METALITE RESOURCES INC.

(Formerly RooGold Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

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Independent Auditor's Report

To the Shareholders of Metalite Resources Inc. (formerly RooGold Inc.)

Opinion

We have audited the consolidated financial statements of Metalite Resources Inc. (formerly RooGold Inc.) (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
April 28, 2023

Metalite Resources Inc.
(Formerly RooGold Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at,	**December 31, 2022**	December 31, 2021
ASSETS		
Current		
Cash and cash equivalents	**$ 471,064**	$ 2,433,753
Accounts receivables	**67,831**	27,400
Prepaid expenses	**45,488**	70,145
Total current assets	**584,383**	2,531,298
Site restoration deposits (note 4)	**120,253**	120,107
Vehicle (note 5)	**31,028**	-
Total assets	**$ 735,664**	$ 2,651,405
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 10)	**$ 126,947**	$ 286,551
Total liabilities	**126,947**	286,551
SHAREHOLDERS' EQUITY		
Share capital (note 6)	**11,974,501**	11,391,845
Subscription receipts	**-**	434,566
Shares to be issued	**56,250**	-
Share-based payments reserve	**368,347**	132,925
Accumulated other comprehensive (loss) income	**(11,358)**	2,865
Deficit	**(11,779,023)**	(9,597,347)
Total shareholders' equity	**608,717**	2,364,854
Total liabilities and shareholders' equity	**$ 735,664**	$ 2,651,405

Nature of operations and going concern (note 1)
Subsequent events (note 15)

Approved on behalf of the Board:

"Dale J. Schultzl"
Director

"Michael Singer"
Director

Metalite Resources Inc.
(Formerly RooGold Inc.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Operating expenses		
Administration expenses (note 10)	**$ 87,783**	$ 39,865
Depreciation (note 5)	**8,372**	-
Exploration expenditures (note 4 and 10)	**559,722**	8,402,012
Management fees (note 10)	**341,001**	75,953
Marketing and shareholder communication	**470,395**	25,119
Professional fees	**437,794**	454,623
Transfer agent and filing fees	**55,454**	38,085
Share-based compensation (note 7)	**238,426**	45,171
Foreign exchange (gain) loss	**(16,607)**	3,706
Net loss for the year	**2,182,340**	9,084,534
Translation difference on foreign operations	**(14,223)**	(2,865)
Comprehensive loss for the year	**$ 2,168,117**	$ 9,081,669
Net loss per share		
- basic and diluted (note 9)	**$ 0.03**	$ 0.21
Weighted average number of common shares outstanding		
- basic and diluted (note 9)	**72,343,481**	44,223,515

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

Metalite Resources Inc.
(Formerly RooGold Inc.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2022	2021
Operating activities		
Net loss for the year	**$ (2,182,340)**	$ (9,084,534)
Items not affecting cash:		
Shares issued pursuant to property acquisition	**-**	8,190,000
Share-based compensation	**238,426**	45,171
Foreign exchange	**(14,369)**	(18,888)
Depreciation	**8,372**	-
Shares to be issued	**56,250**	-
Changes in non-cash working capital items:		
Accounts receivables	**(40,431)**	(25,023)
Prepaid expenses	**24,657**	27,347
Accounts payable and accrued liabilities	**(77,553)**	264,792
Net cash used in operating activities	**(1,986,988)**	(601,135)
Investing activities		
Purchase of equipment	**(39,400)**	-
Acquisition costs net of cash acquired from acquisitions	**(82,051)**	(113,845)
Refundable deposits	**-**	75,000
Net cash used in investing activities	**(121,451)**	(38,845)
Financing activities		
Proceeds from issuance of shares (net of issuance costs) (note 6)	**117,420**	2,465,289
Subscription receipts (net of issuance costs)	**-**	434,566
Warrants exercised	**28,330**	131,230
Net cash provided by financing activities	**145,750**	3,031,085
(Decrease) increase in cash and cash equivalents	**(1,962,689)**	2,391,105
Cash and cash equivalents, beginning of year	**2,433,753**	42,648
Cash and cash equivalents, end of year	**$ 471,064**	$ 2,433,753

Supplemental information

	2022	2021
Cash and cash equivalents consist of:		
Cash	**$ 446,064**	$ 2,433,753
Guaranteed investment certificate ("GIC")	**$ 25,000**	$ -
Non-Cash investing and financing activities		
Common shares issued for property acquisitions (note 6)	**$ -**	$ 8,190,000
Fair value of warrants (note 6)	**$ 9,420**	$ 75,330
Acquisition costs within accounts payables and accrued liabilities	**$ -**	$ 82,051

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

Metalite Resources Inc. (Formerly RooGold Inc.)
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Subscriptions receipts	Shares to be issued	Share-based payments reserve	Accumulated Other comprehensive (Loss) Income	Deficit	Total
Balance, December 31, 2020	**30,237,000**	**$ 680,490**	**$ -**	**$ -**	**$ 12,590**	**$ -**	**$ (512,813)**	**$ 180,267**
Shares issued pursuant to acquisition of properties	27,000,000	8,190,000	-	-	-	-	-	8,190,000
Private placement (net of cash issuance costs)	10,530,000	2,465,289	-	-	-	-	-	2,465,289
Fair-value of agent's warrants issued	-	(75,330)	-	-	75,330	-	-	-
Warrants exercised	1,968,500	131,396	-	-	(166)	-	-	131,230
Share-based compensation	-	-	-	-	45,171	-	-	45,171
Share subscriptions received	-	-	434,566	-	-	-	-	434,566
Cumulative translation adjustment	-	-	-	-	-	2,865	-	2,865
Net loss for the year	-	-	-	-	-	-	(9,084,534)	(9,084,534)
Balance, December 31, 2021	**69,735,500**	**11,391,845**	**434,566**	**-**	**132,925**	**2,865**	**(9,597,347)**	**2,364,854**
Private placement (net of cash issuance costs)	2,399,500	551,986	(434,566)	-	-	-	-	117,420
Fair-value of agent's warrants issued	-	(9,420)	-	-	9,420	-	-	-
Warrants exercised	424,950	40,090	-	-	(11,760)	-	-	28,330
Share-based compensation	-	-	-	-	238,426	-	-	238,426
Warrants expired	-	-	-	-	(664)	-	664	-
Management contract (note 10)	-	-	-	56,250	-	-	-	56,250
Cumulative translation adjustment	-	-	-	-	-	(14,223)	-	(14,223)
Net loss for the year	-	-	-	-	-	-	(2,182,340)	(2,182,340)
Balance, December 31, 2022	**72,559,950**	**$ 11,974,501**	**$ -**	**$ 56,250**	**$ 368,347**	**$ (11,358)**	**$ (11,779,023)**	**$ 608,717**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

On April 1, 2019, Metalite Resources Inc. ("Metalite" or the "Company"; formerly RooGold Inc.) was incorporated under the laws of the province of British Columbia. The Company's principal business activity is the exploration for mineral resources in New South Wales, Australia. Metalite is a public company whose common shares trade on the Canadian Securities Exchange ("CSE") under the symbol METL. On January 27, 2021, the Company split its share capital on a 3 new to 1 old share basis. On September 16, 2021, the Company changed its name to RooGold Inc. and consolidated its share capital on a 1 new to 2 old shares basis. All share and per share amounts have been restated to reflect the share split and consolidation. On March 21, 2023, the Company changed its name to Metalite Resources Inc., and it's symbol for the common shares traded on the CSE was changed to METL from ROO.

The Company's head office address is 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

Going concern of operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption 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. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

As of December 31, 2022, the Company has not generated any revenues and has an accumulated deficit of $11,779,023 (December 31, 2021 - $9,597,347) since inception. The Company's continued existence and plans for future growth depend on its ability to obtain additional capital.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

The above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although these consolidated financial statements have been prepared on a going concern basis, the Company's continuing operations are dependent upon its ability to obtain adequate financing through equity or debt issuances.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 28, 2023.

Basis of measurement

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

2. BASIS OF PREPARATION (continued)

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its 100% owned Canadian and Australian subsidiaries as listed in the table below. All significant inter-company transactions and balances have been eliminated on consolidation.

Name of Subsidiary	Place of Operation	Ownership Interest	Principal Activity
Southern Precious Metals Ltd.	Canada	100%	Holding company
1267248 B.C. Ltd	Canada	100%	Holding company
Aussie Precious Metals Corp.	Canada	100%	Holding company
Southern Precious Metals Corp. Pty Ltd.	Australia	100%	Australian operating entity
Great Southern Precious Metals Pty Ltd.	Australia	100%	Australian operating entity
APMC Holdings Pty Ltd.	Australia	100%	Australian operating entity

Functional currency and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. The functional currency of each individual entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of Southern Precious Metals Corp. Pty Ltd, Great Southern Precious Metals Pty Ltd, and APMC Holdings Pty Ltd. are Australian dollar; all other entities functional currency is the Canadian Dollar.

Use of judgments and estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the 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 may differ from these estimates.

The critical judgments management has made in the process of applying the Company's accounting policies, apart from those involving estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements include but not limited to the following:

(i) Going concern

The going concern presentation of the consolidated financial statements assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

(ii) Determination of functional currency

Under IFRS, each entity must determine its own functional currency, which becomes the currency that entity measures its results and financial position in. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including the currency that mainly influences sales prices for the currency of the country whose competitive forces and regulations mainly determine the sales prices, and other costs for each consolidated entity.

2. BASIS OF PREPARATION (continued)

Use of judgments and estimates (continued)

The critical judgments management has made in the process of applying the Company's accounting policies, apart from those involving estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements include but not limited to the following: (continued)

(iii) Business combination vs asset acquisition

Management has to apply judgment relating to acquisitions with respect to whether the acquisition was a business combination or an asset acquisition. Management applies a three element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs to each acquisition in order to reach a conclusion.

The most significant accounts that require estimates as the basis for determining the stated amounts include, but are not limited to the following:

(i) Share-based payments

When stock options and warrants are issued by the Company, it calculates their estimated fair value using the Black-Scholes option pricing model, which may not reflect the actual value on exercise. The Company uses publicly available rates, where available, as inputs into the model including volatility assumptions. The Company recognizes the fair value of stock options on the consolidated statement of loss when vesting occurs.

(ii) Fair market value of acquired net assets in an asset acquisition

Management estimates the fair value of the acquired identifiable net assets and any contingent consideration at the date of acquisition. The fair values assigned through the allocation of the purchase price to net assets are based on numerous estimates that affect the valuation of certain assets and liabilities acquired including discount rates, future cash flows, fair value of any contingent consideration, replacement cost, depreciation, and other factors.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies and its standards of financial disclosure set out below are in accordance with IFRS and have been applied consistently throughout the period presented in these consolidated financial statements, unless otherwise stated.

Cash and cash equivalents

Cash includes deposits held at call and term deposits with financial institutions. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts and term deposits, which have a maturity of three months or less from the date of acquisition or are cashable at any time.

Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through amortization of the asset and unwinding of the discount on the provision.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning liabilities (Continued)

Amortization is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset and charged against operating profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

As at December 31, 2022 and 2021, the Company had not incurred any decommissioning liabilities related to the exploration of its mineral properties.

Exploration and evaluation

Exploration and evaluation (“E&E”) expenditures include the direct costs of mineral exploration rights, licenses, technical services and studies, environmental studies, exploration drilling and testing, production scale manufacturing tests, directly attributable overhead and administrative expenses including remuneration of operating personnel and supervisory management, and all costs relating to the acquisition of mineral properties determined to be the acquisition of assets and liabilities for accounting purposes.

E&E expenditures are expensed as incurred to the date that costs incurred are determined to be economically recoverable, the assessment of which would require the completion of a feasibility study that demonstrates a positive commercial outcome, and for the Company to decide to move forward with development of the property into a commercial operation such that it is probable that the future economic benefits will flow to the Company.

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit and loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows. The Company has classified cash, accounts receivables, and site restoration deposits as amortized cost.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets (continued)

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statement of financial position with changes in fair value recognized in other income or expense in the consolidated statement of loss.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statement of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statement of loss and comprehensive loss when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. Accounts payable and accrued liabilities are measured at amortized cost.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statement of loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Common shares, stock options, and share purchase warrants are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed. When an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

Classification of financial instruments

The following is a summary of significant categories of financial instruments outstanding at December 31, 2022:

Cash and cash equivalents	Amortized cost
Accounts receivables	Amortized cost
Site restoration deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Carrying values and fair values of financial assets and liabilities are approximately equal, given their nature.

Fair value hierarchy

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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 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).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

The reporting currency of the Company is the Canadian dollar. The functional currency of the Company and its Canadian subsidiaries is the Canadian dollar, and the functional currency of the Australian subsidiaries is the Australian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation of monetary assets and liabilities not denominated in the functional currency of an entity at period end exchange rates are recognized in the statement of loss.

Management determines the functional currency by examining the primary economic environment in which it operates. The Company considers the following factors in determining its functional currency:

i. The currency that mainly influence operating costs;

ii. The currency in which funds from financing activities are generated;

iii. The currency in which receipts from operating activities are usually retained; and

iv. Whether the activities are carried out as an extension of the Company rather than being carried out with a significant degree of autonomy.

The financial statements of entities that have a functional currency different from the presentation currency of financial statements are translated into Canadian dollars as follows: assets and liabilities at the closing rate at the date of the statement of financial position, and income and expenses at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in cumulative translation adjustment within accumulated other comprehensive (loss) income.

Asset acquisition

Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Transactions that do not constitute a business combination are accounted for as an asset acquisition, whereby the cost of the acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the assets acquired and liabilities assumed are assigned a carrying amount based on their relative fair values. No goodwill is recognized on acquisitions that represent the purchase of assets.

Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities and are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

The following temporary differences do not result in deferred tax assets or liabilities:

i. the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit; and
ii. investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.
iii. initial recognition of goodwill.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Vehicle

Vehicle is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of a vehicle consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Depreciation is recognized based on the cost of an item, less its estimated residual value, over its estimated useful life using a declining balance rate of 30%.

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis. An item is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of loss.

Share-based payments

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

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

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments to non-employees are measured at the fair value of goods or services received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Warrants

The Company accounts for warrants including warrants issued to brokers in connection with the issuance of shares ("broker warrants") using the fair value method. Under this method, the fair value of broker warrants is first determined based on the value of goods or services received. In situations where some or all of the goods or services received by the Company as consideration cannot be specifically identified, the fair value of broker warrants is then determined using the Black-Scholes valuation model.

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

Upon exercise of the warrants, consideration paid together with the amount previously recognized in share-based payment reserve is recorded as an increase to capital stock. Upon forfeiture or expiry of the warrants, the amount previously recognized in the share-based payment reserve is transferred to deficit.

Loss per share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period.

Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, any stock options or warrants outstanding are excluded from the calculation of diluted loss per share as their inclusion would be anti-dilutive.

Adoption of new accounting policies

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The adoption of this standard did not have any material impact on the Company's consolidated financial statements.

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The adoption of this standard did not have any material impact on the Company's consolidated financial statements.

(In Canadian Dollars, except where noted)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards issued but not yet applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after January 1, 2023 or later periods. The Company is currently evaluating the impact of the adoption of these new standards on its consolidated financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

4 EXPLORATION AND EVALUATION

Exploration and acquisition costs for the year ended December 31, 2022 is as follows:

	Acquisition costs	Assays	Claim costs	Field costs	Geological	Total
Imperial (d) [1]	$ -	$ -	$ -	$ 14,717	$ -	**$ 14,717**
Malebo (a)	-	-	3,584	-	2,394	**5,978**
Solomons (a)	-	-	2,572	-	1,852	**4,424**
Gold belt (b)	-	-	7,214	-	14,101	**21,315**
Easedowns (b)	-	-	3,903	-	8,273	**12,176**
Blue Bell (b)	-	-	2,604	-	10,187	**12,791**
Glenrock (e)	-	-	6,654	-	26,333	**32,987**
Goodwins Reef (b)	-	-	3,444	-	10,171	**13,615**
Arthur's Seat (b)	-	28,927	9,397	1,530	58,210	**98,064**
Castle Rag (b)	-	-	7,243	-	25,199	**32,442**
Silver Creek (b)	-	-	2,450	-	10,171	**12,621**
Dingo (b)	-	-	8,330	2,105	30,868	**41,303**
Gold Star (b)	-	-	9,483	3,771	80,032	**93,286**
Trilby (c)	8,875	-	15,596	4,750	41,293	**70,514**
Lorne (c)	8,875	-	3,571	8,734	72,309	**93,489**
Total	**$ 17,750**	**$ 28,927**	**$ 86,045**	**$ 35,607**	**$ 391,393**	**$ 559,722**

[1] Cost for reclamation of roads and drill sites built.

(In Canadian Dollars, except where noted)

4. EXPLORATION AND EVALUATION (continued)

Exploration and acquisition costs for the year ended December 31, 2021 is as follows:

	Acquisition costs	Assays	Claim costs	Total
Imperial (d)	$ -	$ -	$ 7,666	$ 7,666
Malebo (a)	555,000	-	1,043	556,043
Solomons (a)	555,000	-	750	555,750
Gold belt (b)	685,776	-	519	686,295
Easdowns (b)	685,776	-	354	686,130
Blue Bell (b)	685,776	-	312	686,088
Goodwins Reef (b)	685,776	-	423	686,199
Arthur's Seat (b)	685,776	-	432	686,208
Castle Rag (b)	685,776	-	643	686,419
Silver Creek (b)	685,776	-	216	685,992
Dingo (b)	685,776	-	712	686,488
Gold Star (b)	685,776	-	423	686,199
Trilby (c)	552,500	-	1,030	553,530
Lorne (c)	552,500	-	505	553,005
Total	$ 8,386,984	$ -	$ 15,028	$ 8,402,012

(a) Malebo and Solomons, New South Wales, Australia

On April 23, 2021, the Company closed, in escrow, the Share Exchange Agreement in which the Company has effectively acquired a 100% interest in Southern Precious Metals Limited (“SPML”), and its subsidiary which hold 100% interests in the Malebo and Solomons Properties in New South Wales (NSW) Australia. The Company paid a $75,000 refundable deposit in December 2020. In April 2021, the Company issued three million (3,000,000) post consolidation common shares (the “Purchase Shares”) to the shareholders (“Shareholders”) of SPML in exchange for all of the issued and outstanding shares of SPML. The SPML Shareholders have entered into undertakings wherein the Purchase Shares, which are otherwise free-trading, and released as to 25% on closing (the “Closing”), 25% on October 23, 2021, an additional 25% on April 23, 2022 and the balance on October 23, 2022. The Purchase Shares were held in escrow pending New South Wales ministerial approval of the change in control of SPML which was obtained in August 2021 resulting in the definitive Closing of the acquisition on August 18, 2021.

The transaction does not constitute a business combination as SPML and its subsidiary does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of these entities has been accounted for as an asset acquisition, whereby all of the assets acquired and liabilities assumed are assigned a carrying amount based on their relative fair values. Upon closing of the transaction, SPML and its subsidiary became a subsidiaries of the Company. The net assets acquired pursuant to the acquisition are as follows:

Net assets acquired	
Cash	$ 36
Prepaid and deposits	2,691
Site restoration	18,430
Exploration and evaluation assets	1,088,843
Total net assets acquired	$ 1,110,000

Purchase price	
Issuance of shares	$ 1,110,000
Total purchase price	$ 1,110,000

(In Canadian Dollars, except where noted)

4. EXPLORATION AND EVALUATION (continued)

(a) Malebo and Solomons, New South Wales, Australia (continued)

Subsequent to the year ended December 31, 2022, the Company relinquished the title to Malebo and Solomons.

(b) Gold Belt, Easedowns, Blue Bell, Goodwins Reef, Arthur's Seat, Castle Rag, Silver Creek, Dingo and Gold Star Properties, New South Wales, Australia

On August 27, 2021, the Company closed, in escrow, a definitive agreement whereby Metalite has conditionally acquired a 100% interest in 1267248 B.C. Ltd. and its subsidiary, Great Southern Precious Metals Pty Ltd. which holds 100% interests in nine (9) past producing and exploratory properties in the State of New South Wales ("NSW") Australia known as the Gold Belt, Easedowns, Blue Bell, Goodwins Reef, Arthur's Seat, Castle Rag, Silver Creek, Dingo and Gold Star Properties. Under the terms of the definitive agreement the Company issued 20,000,000 post consolidation shares to the shareholders of 1267248 B.C. Ltd. ("Shareholders") at a fair value of $0.30 per share for a total of $6,000,000, and paid $75,000 in cash. The Company also incurred costs of $96,982 to consultants in connection with the acquisition of these nine properties. The shares deliverable to the 1267248 B.C. Ltd. Shareholders are subject to an escrow whereby the shares will be released as to 25% on meeting certain conditions which will result in the release of the closing documents from escrow (the "Closing"), 25% on February 27, 2022, an additional 25% on August 27, 2022 and the balance on February 27, 2023.

On January 26, 2022, the Company announced that New South Wales ministerial approval of the indirect change in control of 1267248 B.C. Ltd. wholly-owned subsidiary, Great Southern Precious Metals Pty Ltd. (the "Subsidiary"), has been received and the parties have now closed the Definitive Agreement in which Metalite has acquired 1267248 B.C. Ltd. and its Subsidiary.

The Company has relinquished the title to Easedowns during the year ended December 31, 2022. Subsequent to the year ended December 31, 2022 the Company relinquished the title to Goldbelt, Blue Bell, Goodwsin Reef, Castle Rag, Silver Creek, and Dingo.

The transaction does not constitute a business combination as 1267248 B.C. Ltd. and its subsidiary does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of these entities has been accounted for as an asset acquisition, whereby all of the assets acquired and liabilities assumed are assigned a carrying amount based on their relative fair values. Upon closing of the transaction, 1267248 B.C. Ltd., and its subsidiary became a subsidiaries of the Company. The net assets acquired pursuant to the acquisition are as follows:

Net assets acquired		
Cash	$	968
GST receivables		136
Prepaid expenses		10,326
Site restoration deposits		86,385
Exploration and evaluation assets		6,074,167
Total net assets acquired	$	6,171,982

Purchase price		
Issuance of shares	$	6,000,000
Cash costs		114,931
Incurred closing costs		57,051
Total purchase price	$	6,171,982

(In Canadian Dollars, except where noted)

4. EXPLORATION AND EVALUATION (continued)

(c) Trilby and Lorne Properties, New South Wales

In September 2021, the Company closed, in escrow, of the definitive Share Exchange Agreement with Aussie Precious Metals Corp. ("APMC") whereby Metalite has effectively acquired a 100% interest in APMC's Trilby and Lorne properties ("Properties") in New South Wales (NSW) Australia. Under the terms of the definitive agreement the Company issued post consolidation 4,000,000 common shares to the shareholders of APMC in exchange for all of the issued and outstanding shares of APMC with the Properties held in APMC's wholly owned Australian subsidiary. Additionally upon approval from the New South Wales ministerial in connection with the acquisition the Company will also pay $25,000 to shareholders of APMC to cover any costs incurred. These costs were paid during the year ended December 31, 2022. On November 3, 2022, the Company announced that it had obtained Australian regulatory clearance for the final closing of the definitive Share Exchange Agreement with APMC in which it has effectively acquired a 100% interest in APMC's Trilby and Lorne properties in New South Wales, Australia. The APMC Shareholders have entered into undertakings wherein the Purchase Shares, which are otherwise free-trading, are released as to 1,133,333 shares on September 30, 2021; 750,000 shares on March 31, 2022, September 30, 2022, and March 30, 2023; and 616,667 shares on September 30, 2023.

Subsequent to the year ended December 31, 2022 the Company relinquished the title to Trilby and Lorne.

The transaction does not constitute a business combination as APMC and its subsidiary does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of these entities has been accounted for as an asset acquisition, whereby all of the assets acquired and liabilities assumed are assigned a carrying amount based on their relative fair values. Upon closing of the transaction, APMC and its subsidiary became a subsidiaries of the Company. The net assets acquired pursuant to the acquisition are as follows:

Net assets acquired		
Cash	$	82
GST receivables		637
Prepaid expenses		4,582
Site restoration deposits		18,292
Exploration and evaluation assets		1,084,288
Accounts payables and accrued liabilities		(2,881)
Total net assets acquired	$	1,105,000

Purchase price		
Issuance of shares	$	1,080,000
Incurred closing costs		25,000
Total purchase price	$	1,105,000

(d) Imperial Property, Nevada

The Company abandoned the project during the year ended December 31, 2021.

(e) Glenrock

Exploration License No. 9390 ("EL 9390") was granted on April 11, 2022 by the Department of Regional NSW – MEG ("MEG"). The Company estimates that a minimum exploration expenditure and associated expenses of AUD $25,000 in year one and AUD $50,000 in year two will be required, based on certain MEG requirements. Subsequent to the year ended December 31, 2022 the Company relinquished the title to Glenrock.

(In Canadian Dollars, except where noted)

4. EXPLORATION AND EVALUATION (continued)

Deposits

As at December 31, 2022, the Company has deposits with the Ministry of New South Wales of $120,253 (130,000 AUD) (December 31, 2021 - $120,107 (130,000 AUD)).

5. VEHICLES

	Cost	Depreciation	Net book value
Balance, December 31, 2021 and 2020	**$ -**	**$ -**	**$ -**
Additions	39,400	8,372	31,028
Balance, December 31, 2022	**$ 39,400**	**$ 8,372**	**$ 31,028**

6. COMMON SHARES

Authorized

As at December 31, 2022 and 2021, the authorized share capital of the Company is an unlimited number of common shares without par value. In January 2021, the Company split its share capital on a 3 new to 1 old share basis. In September 2021, the Company consolidated its share capital on a 1 new to 2 old shares basis. All share and per share amounts have been restated to reflect the share split and share consolidation.

Issued share capital

	Number of shares	Share capital
Balance, December 31, 2020	**30,237,000**	**$ 680,490**
Shares issued pursuant to acquisition of properties (iii)(iv)(v)	27,000,000	8,190,000
Private placement (net of cash issuance costs) (vi)	10,530,000	2,465,289
Fair-value of agent's warrants issued (vi)	-	(75,330)
Warrants exercised (i)(ii)	1,968,500	131,396
Balance, December 31, 2021	**69,735,500**	**11,391,845**
Private placement (net of cash issuance costs) (vii)	2,399,500	551,986
Fair-value of agent's warrants issued (vii)	-	(9,420)
Warrants exercised (viii)	424,950	40,090
Balance, December 31, 2022	**72,559,950**	**$ 11,974,501**

(i) During the year ended December 31, 2021, 1,962,500 share purchase warrants were exercised at $0.067 for gross proceeds of $130,830.

(ii) During the year ended December 31, 2021, 6,000 Agents' warrants were exercised at $0.067 for gross proceeds of $400. Upon the exercise of 6,000 Agents' warrants the fair value of $166 was transferred from share-based payments reserve to share capital.

(iii) During the year ended December 31, 2021, 3,000,000 shares were issued to the shareholders of SPML at a fair value of $0.37 per share for a total of $1,110,000 (note 4(a)). The SPML Shareholders have entered into voluntary lockup undertakings wherein the shares, which are otherwise free-trading, have been released as to 25% of such shares on closing on April 23, 2021, 25% on October 23, 2021, an additional 25% on April 23, 2022 and the balance on October 23, 2022.

6. COMMON SHARES (continued)

Issued share capital (continued)

(iv) During the year ended December 31, 2021, 20,000,000 shares were issued to the shareholders of 1267248 B.C. Ltd. at a fair value of $0.30 per share for a total of $6,000,000 (note 4(b)). The shares are subject to an escrow whereby the shares will be released as to 25% on meeting certain conditions which will result in the release of the closing documents from escrow, 25% on February 27, 2022, an additional 25% on August 27, 2022 and the balance on February 27, 2023.

(v) During the year ended December 31, 2021, 4,000,000 shares were issued to the shareholders APMC at a fair value of $0.27 per share for a total of $1,080,000 (note 4(c)). APMC Shareholders have entered into voluntary lock-up undertakings, where by shares shall be released in tranches for a period of up to two years from Escrow Closing. In connection with the Escrow Closing, the Purchase Shares as of December 31, 2021, are held in escrow pending New South Wales ministerial approval of the change in ownership of the Properties and the satisfaction of other final closing conditions. The shares were released from escrow during the year ended December 31, 2022.

(vi) On October 4, 2021, the Company closed a first tranche of a non-brokered private placement by issuing 10,530,000 units at $0.25 for gross proceeds of $2,632,500. Each unit consists of one common share and a half (1/2) a common share purchase warrant, each whole warrant entitling the holder to purchase an additional common share at $0.40 per share for a two year period from Closing. The term of the warrants is subject to an Accelerator Clause that the Company can elect to trigger if the Company's share price trades above $0.50 for 30 consecutive trading days. In connection with the private placement, the Company incurred closing cost of $167,211, and 664,800 agent's warrants, each agent warrant entitles the holder to purchase a common share at $0.32 for a two year period. The term of the agent's warrants is subject to an accelerator clause that the Company can elect to trigger if the Company's shares trade above $0.50 for 30 consecutive trading days. The units are subject to a statutory restricted trading period expiring on February 2, 2022.

The fair value of the agent's warrants was calculated to be $75,330 using the Black-Scholes method which was charged to share issue costs. The fair value of the agent's warrants at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - $0.25; risk free interest rate – 0.58%; expected volatility – 103.40% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 years.

(vii) On January 20, 2022, the Company closed a second tranche of its previously announced non-brokered unit private placement, on a post-consolidation basis, by issuing 2,399,500 units at $0.25 per unit and raising $599,875. Each unit consists of a common share and a half (1/2) a common share purchase warrant, each whole warrant entitling the holder to purchase an additional common share at $0.40 per share for a two year period from closing. The term of the Warrants is subject to an accelerator clause that the Company can elect to trigger if the Company's share price trades above $0.50 for 30 consecutive trading days. In connection with the private placement, the Company incurred closing cost of $47,889, and 69,760 agent warrants, each agent warrant entitling the holder to purchase a common share at $0.32 for a two year period. The term of the agent's warrants is subject to an accelerator clause that the Company can elect to trigger if Metalite's shares trade above $0.50 for 30 consecutive trading days.

The fair value of the agent's warrants was calculated to be $9,420 using the Black-Scholes method which was charged to share issue costs. The fair value of the agent's warrants at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - $0.25; risk free interest rate – 0.47%; expected volatility – 116.40% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 years.

(In Canadian Dollars, except where noted)

6. COMMON SHARES (continued)

Issued share capital (continued)

(viii) During the year ended December 31, 2022, 424,950 Agents' purchase warrants were exercised at $0.067 for gross proceeds of $28,330. Upon the exercise of 424,950 Agents' warrants the fair value of $11,760 was transferred from share-based payments reserve to share capital.

Shares held in escrow

When the Company's shares were listed on the Exchange (the "Listing Date"), 4,500,000 shares were held in escrow. 10% of these escrowed shares were released on the listing date with the balance to be released from escrow in equal blocks of 15% at six-month intervals over the 36 months following the Listing Date. At December 31, 2022, 675,000 (December 31, 2021 - 2,227,500) common shares remain held in escrow. Further, there are 6,366,667 shares held in escrow in connection with the acquisitions described in notes 4(b) and 4(c).

7. STOCK OPTIONS

The Company has implemented a stock option plan ("the Plan") to be administered by the Board of Directors. Pursuant to the Plan the Board of Director's has discretion to grant options for up to a maximum of 10% of the issued and outstanding common shares of the Company at the date the options are granted. The option price under each option shall be not less than the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than ten years after the grant date. No related persons shall be granted or cumulatively have options in excess of 5% of the total shares issued and outstanding.

The following table reflects the continuity of stock options for the years presented:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2020	**-**	**-**
Granted (i)	575,000	0.265
Balance, December 31, 2021	**575,000**	**0.265**
Granted (ii)(iii)(iv)(v)	8,000,000	0.111
Forfeited (iii)(iv)	(1,333,333)	0.281
Balance, December 31, 2022	**7,241,667**	**0.092**

(i) On November 5, 2021, the Company granted stock options to consultants of the Company for the purchase of a total of 575,000 common shares. The options are exercisable for a period of two years at an exercise price of $0.265 per share and vest after three months. The fair value of these options at the date of grant was estimated at $74,210 using the Black-Scholes option pricing model with the following assumptions: share price - $0.265; risk free interest rate – 0.54%; expected volatility – 108% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 years. During the year ended December 31, 2022, the Company recognized $29,039 (December 31, 2021 - $45,171) in connection with the option grant.

(ii) On February 9, 2022, the Company granted 750,000 stock options to the former VP of Exploration. The stock options vested 250,000 on February 9, 2022, and the remainder vesting 250,000 each year on the anniversary. The stock options have an exercise price of $0.25 and are exercisable for a period of five years, expiring February 9, 2027. The fair value of these options at the date of grant was estimated at $118,775 using the Black-Scholes option pricing model with the following assumptions: share price - $0.20; risk free interest rate – 1.13%; expected volatility – 116.73%; expected dividend yield - nil; expected life - 5 years. During the year ended December 31, 2022, the Company recognized $39,592 in share-based compensation, in connection with the option grant. In October 2022, the VP of Exploration left the Company, and 500,000 of the unvested option were forfeited immediately, with the remainder being forfeited 90 days after the resignation date.

(In Canadian Dollars, except where noted)

7. STOCK OPTIONS (continued)

(iii) On March 4, 2022 the Company granted 1,000,000 stock options to the former Chief Executive Officer ("CEO"), and President, of which 166,667 stock options vest every six months starting on September 4, 2022. The stock options have an exercise price of $0.30 and are exercisable for a period of five years, expiring March 4, 2027. The fair value of these options at the date of grant was estimated at $110,410 using the Black-Scholes option pricing model with the following assumptions: share price - $0.15; risk free interest rate – 1.14%; expected volatility – 115.73%; expected dividend yield - nil; expected life - 5 years. During the year ended December 31, 2022, the Company recognized $18,401 in share-based compensation, in connection with the option grant. In November 2022, the former CEO left the Company, and 833,333 of the unvested option were forfeited immediately, with the remainder being forfeited 90 days after the resignation date.

(iv) On March 17, 2022, the Company granted 350,000 stock options to a Director of which 87,500 stock options vest every six months starting September 17, 2022. The stock options have an exercise price of $0.30 and are exercisable for a period of five years, expiring March 17, 2027. The fair value of these options at the date of grant was estimated at $41,380 using the Black-Scholes option pricing model with the following assumptions: share price - $0.15; risk free interest rate – 1.15%; expected volatility – 116.20%; expected dividend yield - nil; expected life - 5 years. During the year ended December 31, 2022, the Company recognized $28,072, in share-based compensation, in connection with the option grant. Subsequent to December 31, 2022, the remaining unvested options received accelerated vesting terms.

(v) On December 29, 2022, the Company granted 5,900,000 stock options to Officers, and Directors of which 2,562,500 stock options vest on June 29, 2023 and the remainder vest immediately. The stock options have an exercise price of $0.05 and are exercisable for a period of five years, expiring December 29, 2027. The fair value of these options at the date of grant was estimated at $216,090 using the Black-Scholes option pricing model with the following assumptions: share price - $0.05; risk free interest rate – 3.37%; expected volatility – 116.67%; expected dividend yield - nil; expected life - 5 years. During the year ended December 31, 2022, the Company recognized $123,322, in share- based compensation, in connection with the option grant. Subsequent to December 31, 2022, options totaling 2,437,500 received accelerated vesting terms due primarily to the departure of certain directors. The balance of options will vest on June 29, 2023.

The following table reflects the stock options issued and outstanding as of December 31, 2022:

Expiry Date	Exercise Price ($)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
January 29, 2023*	0.250	0.08	250,000	250,000
February 26, 2023*	0.300	0.16	166,667	166,667
November 5, 2023	0.265	0.85	575,000	575,000
March 17, 2027	0.300	4.21	350,000	87,500
December 29, 2027	0.050	5.00	5,900,000	3,337,500
	0.092	**4.35**	**7,241,667**	**4,416,667**

* expired unexercised subsequent to the year-end

(In Canadian Dollars, except where noted)

8. WARRANTS

Share Purchase Warrants

The following table reflects the continuity of share purchase warrants for the years presented:

	Number of share warrants	Weighted average exercise price
Balance December 31, 2020	**18,037,500**	**$ 0.067**
Exercised (note 6(i))	(1,962,500)	0.067
Issued (note 6(vi))	5,265,000	0.400
Balance December 31, 2021	**21,340,000**	**0.150**
Issued (note 6(vii))	1,199,750	0.400
Balance, December 31, 2022	**22,539,750**	**$ 0.163**

Share purchase warrants outstanding as at December 31, 2022 are:

Expiry Date	Exercise Price ($)	Remaining Contractual Life (years)	Number of warrants Outstanding
October 1, 2023	0.40	0.75	4,705,000
October 8, 2023	0.40	0.77	560,000
January 20, 2024	0.40	1.05	1,199,750
July 17, 2024	0.067	1.54	16,075,000
Total	**0.163**	**1.33**	**22,539,750**

The weighted average share price at the date of exercise is $Nil (2021 - $0.405).

Agent Warrants

The following table reflects the continuity of agent warrants for the years presented:

	Number of agent warrants	Weighted average exercise price
Balance December 31, 2020	**454,950**	**0.067**
Exercised (note 6(ii))	(6,000)	0.067
Issued (note 6(vi))	664,800	0.320
Balance December 31, 2021	**1,113,750**	**0.220**
Exercised (note 6(viii))	(424,950)	0.067
Issued (note 6(vii))	69,760	0.320
Expired	(24,000)	0.067
Balance, December 31, 2022	**734,560**	**0.320**

The weighted average share price at the date of exercise is $0.145 (2021 - $0.44).

Agent warrants outstanding as at December 31, 2022 are:

Expiry Date	Exercise Price ($)	Remaining Contractual Life (years)	Number of warrants Outstanding
October 1, 2023	0.32	0.75	664,800
January 20, 2024	0.32	1.05	69,760
Total	**0.32**	**0.78**	**734,560**

9. LOSS PER SHARE

For the year ended December 31, 2022, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $2,182,340 (year ended December 31, 2021 - $9,084,534) and the weighted average number of common shares outstanding of 72,343,481 (year ended December 31, 2021 - 44,223,515). Diluted loss per share did not include the effect of 7,241,667 options outstanding (December 31, 2021 - 575,000) or the effect of 22,539,750 share purchase warrants outstanding (December 31, 2021 - 21,340,000), 734,560 agent purchase warrants outstanding (December 31, 2021 - 1,113,750) and as they are anti-dilutive.

10. RELATED PARTY TRANSACTIONS

Related parties include Officers, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

The Company had the following transactions involving officers and directors for the years ended December 31, 2022 and 2021:

(i) Administration expenses of $nil (2021 - $4,500) and management fees of $nil (2021 - $24,500) were paid or accrued for accounting services to a previous officer of the Company;

(ii) Management fees of $18,572 (2021 - $1,552) were paid or accrued for CFO services to the CFO of the Company.

(iii) Management fees of $32,000 (2021 - $47,000) were paid or accrued to a company controlled by a former Director of the Company.

(iv) Management fees of $17,500 (2021 - $nil) were paid or accrued to a company controlled by the former interim CEO and Director of the Company.

(v) Management fees of $10,000 (2021 - $nil) were paid or accrued to a company controlled by a former Director of the Company.

(vi) Management fees of $249,896, (2021 - $nil) were incurred to the previous CEO and President of the Company. The Company has committed to issuing $56,250 in common shares to the previous CEO and President upon completion of its next equity financing raising a minimum $100,000.

(vii) Geological fees of $126,583 (AUD 140,103) (2021 - $nil) were paid to the former VP of Exploration of the Company.

(viii) Refer to note 7.

Included in accounts payable and accrued liabilities at December 31, 2022 is $25,172 (December 31, 2021 - $2,679) owed to related parties. The amounts owed to related parties are unsecured, non-interest bearing and due on demand.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The Company's financial instruments consist of cash and cash equivalents, site restoration deposits, and accounts payable and accrued liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature and market rates for similar financial instruments.

Financial risk factors

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at December 31, 2022, management believes that the credit risk with respect to cash and cash equivalents, and accounts receivables, and site reclamation deposits is minimal. Cash and cash equivalents are held with reputable Canadian and Australian financial institutions, from which management believes the risk of loss to be minimal. Accounts receivables are due from individuals which management believes there to be a low risk of default.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2022, the Company had cash and accounts receivable of $538,895 (December 31, 2021 - $2,461,153) to settle current liabilities of $126,947 (December 31, 2021 - $286,551). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms, except for the debentures payable. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity and the Company's ability to continue as a going concern.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the USD and AUD, because the company holds the majority of its foreign financial instruments in USD. The Company's policy is not to enter into any currency hedging transactions. The Company has AUD $70,660, and USD $108,481 of net monetary assets and monetary liabilities.

Sensitivity analysis

A 10% strengthening or weakening of the Canadian Dollar against the United States Dollar or Australian Dollar would have increased or decreased cumulative translation adjustments by approximately $21,190. This analysis assumes that all other variables, in particular interest rates, remain constant.

12. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company is not subject to external capital restrictions. There were no changes in the Company's approach to capital management.

(In Canadian Dollars, except where noted)

13. INCOME TAXES

Rate reconciliation

A reconciliation of actual income tax expense and the accounting loss multiplied by the Company's statutory tax rate of 27% (2021 - 27%) is as follows:

	December 31, 2022	December 31, 2021
Loss before income taxes	**$ (2,182,340)**	$ (9,084,534)
	27 %	27 %
Expected income tax recovery based on statutory rate	**(589,000)**	(2,453,000)
Non-deductible	**70,000**	2,277,000
Effect of tax rate in different jurisdiction	**11,000**	-
Change in unrecognized deferred income tax assets	**508,000**	176,000
Total	**$ -**	$ -

Deferred tax assets and liabilities

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

The significant components of the Company's deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized were as follows:

	December 31, 2022	December 31, 2021
Mineral properties	**$ 421,000**	$ 214,000
Non-capital losses carry forward	**2,817,000**	1,051,000
Share issue costs	**183,000**	186,000
Total	**$ 3,421,000**	$ 1,451,000

Non-capital losses

As at December 31, 2022, the Company has non-capital losses of $2,325,000 available to reduce Canadian taxable income in future years expiring as follows:

2039	$ 96,000
2040	226,000
2041	643,000
2042	1,360,000
	$ 2,325,000

(In Canadian Dollars, except where noted)

14. SEGMENTED INFORMATION

The Company operates in one industry segment, namely exploration of mineral resources in two geographic regions, Canada and Australia. Prior to August 1, 2021, the Company only operated in Canadian geological region. All of the Company's site restoration deposits are located in Australia. Geographical segmentation of the Company's assets and liabilities is as follows:

As at, December 31, 2022	**Canada**	**Australia**	**Total**
Total non-current assets	$ -	$ 151,281	**$ 151,281**

As at, December 31, 2021	**Canada**	**Australia**	**Total**
Total non-current assets	$ -	$ 120,107	**$ 120,107**

Geographical segmentation of the expenses is as follows:

Year Ended December 31, 2022			
Expenses	**Canada**	**Australia**	**Total**
Administration expenses	$ 44,480	$ 43,303	**$ 87,783**
Depreciation	-	8,372	**8,372**
Exploration expenditures	82,445	477,277	**559,722**
Management fees	341,001	-	**341,001**
Marketing and shareholder communication	470,395	-	**470,395**
Professional fees	394,019	43,775	**437,794**
Transfer agent and filing fees	54,930	524	**55,454**
Share-based compensation	238,426	-	**238,426**
Foreign exchange (gain) loss	(16,607)	-	**(16,607)**
Net loss for the year	1,609,089	573,251	**2,182,340**
Cumulative translation adjustment	-	(14,223)	**(14,223)**
Comprehensive loss for the year	**$ 1,609,089**	**$ 559,028**	**$ 2,168,117**

Year Ended December 31, 2021			
Expenses	**Canada**	**Australia**	**Total**
Administration expenses	$ 6,281	$ 33,584	**$ 39,865**
Exploration expenditures	8,394,652	7,360	**8,402,012**
Management fees	74,300	1,653	**75,953**
Marketing and shareholder communication	25,119	-	**25,119**
Professional fees	446,562	8,061	**454,623**
Transfer agent and filing fees	37,577	508	**38,085**
Share-based compensation	45,171	-	**45,171**
Foreign exchange (gain) loss	3,709	(3)	**3,706**
Net loss for the year	9,033,371	51,163	**9,084,534**
Cumulative translation adjustment	-	(2,865)	**(2,865)**
Comprehensive loss for the year	**$ 9,033,371**	**$ 48,298**	**$ 9,081,669**

15. SUBSEQUENT EVENTS

On February 22, 2023, the Company announced that it has closed the acquisition of Next Generation Resources Inc. ("NextGen") on February 21, 2023. The transaction was structured as a three-cornered amalgamation completed pursuant to an amalgamation agreement (the "Definitive Agreement") entered into between the Company, a newly incorporated wholly-owned subsidiary of the Company and NextGen. Pursuant to the terms of the Definitive Agreement, in connection with the amalgamation Metalite issued a total of 72,499,200 common shares, 29,901,600 common share purchase warrants and 1,688,000 agent warrants.

The 2,152,000 warrants with an exercise price of $0.025 contain an accelerated expiry provision such that if the closing price of the common shares in the capital of the Company on the Canadian Stock Exchange is in excess of $0.025 for a period of 10 consecutive trading days then the expiry date shall be accelerated to the date that is 30 days following the date that is 7 days after the end of the 10 consecutive trading day period referenced above. The 1,688,000 agent warrants also have an exercise price of $0.025 and are subject to the same acceleration clause. 25,749,600 of the common share purchase warrants have an exercise price of $0.10 until February 21, 2024 and an exercise price of $0.125 from February 22, 2024 until February 21, 2025. The final 2,000,000 warrants have an exercise price of $0.0625. All of such warrants expire on February 21, 2025.

Following the completion of the Transaction, the Company has 145,059,150 common shares outstanding, of which the current shareholders of the Company hold just over 50% (on a non-diluted basis). No new control persons of the Company (i.e. greater than 20% of the outstanding shares) were created as a result of the transaction.

On April 21, 2023, 160,000 common share purchase warrants were exercised at $0.025 per share for the issuance of 160,000 common shares.