each Finder's Warrant is exercisable to acquire one common share of the Company at a price of \$1.80 at any time on or before November 18, 2023. As a result, \$40,584 was recorded in reserves for the Finder's Warrants.

On April 5, 2022, the Company issued 750,000 common shares at a fair value of \$1.30 per share for an additional 20% interest in the TargetCo (Note 3a, 9).

On September 22, 2022, the Company closed a private placement for gross proceeds of \$656,000 from the sale of 40,000 units of the Company at a price of \$0.65 per Unit and 840,000 flow-through units of the Company at a price of \$0.75 per FT Unit. Each Warrant will entitle the holder thereof to purchase one common share of the Company at a price of \$1.2 on or before September 22, 2024. Gross proceeds were allocated between share capital and warrants reserve using the relative fair value method. As a result, \$460,870 was allocated to share capital with the remaining \$84,000 recognized as a flow-through premium (Note 5) and \$111,131 was allocated to warrants reserve.

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6. SHARE CAPITAL (continued)

The fair value of common shares was based on the market close on the date the private placement on September 22, 2022 issued and a summary of the Company's assumptions used in the Black-Scholes pricing model for Warrants issued is as follows:

Share price	\$0.80
Expected life (years)	2.00
Expected volatility	108.40%
Risk-free rate	3.78%
Dividend yield	0.00%

In connection with the private placement on September 22, 2022, the Company paid total finder's fees of \$42,000 and issued 61,600 Finder's Warrants of the Company. Each Finder's Warrant is exercisable to acquire one common share of the Company at a price of \$1.20 on or before September 22, 2024. As a result, \$23,766 was recorded in reserves for the Finder's Warrants.

A summary of the Company's assumptions used in the Black-Scholes option pricing for the Finder's Warrants issued on September 22, 2022 and November 23, 2021 is as follows:

Share price	\$1.65
Expected life (years)	1.92
Expected volatility	128.00%
Risk-free rate	1.04%
Dividend yield	0.00%

c) Warrants

A summary of the Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, September 30, 2021	25,826	2.50
Issued	888,463	1.81
Expired	(25,826)	2.50
Balance, March 31, 2023 and September 30, 2022	888,463	1.81

A summary of the Company's outstanding warrants as at March 31, 2023 is as follows:

Date of expiry	Weighted average exercise price	Number of warrants	Weighted average remaining life
	\$	#	Years
November 17, 2023	2.70	346,671	0.63
November 18, 2023	1.80	40,192	0.64
September 22, 2024	1.20	501,600	1.48
	1.81	888,463	1.11

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6. SHARE CAPITAL (continued)

d) Stock options

The Company has a stock option plan for directors, employees, and consultants. The aggregate number of common shares issuable pursuant to stock options granted under the plan is 10% of the issued and outstanding common shares. The board of directors has the exclusive power over the granting of stock options, the exercise price and their vesting and cancellation provisions.

A summary of the Company's stock option activity is as follows:

	Number of stock options #	Weighted average exercise price \$
Balance, September 30, 2021	170,000	5.40
Granted	250,000	2.00
Balance, March 31, 2023 and September 30, 2022	420,000	3.38

A summary of the Company's outstanding stock options as at March 31, 2023 is as follows:

Date of expiry	Weighted average exercise price \$	Number of stock options #	Weighted average remaining life Years
November 26, 2024	2.00	250,000	1.66
August 13, 2025	3.05	25,000	2.37
October 21, 2025	9.00	50,000	2.56
January 28, 2026	2.85	20,000	2.83
February 16, 2026	4.65	25,000	2.88
March 2, 2026	4.40	50,000	2.92
	3.38	420,000	2.09

On November 26, 2021, the Company granted a total of 250,000 stock options with an exercise price of \$2.00 and expiry date of November 26, 2024. All these stock options were vested immediately. As a result, an amount of \$282,295 was recorded in reserves for the fair value of the stock options.

A summary of the Company's assumptions used in the Black-Scholes option pricing model for the options granted on November 26, 2021 is as follows:

Share price	\$1.60
Expected life (years)	3.00
Expected volatility	128.00%
Risk-free rate	1.02%
Dividend yield	0.00%

7. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and former Chief Financial Officer.

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7. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

A summary of the Company's key management compensation is as follows:

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	2023	2022
Management and consulting	\$ 33,000	\$ 33,000	\$ 66,000	\$ 89,613
Share-based compensation	-	-	-	234,305
	33,000	33,000	66,000	323,918

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject. The Company considers the aggregate of its share capital, reserves, and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

9. NON-CONTROLLING INTEREST

On October 15, 2020, the Company closed its acquisition of 60% TargetCo. On April 5, 2022, the Company closed the acquisition of an additional 20% of the issued and outstanding shares of TargetCo (Note 3a), resulting in a total percentage of ownership interest in TargetCo of 80% (Note 3a). The non-controlling interest represents equity in TargetCo that is not attributable to the Company. The carrying value of non-controlling interest for TargetCo on March 31, 2023 was (\$192,570) (September 30, 2022 - (\$190,662)).

As at March 31, 2023, the TargetCo's non-current assets were \$nil (September 30, 2022 - \$nil), which comprised of two exploration properties.

A summary of the Company's non-controlling interest activity is as follows:

	\$
Balance, September 30, 2021	4,331,590
Additional 20% acquisition of TargetCo	(2,163,229)
Net loss and comprehensive for the year attributed to non-controlling interest	(2,359,023)
Balance, September 30, 2022	(190,662)
Net loss and comprehensive for the period attributed to non-controlling interest	(1,908)
Balance, March 31, 2023	(192,570)

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The Company's financial instruments consist of cash, mineral option payment receivable and accounts payable, and their fair values approximate their carrying values due to their short-term nature.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with financial institutions of high credit worthiness.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable are all current and due within 90 days of the balance sheet date.

c) Market risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Assuming all other variables constant, an increase or a decrease of 10% of the Australian dollar against the Canadian dollar, the net loss of the Company and the equity for the three and six months ended March 31, 2023 would have varied by a negligible amount.

d) Interest rate risk

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

11. SUBSEQUENT EVENT

On April 18, 2023, the Company announced that it will be consolidating its outstanding common shares on a ten-for-one basis. The Company's post consolidation shares began trading on the CSE on May 9, 2023.