

**AMERIWEST LITHIUM INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2023 AND 2022**  
**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ameriwest Lithium Inc.

Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Ameriwest Lithium Inc. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2023 and 2022, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

### 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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	How our audit addressed the key audit matter:
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
<i>Refer to note 3(i) – Significant accounting judgements, estimates and assumptions, note 4(a) – Accounting policy Exploration and evaluation assets and note 6 Exploration and evaluation assets</i>	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following:

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Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.

- Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment.
- Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.
- Confirmed that the Company's right to explore the properties had not expired.
- Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets.
- Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

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## **Other Information**

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants**

Vancouver, BC, Canada  
August 28, 2023

**AMERIWEST LITHIUM INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
As at April 30,

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 419,198	\$ 4,430,681
Receivables	10,251	23,717
Prepaid	-	34,673
Marketable securities (Note 5)	258,831	-
	<u>688,280</u>	<u>4,489,071</u>
<b>Reclamation deposits (Note 6)</b>	23,065	21,927
<b>Exploration and evaluation assets (Note 6)</b>	7,376,579	3,206,568
<b>Equipment (Note 7)</b>	7,526	9,408
<b>Right of use asset (Note 8)</b>	7,127	10,580
<b>Assets held for sale (Note 17)</b>	-	4,303,087
<b>Deferred transaction costs (Note 17)</b>	-	<u>7,500</u>
<b>TOTAL ASSETS</b>	<b>\$ 8,102,577</b>	<b>\$ 12,048,141</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Trade payables	\$ 900,833	\$ 627,080
Due to related parties (Note 10)	298,852	25,901
Lease liability (Note 8)	5,853	12,828
	<u>1,205,538</u>	<u>665,809</u>
<b>Loan payable (Note 12)</b>	254,897	-
<b>Liabilities of discontinued operations (Note 17)</b>	-	<u>1,096,950</u>
<b>Total liabilities</b>	<u>1,460,435</u>	<u>1,762,759</u>
<b>Shareholders' equity</b>		
Share capital (Note 9)	19,284,395	19,347,435
Reserves (Note 9)	1,728,655	1,454,755
Subscription received in advance	405,000	-
Deficit	<u>(14,775,908)</u>	<u>(10,516,808)</u>
Total shareholders' equity	<u>6,642,142</u>	<u>10,285,382</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 8,102,577</b>	<b>\$ 12,048,141</b>

**Nature and continuance of operations** (Note 1)  
**Subsequent events** (Note 19)

\_\_\_\_\_  
*"Glenn Collick"*  
Director

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*"James Gheyle"*  
Director

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

**AMERIWEST LITHIUM INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	<b>Year ended April 30, 2023</b>	<b>Year ended April 30, 2022</b>
<b>EXPENSES</b>		
Accounting and audit (Note 10)	\$ 59,108	\$ 99,650
Amortization (Notes 7 and 8)	48,098	53,946
Consulting fees (Note 10)	381,792	400,279
Insurance	50,627	26,890
Interest on lease (Note 8 and 12)	10,308	7,222
Legal fees	466,338	403,876
Management fees (Note 10)	310,700	280,612
Office and administration	18,463	32,787
Shareholder information and promotion	2,368,751	6,712,743
Share-based compensation (Note 9 and 10)	273,900	1,372,797
Transfer agent and filing fees	49,374	49,078
Travel and accommodation	58,759	75,450
	<u>(4,096,218)</u>	<u>(9,515,330)</u>
<b>OTHER ITEMS</b>		
BC METC refund	15,498	-
Foreign exchange loss	(15,467)	(43,743)
Realized loss on marketable securities (Note 5)	(2,079)	-
Unrealized loss on marketable securities (Note 5)	(66,026)	-
Write-off accounts payable	10,458	-
Write-off exploration and evaluation assets	-	(5,328)
<b>Net loss from continuing operations</b>	<u>(4,153,834)</u>	<u>(9,564,401)</u>
Net loss from discontinued operations	(105,266)	(38,301)
<b>Net loss and comprehensive loss for the year</b>	<u>\$ (4,259,100)</u>	<u>\$ (9,602,702)</u>
<b>Loss per common share – basic and diluted (continued operations)</b>	<u>\$ (0.07)</u>	<u>\$ (0.22)</u>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<u>59,052,595</u>	<u>44,320,385</u>

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

**AMERIWEST LITHIUM INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

<b>Year ended April 30,</b>	<b>2023</b>	<b>2022</b>
<b>CASH USED IN OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (4,259,100)	\$ (9,602,702)
Items not involving cash:		
Amortization	48,098	53,946
Foreign exchange	30,982	-
Interest on lease	4,137	7,222
Interest on loan payable	4,897	-
Realized loss on marketable securities	2,079	-
Share-based compensation	273,900	1,372,797
Share issued for services	35,054	74,334
Unrealized loss on marketable securities	66,026	-
Write-off of accounts payable	(10,458)	-
Write-off of exploration and evaluation assets	-	5,328
Changes in non-cash working capital items:		
Receivables	13,466	(16,068)
Prepaid	34,673	2,860
Assets held for sale	103,359	(2,523,087)
Trade payables	(37,210)	456,199
Due to related parties	272,951	(15,353)
Liabilities of discontinued operations	1,908	1,096,950
Net cash used in operating activities	<u>(3,415,238)</u>	<u>(9,087,574)</u>
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(1,971,710)	(2,048,003)
Lease payments	(53,875)	(57,875)
Equipment purchase	-	(10,453)
Reclamation deposits	-	(19,177)
Deferred transaction costs	-	(7,500)
Net cash used in investing activities	<u>(2,025,585)</u>	<u>(2,143,008)</u>
<b>CASH PROVIDED FROM FINANCING ACTIVITIES</b>		
Private placements	-	5,730,000
Share subscriptions received	405,000	-
Share issue costs	-	(264,266)
Warrants exercised	740,125	9,477,204
Options exercised	-	235,000
Loan proceeds	250,000	-
Marketable securities	34,215	-
Net cash provided by financing activities	<u>1,429,340</u>	<u>15,177,938</u>
<b>Change in cash</b>	<b>(4,011,483)</b>	<b>3,947,356</b>
<b>Cash, beginning</b>	<u>4,430,681</u>	<u>483,325</u>
<b>Cash, end</b>	<b>\$ 419,198</b>	<b>\$ 4,430,681</b>

**Supplemental disclosure with respect to cash flows (Note 16)**

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

**AMERIWEST LITHIUM INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Subscription received in advance	Reserves	Deficit	Shareholders' Equity
<b>Balance, April 30, 2021</b>	<b>26,707,000</b>	<b>\$ 1,688,231</b>	<b>\$ 311,500</b>	<b>\$ 243,077</b>	<b>\$ (914,106)</b>	<b>\$ 1,328,702</b>
Shares issued for cash	12,083,000	6,041,500	(311,500)	-	-	5,730,000
Shares issued for exploration and evaluation assets	2,146,977	1,926,099	-	-	-	1,926,099
Share issue costs	-	(347,497)	-	91,445	-	(256,052)
Exercise of warrants	14,844,738	9,555,835	-	(78,631)	-	9,477,204
Exercise of options	550,000	408,933	-	(173,933)	-	235,000
Share-based compensation	-	-	-	1,372,797	-	1,372,797
Shares issued for consulting fees	74,074	74,334	-	-	-	74,334
Net loss for the year	-	-	-	-	(9,602,702)	(9,602,702)
<b>Balance, April 30, 2022</b>	<b>56,405,789</b>	<b>19,347,435</b>	<b>-</b>	<b>1,454,755</b>	<b>(10,516,808)</b>	<b>10,285,382</b>
Shares issued for exploration and evaluation assets	2,300,000	1,909,000	-	-	-	1,909,000
Shares issued for consulting fees	107,857	35,054	-	-	-	35,054
Exercise of warrants	1,113,500	740,125	-	-	-	740,125
Disposition of assets upon spin out	-	(2,747,219)	-	-	-	(2,747,219)
Share-based compensation	-	-	-	273,900	-	273,900
Subscription received in advance	-	-	405,000	-	-	405,000
Net loss for the year	-	-	-	-	(4,259,100)	(4,250,100)
<b>Balance, April 30, 2023</b>	<b>59,927,146</b>	<b>\$ 19,284,395</b>	<b>\$ 405,000</b>	<b>\$ 1,728,655</b>	<b>\$(14,775,908)</b>	<b>\$ 6,642,142</b>

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



## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Ameriwest Lithium Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on May 17, 2017. The Company’s head office and principal address is located at Suite 306, 1110 Hamilton Street, Vancouver, BC, Canada, V6B 2S2.

The Company is in the business of the exploration and development of natural resource properties in Canada and the USA.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at April 30, 2023, the Company has not generated any revenues from operations, has a working capital deficiency of \$517,258 and a deficit of \$14,775,908.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management believes that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These events and conditions create a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. The consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. Such adjustments could be material.

The coronavirus, also known as “COVID-19”, has spread across the globe and is impacting worldwide economic activity. Government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company’s business activities. The extent to which the coronavirus may impact the Company’s business activities will depend on future developments, such as the duration of the outbreak, travel restrictions, business disruptions and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and, as such, the Company cannot determine their financial impact at this time.

## **2. BASIS OF PREPARATION**

These consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The significant accounting policies applied in these consolidated financial statements are based on the IFRS issued and effective as of April 30, 2023

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements were authorized for issuance on August 28, 2023 by the directors of the Company.

**2. BASIS OF PREPARATION (continued)**

The functional currency of the Company and its subsidiary is the Canadian dollar. These consolidated financial statements are presented in Canadian dollars, unless otherwise indicated.

**Basis of Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Oakley Ventures USA Corp. All significant intercompany balances and transactions have been eliminated upon consolidation.

**Subsidiaries**

Subsidiaries are entities controlled by the Company. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The Company’s wholly owned subsidiary is as follows:

Name of subsidiary	Incorporation	Interest April 30, 2023	Interest April 30, 2022
Oakley Ventures USA Corp.	Nevada, USA	100%	100%

On September 23, 2022, the Company completed a spin-out of its formerly wholly owned subsidiary, ISM Resources Corp. (“ISM”), and distributed the shares of ISM to the Company’s shareholders. As a result, the Company deconsolidated its interest in ISM (Note 17).

**3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

### **3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year that could result in a material adjustment of the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

#### Significant judgments

i) Impairment of exploration and evaluation assets

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

ii) Going concern

The Company's assessment of its ability to raise sufficient funds to finance operations involves significant judgments. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

iii) Functional currency

The determination of a subsidiaries' functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation method.

iv) Recognition of deferred income tax assets

Management is required to assess the recoverability of deferred income tax assets, which arise from the differences between the carrying amount of assets and liabilities and their tax bases in accordance with IAS 12 Income Taxes, to the extent that it is probable future taxable profits will be available against which the temporary differences can be utilized.

#### Significant estimates and assumptions

i) Share-based compensation

Share-based compensation is determined using the Black-Scholes option pricing model based on the estimated fair value of all share-based awards at the date of grant and is expensed to the statement of loss and comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### a) Exploration and Evaluation Assets

The Company's exploration and evaluation assets consist of mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are at the exploration and evaluation stage.

No amortization charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets in property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditures in the relevant area of interest are comprised of costs which are directly attributable to:

- Acquisition;
- Assays, Staking, and Mapping;
- Consulting & Professional;
- Drilling;
- Field Work;
- Geological & Geophysical; and
- Travel & Accommodation.

Exploration and evaluation expenditures related to an area of interest where the Company has tenure are capitalized as intangible assets and are initially recorded at cost less impairment.

Exploration and evaluation expenditures also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Where the Company has entered into option agreements to acquire interests in mineral properties that require periodic share issuances, amounts un-issued are not recorded as liabilities since they are issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date of the issuance.

All capitalized exploration and evaluation expenditures are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, or facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The following circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditures on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

a) Exploration and Evaluation Assets (continued)

In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

b) Mineral Exploration Tax Credit (“BCMETC”)

The Company recognizes BCMETC amounts when the Company’s BCMETC application is approved by Canada Revenue Agency or when the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Impairment of Non-Current Assets

At the end of each reporting period, the Company’s assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and the asset’s value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

d) Equipment

Equipment is recorded at cost and depreciated using the declining balance method at the following rates per annum.

Office Furniture and Equipment - 20% per annum

Equipment that is withdrawn from use or has no reasonable prospect of being recovered through use or sale, is regularly identified and written off. The assets’ residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

e) Financial Instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”). At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVTOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

The Company classifies its financial instruments as follows:

<b>Financial Instrument</b>	<b>IFRS 9 Classification</b>
Cash	Amortized cost
Receivables, excluding GST	Amortized cost
Marketable securities	FVTPL
Reclamation deposits	Amortized cost
Trade payables	Amortized cost
Due to related parties	Amortized cost
Loan payable	Amortized cost

#### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### e) Financial Instruments (continued)

###### Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

###### **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

###### **Financial assets at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

###### **Equity investments at FTVOCI**

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

###### **Debt investments at FTVOCI**

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

###### Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost the Company applies the expected credit loss impairment model.

##### f) Share Issue Costs

Costs directly identifiable with the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs and are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

##### g) Valuation of Equity Units Issued in Private Placements

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

The fair value of the common shares issued in a private placement is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **h) Equity-based Compensation**

The Company grants stock options and warrants 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 and compensatory warrants are measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

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

##### **i) Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

##### **j) Incomes Taxes**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. 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.

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.



#### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

k) Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

l) Disposal groups held for sale and discontinued operations

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at their carrying amount, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the disposal group to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of a disposal group, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the disposal group is recognized at the date of derecognition.

Non-current assets, including those that are part of a disposal group, are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive loss.

m) Right of use asset

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use assets are subsequently amortized from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term using the straight line method.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

n) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following payments during the lease term: fixed payments (including in-substance fixed payments), and the exercise price under a purchase option that the Company is reasonably certain to exercise.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option, or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

o) New accounting standards and interpretations

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

#### **5. MARKETABLE SECURITIES**

During the year ended April 30, 2022, the Company participated in a private placement completed by ISM whereby the Company acquired 1,000,522 common shares of ISM for \$500,250. Upon completion of arrangement agreement on September 23, 2022 (see Note 17), the Company elected to classify their investment in ISM as a financial instrument measured at FVTPL. In connection with this transaction, the Company adjusted the value of their investment in ISM to \$361,151.

During the year ended April 30, 2023, the Company sold 108,000 common shares of ISM for proceeds of \$34,215 and recorded a realized loss on disposal of marketable securities in the amount of \$2,079.

As at April 30, 2023, the Company's remaining 892,522 common shares of ISM were valued at \$258,831, with the Company having recorded an unrealized loss in respect of these securities in the amount of \$66,026.

**AMERIWEST LITHIUM INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended April 30, 2023 and 2022  
(Expressed in Canadian Dollars)

**6. EXPLORATION AND EVALUATION ASSETS**

	Koster Dam, Canada	Thunderbird Canada	Quet & Fire, Canada	ESN, USA	Thompson Valley USA	Deer Musk East, USA	Railroad Valley, USA	Edwards Creek Valley, USA	Little Smokey Valley, USA	New Pass, USA	Total
<b>Acquisition Costs</b>											
<b>Balance – April 30, 2021</b>	\$ 2,689	\$ 846	\$ 48,000	\$ 447,048	\$ -	\$ 181,490	\$ 217,524	\$ -	\$ -	\$ -	\$ 897,597
Additions	-	-	3,792	2,035,651	7,603	147,975	539,791	613,587	-	-	3,348,399
Transferred to assets held for sale	(2,689)	-	(51,792)	(2,482,699)	-	-	-	-	-	-	(2,537,180)
Write-off	-	(846)	-	-	-	-	-	-	-	-	(846)
<b>Balance – April 30, 2022</b>	-	-	-	-	7,603	329,465	757,315	613,587	-	-	1,707,970
Additions	-	-	-	7,838	9,058	-	-	292,981	2,101,843	9,543	2,421,263
Spun-out to ISM	-	-	-	(7,838)	-	-	-	-	-	-	(7,838)
<b>Balance – April 30, 2023</b>	\$ -	\$ -	\$ -	\$ -	\$ 16,661	\$ 329,465	\$ 757,315	\$ 906,568	\$ 2,101,843	\$ 9,543	\$ 4,121,395
<b>Exploration &amp; Evaluation Expenditures</b>											
<b>Balance – April 30, 2021</b>	\$ 91,002	\$ 4,482	\$ -	\$ 30,192	\$ -	\$ 22,804	\$ 5,244	\$ -	\$ -	\$ -	\$ 153,724
Assays, staking & mapping	952	-	-	-	-	168,801	88,620	-	-	-	258,373
Consulting & professional	2,700	-	-	12,452	227,549	70,981	50,662	75,620	-	-	439,964
Fieldwork	-	-	-	-	-	-	-	12,077	-	-	12,077
Geological & geophysical	51,094	-	-	34,753	6,660	245,879	388,486	125,722	-	-	852,594
Travel and accommodation	-	-	-	-	-	159	92	9,242	-	-	9,493
Cost recoveries	(9,794)	-	-	-	-	-	-	-	-	-	(9,794)
Transferred to assets held for sale	(135,954)	-	-	(77,397)	-	-	-	-	-	-	(213,351)
Write-off	-	(4,482)	-	-	-	-	-	-	-	-	(4,482)
<b>Balance – April 30, 2022</b>	-	-	-	-	234,209	508,624	533,104	222,661	-	-	1,498,598
Assays, staking & mapping	-	-	-	-	12,204	8,823	311,546	-	-	-	332,573
Consulting & professional	-	-	-	-	475,310	134,439	53,550	313,808	155,426	12,229	1,144,762
Fieldwork	-	-	-	-	-	365	-	399	-	-	764
Geological & geophysical	38,579	-	-	-	-	-	172,901	495	-	-	211,975
Travel and accommodation	-	-	-	-	39,728	5,774	-	333	19,760	8,660	74,255
Reports and administration	-	-	-	-	7,566	15,694	2,525	3,788	1,263	-	30,836
Spun-out to ISM	(38,579)	-	-	-	-	-	-	-	-	-	(38,579)
<b>Balance – April 30, 2023</b>	\$ -	\$ -	\$ -	\$ -	\$ 769,017	\$ 673,719	\$ 1,073,626	\$ 541,484	\$ 176,449	\$ 20,889	\$ 3,255,184
<b>Exploration and evaluation assets</b>											
<b>Balance – April 30, 2022</b>	\$ -	\$ -	\$ -	\$ -	\$ 241,812	\$ 838,089	\$ 1,290,419	\$ 836,248	\$ -	\$ -	\$ 3,206,568
<b>Balance – April 30, 2023</b>	\$ -	\$ -	\$ -	\$ -	\$ 785,678	\$ 1,003,184	\$ 1,830,941	\$ 1,448,052	\$ 2,278,292	\$ 30,432	\$ 7,376,579

## **6. EXPLORATION AND EVALUATION ASSETS (continued)**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristics of many mining properties. The Company has investigated title to all its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing. The exploration and evaluation assets in which the Company has committed to earn an interest are located in the USA.

### **Deer Musk East Property, USA**

On January 28, 2021, the Company acquired (through staking) a lithium property located in Nevada's Clayton Valley consisting of 283 claims, known as the Deer Musk East Property. The claims were staked on behalf of the Company's wholly owned Nevada subsidiary, Oakley Ventures USA Corp.

During the year ended April 30, 2022, the Company acquired (through staking) an additional 88 claims, thereby increasing the size of the property to 371 claims.

### **Railroad Valley Property, USA**

On April 19, 2021, the Company acquired (through staking) a lithium property consisting of 312 claims in the Railroad Valley, Nevada.

During the year ended April 30, 2022, the Company acquired (through staking) an additional 244 claims. The claims were staked on behalf of the Company's wholly owned Nevada subsidiary, Oakley Ventures USA Corp.

On February 16, 2022, the Company acquired 224 claims from American Battery Technology Company ("ABTC") for US\$125,000 (\$160,150), plus 67,564 common shares for a fair value of \$63,510. The acquisition increased the size of the property to 780 claims.

### **Edwards Creek Valley Property, USA**

On September 20, 2021, the Company acquired (through staking) a lithium property consisting of 829 placer minerals claims located in the Edwards Creek Valley, Nevada. These claims were staked on behalf of the Company's wholly owned Nevada subsidiary, Oakley Ventures USA Corp.

In February 2022, the Company staked an additional 414 claims and increased the size of the property to 1,243 claims.

On January 31, 2023, the Company's wholly owned subsidiary, Oakley Ventures USA Corp., entered into an option agreement with Nova Lithium USA Corp. ("Nova"), whereby Nova acquired the exclusive right and option to purchase a 51% undivided interest in and to the Edwards Creek Valley Property. In order to exercise the option, Nova is required to incur qualifying exploration expenditures of at least \$500,000 on the property over a period of 24 months, including not less than \$200,000 during the first 12 months. Nova is not required to complete any cash payments or issue any securities in connection with the granting or exercise of the option.

### **Thompson Valley Property, USA**

During the years ended April 30, 2023 and 2022, the Company was awarded an aggregate of 17 exploration permits by the Arizona State Land Department to allow the Company, through its wholly owned Nevada subsidiary, Oakley Ventures USA Corp., to explore for prospective lithium-bearing clays located on lands in west-central Arizona for a period of one year, subject to renewals, up to a maximum of five years. The permits awarded during the year ended April 30, 2022 cannot be renewed beyond September 23, 2026. Of the permits awarded during the year ended April 30, 2023, six cannot be extended beyond August 11, 2027 and four cannot be extended beyond March 8, 2028.

## **6. EXPLORATION AND EVALUATION ASSETS (continued)**

### **Thompson Valley Property, USA (continued)**

During the year ended April 30, 2023, the Company acquired (through staking) 33 claims. The claims were staked on behalf of the Company's wholly owned Nevada subsidiary, Oakley Ventures USA Corp.

### **Little Smokey Valley Property, USA**

On June 7, 2022, the Company acquired (through staking) 104 mineral claims in Little Smokey Valley, Nevada.

On July 18, 2022, the Company acquired 184 mineral claims for US\$150,000 (\$192,843) and the issuance of 2,300,000 common shares for a fair value of \$1,909,000. The acquisition increased the size of the Little Smokey Valley Property to 288 mineral claims.

### **New Pass Property, USA**

During the year ended April 30, 2023, the Company acquired (through staking) 40 mineral claims near Edwards Creek Valley, Nevada.

### **Koster Dam Property, Canada**

On June 30, 2017, the Company entered into an option and joint venture agreement (the "Agreement") with a third party whereby the Company was granted the option to acquire up to a 100% interest in six (6) mineral claims located in the Clinton Mining Division of British Columbia (the "Property"). Pursuant to the Agreement, the Company was granted the sole and exclusive right and option (the "Initial Option") to acquire a 50% right, title and interest in the Property by incurring a total of \$110,495 of expenditures on the Property within 12 months (extended to 15 months on April 18, 2018). Upon completing the Initial Option, the Company has the sole and exclusive irrevocable right and option (the "Call Option") to acquire the remaining 50% right, title and interest in the Property by paying \$400,000 in cash. Concurrently with the Call Option, the third party has the option (the "Put Option") to dispose of the remaining 50% interest in the Property to the Company. The Company has the right to terminate the Agreement at any time up to the date of exercise of the Initial Option. In the event the Initial Option is completed but neither of the Call Option nor the Put Option are exercised, a joint venture will be formed in accordance with the terms and conditions of the Agreement.

On October 26, 2018, the Agreement was amended and replaced by an amended and restated option and joint venture agreement (the "Amended Agreement") whereby the Company was granted the option to acquire up to a 50% interest in 10 mineral claims. Pursuant to the Amended Agreement, the Company was granted the sole and exclusive right and option (the "Initial Option") to acquire a 45% right, title and interest in the Property by incurring a total of \$110,495 of expenditures on the Property within 24 months from June 30, 2017 and the sole and exclusive right and option (the "Second Option") to acquire an additional 5% right, title and interest in the Property by paying \$50,000 in cash within 30 days of exercising the Initial Option. At any time after June 30, 2018, the Company has the right to exclude any portion of the Property from the Amended Agreement. The Company has the right to terminate the Amended Agreement at any time up to the date of exercise of the Initial Option. In the event that the Initial Option is exercised, and regardless of whether or not the Second Option is exercised, a joint venture will be formed in accordance with the terms and conditions of the Amended Agreement.

## **6. EXPLORATION AND EVALUATION ASSETS (continued)**

### **Koster Dam Property, Canada (continued)**

On June 29, 2020, an amendment to the Amended Agreement was entered into whereby the due date for completion of the Initial Option was extended to October 1, 2020.

If, during the term of the Amended Agreement and so long as the joint venture agreement is still in force, either party or any of its affiliates stakes any interest in mineral claims or any other form of mineral tenure (the “AOI Tenure”) within two kilometers around the perimeter boundaries of the Property or any part thereof (the Area of Interest or “AOI”) located wholly or partly within the AOI, the acquiring party must give notice to the other party of such staking. If staking occurs prior to the formation of the joint venture, the non-acquiring party may elect to require that such AOI Tenure be included in and thereafter form part of the Property. If a non-acquiring party so elects and if the AOI Tenure was staked by the Company or any of its affiliates, the staking or acquisition costs shall constitute expenditures. If a non-acquiring party so elects and if the AOI Tenure was staked by the third party or any of its affiliates, the Company shall reimburse the third party for the staking or acquisition costs and these costs will also constitute expenditures. If such staking occurs after formation of the joint venture, the non-acquiring party may elect to require that such AOI Tenure be included in and thereafter form part of the Property provided that it then holds a participating interest, excluding any interest in any royalty, in the Property. If the AOI Tenure becomes part of the Property, the acquiring party shall be reimbursed its staking costs in proportion to its participating interest and such reimbursement shall be deemed a cost of the joint venture.

On September 30, 2020, the Company notified the third party that the Company had completed the minimum expenditure required to exercise the Initial Option and thereby acquired a 45% interest in the Koster Dam property. The parties are negotiating the terms and conditions of a joint venture.

On December 28, 2021, in connection with the arrangement agreement (Note 17), ISM, as transferee, entered into an Assignment and Novation Agreement (the “Koster Dam ANA”) with Ameriwest, the transferor, and the third party, the Oblige. Pursuant to the Koster Dam ANA, Ameriwest assigned, transferred, set over and conveyed all of its right, title, estate and interest in and to the Amended Agreement and all rights, benefits, privileges and advantages of Ameriwest to be derived therefrom, to have and to hold the same unto ISM for its sole use and benefit in the same manner and to the same extent as if ISM had been originally named as a party thereto instead of Ameriwest.

On December 29, 2021, the third party and ISM (the “Participants”) entered into a Joint Venture Agreement (the “JV Agreement”). Pursuant to the terms of the JV Agreement, each of the Participants will be liable for their share of costs associated with the exploration, development or operation of the property, with each Participant’s share of costs being equal to their interest in the property. At inception of the JV Agreement, ISM has a 45% interest in the joint venture.

Each Participant’s respective interest will not change so long as each Participant contributes its respective share of costs. At any time after a Participant has elected not to contribute its share of costs or loses its right to contribute its share of costs, then that Participant’s interest will be reduced in accordance with the terms of the JV Agreement. If the interest of one of the Participants is reduced to 10% or less, their remaining interest will be transferred to the other Participant, and the diluted Participant’s interest will be converted to a royalty interest, being 3.0% of net profits.

Per the terms of the JV Agreement, the Participants will establish a Management Committee consisting of two members, and two alternate members, representing each Participant. One member of the two members appointed by each Participant will be appointed as a voting member, with their number of votes being equal to the interest held by that Participant.

Pursuant to the JV Agreement, the third party will act as the initial managing operator of the joint venture.

On April 30, 2022, in connection with the arrangement agreement, the Koster Dam property costs were reclassified to assets held for sale and were subsequently spun out of the Company on September 23, 2022 (Note 17).

## **6. EXPLORATION AND EVALUATION ASSETS (continued)**

### **Thunderbird Property, Canada**

On May 31, 2017, the Company acquired an interest in one (1) mineral claim known as the Thunderbird Property. During the year ended April 30, 2022, the Company did not renew the claim and has written off all related deferred costs of \$5,328.

### **Quet & Fire Property, Canada**

On May 19, 2017, the Company entered into an agreement with an officer and director of the Company whereby the Company purchased the right, title, estate and interest in six (6) claims known as the Quet & Fire Property for a total consideration of \$48,000, consisting of \$41,750 in cash payments and the issuance of 1,250,000 common shares (issued at a fair value of \$6,250).

On December 2, 2021, Ameriwest and ISM entered into an Asset Transfer Agreement whereby ISM purchased from Ameriwest a 100% interest in the 8 claims comprising the Quet & Fire Property for a nominal amount.

On April 2, 2022, six of the claims comprising this property were consolidated into three claims. As a result, the property was comprised of a total of five claims.

On April 30, 2022, in connection with the arrangement agreement, the Quet & Fire property costs were reclassified to assets held for sale and were subsequently spun out of the Company on September 23, 2022 (Note 17).

### **ESN Property, USA**

On November 11, 2020, the Company, as transferee, entered into an Assignment and Novation Agreement (the “ANA”) with two companies in the State of Nevada, USA, Emigrant Springs Gold Corporation (“ESGC”), the transferor, and Trend Resources L.L.C. (“Trend”), the Oblige. ESGC and Trend are the original parties to a Mining and Lease Option Purchase Agreement dated August 3, 2020, as amended by an Amendment to Mining Lease Option Agreement dated October 31, 2020 (collectively, called the “Subject Agreement”) pursuant to which Trend granted an option to ESGC to acquire a 100% undivided interest in and to certain mineral claims comprising the Emigrant Springs Project (collectively, the “Property”). Pursuant to the ANA, ESGC assigned, transferred, set over and conveyed all of its right, title, estate and interest in and to the Subject Agreement and all rights, benefits, privileges and advantages of ESGC to be derived therefrom, to have and to hold the same unto the Company for its sole use and benefit in the same manner and to the same extent as if the Company had been originally named as a party thereto instead of ESGC. The Company agreed to pay the following compensation:

- Issued an aggregate of three million common shares of the Company (the “Assignment Fee”) with the shares vesting as follows – 1 million on November 20, 2020, 1 million on May 10, 2021 and 1 million on August 10, 2021;
- On completion of the acquisition of the Property by the Company in accordance with the terms of the Subject Agreement, grant to ESGC a production royalty based on the Net Smelter Returns (“NSR”) from the production or sale of minerals from the Property, at the rate of 2% of the NSR, with the Company having the right to repurchase each 1% of the royalty at the rate of US\$1 million for each 1% within five years after the date of the acquisition;
- Complete exploration expenditures of at least \$300,000 or such other amount as is required to complete a first phase exploration program on any interests comprising the Property which is supported by a technical report in the form required by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (the “Minimum Exploration Expenditures”) by November 11, 2022; and
- On completing the Minimum Exploration Expenditures and acquiring a 100% undivided interest in and to the property from Trend, subject only to the royalties specified in the Subject Agreement, issue an additional 2 million common shares of the Company.

## **6. EXPLORATION AND EVALUATION ASSETS (continued)**

### **ESN Property, USA (continued)**

Pursuant to the Subject Agreement, Trend granted ESGC the sole and exclusive right and option to purchase certain mineral claims located in the Emigrant Springs Project (collectively, the “Property”), which includes 17 unpatented mining claims and 16 additional unperfected claims, by paying an aggregate of \$125,000 in cash (\$15,000 of which was paid by ESGC) on or before August 3, 2025 and incurring an aggregate of \$300,000 in exploration expenditures on or in relation to the Property on or before October 31, 2022. ESGC may in its sole discretion at any time accelerate the payment of the cash payment amounts in order to exercise the option and acquire the Property. ESGC will pay Trend a production royalty based on the NSR from the production or sale of all minerals from the Property, including any additions to the Property resulting from the parties’ location of unpatented mining claims located in the Area of Interest (as defined). The royalty percentage is 2% of the NSR, with ESGC having the right to repurchase 1% of the NSR for \$1 million with Trend retaining the remaining 1%. During the term of the Subject Agreement, ESGC is responsible for paying all required real property taxes and federal mining claim maintenance fees in respect of the Property and performing all required annual claim maintenance assessment work on the Property to satisfy the annual assessment work requirements. The Subject Agreement can be terminated by Trend in the event of an unresolved default and by ESGC by giving 30 days written notice.

On February 4, 2022, the Company entered into an Amending Agreement with ESGC and Trend, pursuant to which the parties amended the Subject Agreement. As a result of the Amending Agreement, the exercise price was increased from US\$125,000 to US\$225,000, and the requirement to incur \$300,000 in exploration expenditures on the property was removed.

Following the execution of the Amending Agreement, the Company paid the balance of the exercise price of US\$225,000 and thereby exercised the option and acquired a 100% interest in the property. As a result, the Company issued the balance of 2,000,000 restricted common shares from treasury to the order and direction of ESGC in accordance with the terms of the Assignment Agreement.

On February 18, 2022, Ameriwest and ISM entered into an Asset Transfer Agreement whereby ISM purchased from Ameriwest a 100% interest in the 33 claims comprising the ESN Property for a nominal amount.

On April 30, 2022, in connection with the arrangement agreement, the ESN property costs were reclassified to assets held for sale and were subsequently spun out of the Company on September 23, 2022 (Note 17).

### **Reclamation Bonds**

On September 30, 2020, the Company paid half of the \$5,500 deposited to the Ministry of Energy and Mines for the reclamation permit of Koster Dam property. The Company’s joint venture partner was responsible for paying the other half of the reclamation permit.

On October 11, 2021, the Company paid US\$15,000 deposited with the Arizona State Land Department for a blanket bond for reclamation and damage of the Thompson Valley property and any future properties in Arizona.



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**7. EQUIPMENT**

	Office Equipment		Total
<b>Cost</b>			
Balance, April 30, 2021	\$	-	\$ -
Additions		10,453	10,453
<b>Balance, April 30, 2022 and April 30, 2023</b>	<b>\$</b>	<b>10,453</b>	<b>\$ 10,453</b>
<b>Accumulated amortization</b>			
Balance, April 30, 2021	\$	-	\$ -
Additions		1,045	1,045
Balance, April 30, 2022		1,045	1,045
Additions		1,882	1,882
<b>Balance, April 30, 2023</b>	<b>\$</b>	<b>2,927</b>	<b>\$ 2,927</b>
<b>Carrying amounts</b>			
April 30, 2022	\$	9,408	\$ 9,408
<b>April 30, 2023</b>	<b>\$</b>	<b>7,526</b>	<b>\$ 7,526</b>

**8. RIGHT OF USE ASSET/LEASE LIABILITY**

*Lease liability*

On July 1, 2021, the Company entered into an office and services rental agreement. The Company paid \$5,000 per month for the period from July to December 2021, and then \$6,575 per month for the period from January to June 2022.

Effective July 1, 2022, the Company renewed the office and services rental agreement whereby the Company would pay \$6,575 per month for the period from July 2022 to June 2023. On October 1, 2022, the lease was amended, and the monthly fee was decreased to \$3,000 per month for the remaining period from October 2022 to June 2023.

The weighted average incremental borrowing rate applied when calculating the present value of the lease liability was 20%.

For the year ending April 30, 2023, interest on the lease liabilities was \$4,137 (2022 - \$7,222).

Lease liability, April 30, 2021	\$	-
Additions		63,481
Accretion of interest		7,222
Payment of lease liability		(57,875)
Lease liability, April 30, 2022		12,828
Additions *		42,763
Accretion of interest		4,137
Payment of lease liability		(53,875)
Lease liability, April 30, 2023	\$	5,853

\* Revised from \$70,978 to \$42,763 during the year ended April 30, 2023 due to of amendment of the lease.

**8. RIGHT OF USE ASSET/LEASE LIABILITY (CONTINUED)**

*Right of use asset*

The right of use asset is depreciated on a straight-line basis over the term of the lease. For the year ending April 30, 2023, the depreciation of the right of use asset was \$46,216 (2022 - \$52,901).

Right of use asset, April 30, 2021	\$	-
Additions		63,481
Depreciation of right of use asset		(52,901)
Right of use asset, April 30, 2022		10,580
Additions *		42,763
Depreciation of right of use asset		(46,216)
Right of use asset, April 30, 2023	\$	7,127

\* Revised from \$70,978 to \$42,763 during the year ended April 30, 2023 due to an amendment of the lease.

**9. SHARE CAPITAL**

The Company has authorized an unlimited number of common shares without par value, and an unlimited number of preferred shares without par value. At April 30, 2023, 59,927,146 common shares were issued and outstanding.

During the year ended April 30, 2023, the Company:

- a) Issued 1,113,500 common shares from the exercise of warrants for total proceeds of \$740,125.
- b) Issued 2,300,000 common shares in consideration of the acquisition of Little Smokey Valley Property (Note 6). These common shares had a fair value of \$1,909,000 and were capitalized to exploration and evaluation assets.
- c) Issued 107,857 common shares to a consultant as part of a consulting agreement and recorded \$35,054 in share capital.

During the year ended April 30, 2022, the Company:

- a) Closed a non-brokered private placement at a price of \$0.50 per unit for proceeds of \$6,041,500. The Company issued an aggregate of 12,083,000 units, with each unit consisting of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of \$0.75 per share for a period of 24 months; Cash finders' fees totalling \$250,725 were paid in connection with the private placement, being 10% of \$1,200,000 and 7% of \$1,867,500 raised. Additionally, the Company granted broker's warrants at a fair value of \$91,445 to purchase an aggregate of 261,450 common shares at a price of \$0.75 per share, exercisable on or before May 28, 2023.
- b) Issued 14,844,738 common shares from the exercise of warrants for total proceeds of \$9,477,204, and accordingly, the Company reallocated \$78,631 of share-based payment reserve to share capital.
- c) Issued 74,074 common shares to a consultant as part of a consulting agreement and recorded \$74,334 in share capital.
- d) Issued 146,977 common shares as finder's fees to certain consultants. These shares had a fair value of \$146,099 and were capitalized to exploration and evaluation assets.

**9. SHARE CAPITAL (continued)**

- e) Issued 550,000 common shares from the exercise of options for total proceeds of \$235,000, and accordingly, the Company reallocated \$173,933 of share-based payment reserve to share capital.
- f) Issued 2,000,000 common shares in conjunction with the exercise of the ESN property Subject Agreement. These common shares had a fair value of \$1,780,000.
- g) ISM incurred additional share issue costs to third parties of \$5,327 in connection with shares issued to Ameriwest. These share issue costs have been included in the consolidated statement of shareholders' equity.

Pursuant to an escrow agreement dated December 11, 2019, 2,690,000 common shares of the Company were deposited into escrow. 269,000 of these common shares were released from escrow on the Company's listing on the Canadian Securities Exchange. The remaining common shares will be released in equal instalments 6, 12, 18, 24, 30 and 36 months after the listing date. As at April 30, 2023, 403,500 shares (2022 – 1,210,502 shares) were being held in escrow.

**Stock options**

	Number of Options	Weighted Average Exercise Price (\$)
Outstanding at April 30, 2021	1,400,000	0.59
Granted	1,700,000	0.93
Exercised	(550,000)	0.43
Outstanding at April 30, 2022	2,550,000	0.86
Granted	1,100,000	0.32
<b>Outstanding at April 30, 2023</b>	<b>3,650,000</b>	<b>0.70</b>

The weighted-average remaining contractual life of the options at April 30, 2023 was 3.67 years (2022 – 4.20 years).

Additional information regarding stock options outstanding as at April 30, 2023 is as follows:

Exercise price (\$)	Number of options	Exercisable	Expiry Date
0.87	200,000	200,000	June 21, 2023*
0.70	850,000	850,000	April 30, 2026
0.82	200,000	200,000	August 16, 2026
0.96	1,300,000	1,300,000	February 9, 2027
0.325	1,000,000	1,000,000	February 2, 2028
0.315	100,000	100,000	February 3, 2028
	<b>3,650,000</b>	<b>3,650,000</b>	

\*subsequently expired

On June 21, 2021, the Company granted 200,000 options to directors and officers of the Company. These options have an exercise price of \$0.87, expiring on June 21, 2023 and vested on the grant date.

On August 16, 2021, the Company granted 200,000 options to a director and a consultant of the Company. These options have an exercise price of \$0.82, expiring on August 16, 2026 and vested on the grant date.

On February 9, 2022, the Company granted 1,300,000 stock options to officers and directors of the Company. These options have an exercise price of \$0.96, expiring on February 9, 2027 and vested on the grant date.

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**9. SHARE CAPITAL (continued)**

On February 2, 2023, the Company granted 1,000,000 stock options to officers and directors of the Company. These options have an exercise price of \$0.325, expiring on February 2, 2028 and vested on the grant date.

On February 3, 2023, the Company granted 100,000 stock options an officer and director of the Company. These options have an exercise price of \$0.315, expiring on February 3, 2028 and vested on the grant date.

The fair value of the stock options recorded during the year ended April 30, 2023 was calculated using the Black Scholes option pricing model for total share-based payment expense of \$273,900 (2022 – \$1,372,797). This was based on the following assumptions with no expected dividends or forfeitures:

	Year ended April 30, 2023	Year ended April 30, 2022
Exercise price	\$ 0.32 - \$0.33	\$ 0.82 - \$0.96
Expected life (in years)	5	2 - 5
Expected volatility	107%	100%
Risk-free interest rate	2.92% - 3.05%	0.44% - 1.68%

**Warrants**

	Number of Warrants	Weighted Average Exercise Price (\$)
Outstanding, April 30, 2021	6,579,000	0.48
Issued	12,344,450	0.75
Exercised	(14,844,738)	0.64
Outstanding, April 30, 2022	4,078,712	0.72
Exercised	(1,113,500)	0.66
Expired	(100,000)	0.50
<b>Outstanding, April 30, 2023</b>	<b>2,865,212</b>	<b>0.75</b>

The weighted-average remaining contractual life of warrants at April 30, 2023 was 0.09 years (2022 – 1.05 years).

Additional information regarding warrants outstanding as at April 30, 2023 is as follows:

Exercise price (\$)	Number of warrants	Expiry Date
0.75	85,712	May 28, 2023*
0.75	2,779,500	June 1, 2023*
	2,865,212	

\*subsequently expired

On May 28, 2021, the Company issued 261,450 agent's warrants. These warrants have an exercise price of \$0.75 per share and expire on May 28, 2023. The fair value of these agent's warrants of \$91,445 was measured using the Black Scholes option pricing model.

**9. SHARE CAPITAL (continued)**

The following inputs were used for the Black-Scholes valuation of the agent’s warrants:

	Year ended April 30, 2023	Year ended April 30, 2022
Exercise price	-	\$ 0.75
Expected life (in years)	-	2
Expected volatility	-	100%
Risk-free interest rate	-	0.32%

**10. RELATED PARTY TRANSACTIONS**

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

As at April 30, 2023, the amount due to the related parties is comprised of the following:

- \$72,000 (2022 - \$Nil) due to Glenn Collick, an officer of the Company.
- \$140,013 (2022 - \$15,355) due to David Watkinson, an officer of the Company.
- \$51,958 (2022 - \$7,537) due to James Gheyle, a director of the Company.
- \$18,375 (2022 - \$3,009) due to Sam Eskandari, a director of the Company.
- \$6,006 (2022 - \$Nil) due to Graeme Wright, a former officer of the Company.
- \$10,500 (2022 - \$Nil) due to a company owned by Zig Hancyk, a director of the Company.

These amounts are non-interest bearing with no stated terms of payment.

During the year ended April 30, 2023, the Company had the following transactions with related parties:

- \$108,000 (2022 - \$99,000) to Glenn Collick for management services.
- \$194,656 (2022 - \$181,612) to David Watkinson for management services.
- \$30,000 (2022 - \$35,000) to Sam Eskandari, a director of the Company, for consulting services.
- \$33,000 (2022 - \$43,000) to Graeme Wright, a former officer of the Company, for accounting services.
- \$84,000 (2022 - \$77,162) to James Gheyle for geological consulting.
- \$30,000 (2022 - \$21,250) to Zig Hancyk, director of the Company.
- \$261,375 (2022 - \$1,197,943) in share-based compensation to officers and directors of the Company.

Contracts with related parties

On January 1, 2021, the Company entered into a Master Services Agreement (the “MSA”) with a consultant, whereby the consultant will provide services typical of those for an executive officer in the position of Director and Chief Operating Officer (“COO”). Pursuant to the MSA, the consultant will receive a monthly fee of \$6,000 as compensation for providing these services. During the year ended April 30, 2022, the monthly fee was increased to \$9,000.

On April 1, 2021, the Company entered into a Geological Consulting Services Agreement (the “GCSA”) with a Director of the Company, whereby the consultant will be generally responsible for assisting the geological team for any matters typical of those of a geological consultant. Pursuant to the GCSA, the consultant will receive a monthly fee of \$5,000 as compensation for providing these services. During the year ended April 30, 2023, the monthly fee was increased to \$7,000.

## **10. RELATED PARTY TRANSACTIONS (continued)**

### Contracts with related parties (continued)

On April 8, 2021, the Company entered into a Management Services Agreement (the “MSA2”) with a consultant, whereby the consultant was appointed to the roles of President and CEO of the Company. Pursuant to the MSA2, the consultant will receive a monthly fee of US\$12,000 as compensation for providing these services.

Pursuant to the agreements:

- Each agreement is for an initial term of 12 months and may be renewed for further 12-month increments thereafter, subject to mutual agreement. The agreements can be terminated by either party giving the other 30 days written notice;
- The consultants are eligible for participation in the Company’s stock option plan, with the grant of options being subject to recommendation by the Compensation Committee and approval by the Board of Directors;
- For the MSA and MSA2, the Company will review the consultant’s remuneration on an annual basis and may adjust the monthly remuneration upon mutual agreement. The Company may also elect to provide performance incentives or bonuses as determined from time to time by the Board of Directors based on performance;
- If the MSA and the GCSA are terminated by the consultants, they are entitled to an amount equal to the monthly fee and, if by the Company, an amount equal to three times the monthly fee. If the MSA2 is terminated by the consultant, he is entitled to an amount equal to the monthly fee and, if by the Company, an amount equal to the remaining months of the current 12-month term but not less than three months; and
- If there is a change of control (as defined) and the MSA and the GCSA are terminated within the current 12-month term, the Company will pay the consultants a lump sum payment equal to three times the monthly fee. If there is a change of control and the MSA2 is terminated, the Company will pay the consultant a lump sum payment equal to three times the monthly fee plus the remaining monthly fee of the current term.

On May 1, 2021, the Company entered into a Management Services Agreement (the “MSA”) with a consultant, whereby the consultant will be generally responsible for all matters typical of those for an executive officer in the position of Director and Chief Financial Officer (“CFO”). Pursuant to the MSA, the consultant will receive a monthly fee of \$2,000 as compensation for providing these services. The consultant is eligible for participation in the Company’s stock option plan, with the grant of options being subject to recommendation by the Compensation Committee and approval by the Board of Directors. The Company will review the consultant’s remuneration on an annual basis and may adjust the monthly remuneration upon mutual agreement. The Company may also elect to provide performance incentives or bonuses as determined from time to time by the Board of Directors based on performance. The MSA is for an initial term of 12 months and may be renewed for further 12-month increments thereafter, subject to mutual agreement. The MSA can be terminated by either party giving the other 30 days written notice. If the MSA is terminated by the consultant, he is entitled to an amount equal to the monthly fee and, if by the Company, an amount equal to three times the monthly fee. If there is a change of control (as defined) and the MSA is terminated, the Company will pay the consultant a lump sum payment equal to three times the monthly fee. On June 25, 2021, the consultant resigned as CFO and was appointed to the role of Corporate Secretary.

## **10. RELATED PARTY TRANSACTIONS (continued)**

### Contracts with related parties (continued)

On June 21, 2021, the Company entered into a Financial Consulting Services Agreement (the “FCSA”) with a consultant, whereby the consultant was to provide consulting services and was appointed to the role of CFO of the Company. Pursuant to the FCSA, the consultant was to receive a monthly fee of \$3,000 as compensation for providing these services. The consultant was also granted fully vested stock options to purchase an aggregate of up to 100,000 common shares of the Company at an exercise price of \$0.87 for a period of two years. During the year ended April 30, 2022, the monthly fee was increased to \$5,000 and then during the year ended April 30, 2023, the monthly fee was reduced to \$2,000. As of April 30, 2023, the FCSA had been terminated.

## **11. CONTRACTUAL OBLIGATIONS**

On September 14, 2021, the Company entered into an Independent Contractor Agreement (the “ICA”), with a consultant, whereby the consultant will be generally responsible for all matters typical of those for a Corporate Secretary. Pursuant to the ICA the consultant will receive a monthly fee of \$4,500 as compensation for these services. The ICA can be terminated by either party giving the other 60 days written notice.

## **12. LOAN PAYABLE**

On December 6, 2022, the Company entered into a loan agreement with an arm’s length company to borrow \$250,000. The loan bears interest at 5% per annum and is payable on or before June 6, 2024.

As at April 30, 2023, the Company owes the amount of \$254,897. This includes accrued interest of \$4,897 that has been included in profit and loss during the year ended April 30, 2023.

## **13. CAPITAL DISCLOSURE AND MANAGEMENT**

The Company defines its capital as all components of shareholders’ equity. The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company’s approach to managing capital during the period.

## **14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company’s marketable securities are classified as a level 1 financial instrument.

#### **14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

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

(a) *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is remote.

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Trade payables are due within the current operating period. There can be no assurance of continued access to significant equity funding. As at April 30, 2023, the Company had cash of \$419,198 (2022 - \$4,430,681) to cover current liabilities of \$1,205,538 (2022 - \$1,762,759).

(c) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at April 30, 2023, the management does not hedge its foreign exchange risk, and does not believe a change in foreign exchange would materially affect the Company at its current stage.

(d) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions.

(e) *Commodity Price Risk*

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

#### **15. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties. The Company operates in Canada and the United States. The Company's exploration and evaluation assets are located in the USA. Geographic information is as follows: as at April 30, 2023, \$17,153 (2022- \$32,988) of the Company's non-current assets were located in Canada and \$7,397,144 (2022- \$3,153,250) were located in the USA.



## **16. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions during the year ended April 30, 2023 included:

- a) Recognized a right of use asset in the amount of \$42,763 for the renewal of the Company's office lease.
- b) Included in exploration and evaluation assets is \$379,213 which is in trade payables.
- c) Issued 2,300,000 common shares valued at \$1,909,000 for the acquisition of Little Smokey Valley Property.
- d) Issued 107,857 common shares with a fair value of \$35,054 to a consultant as part of a consulting agreement.

Significant non-cash transactions during the year ended April 30, 2022 included:

- a) Granted broker's warrants at a fair value of \$91,445 to purchase an aggregate of 261,450 common shares at a price of \$0.75 per share.
- b) Included in exploration and evaluation assets is \$57,792 which is in trade payables.
- c) Transferred the fair value of \$78,631 from reserves to share capital upon exercise of broker's warrants.
- d) Transferred the fair value of \$173,933 from reserves to share capital upon exercise of stock options.
- e) Issued 2,146,977 common shares with a fair value of \$1,926,099 in relation to the acquisition of exploration and evaluation assets. Of this amount, \$1,780,000 was subsequently reclassified to Assets held for sale.
- f) Recognized a right of use asset in the amount of \$63,481 for an office lease.

## **17. ARRANGEMENT AGREEMENT AND ASSETS HELD FOR SALE**

On March 31, 2022, the Company entered into an arrangement agreement with its 100% owned subsidiary, ISM, whereby the company agreed to spin off its existing non-lithium assets, being the Koster Dam, ESN and Quet & Fire gold prospects, into ISM.

On September 23, 2022, the Company completed the arrangement agreement and spun-off its wholly owned subsidiary ISM. Ameriwest continues to be traded on the CSE, while ISM's common shares were listed for trading on the CSE on September 29, 2022.

The transaction was carried out by way of statutory plan of arrangement (the "Spin-Out") pursuant to the Business Corporations Act (British Columbia). Through the Spin-Out, shareholders of the Company exchanged all of the existing issued and outstanding Ameriwest common shares (the "Old Ameriwest Shares") for one new common share of the Company (each, a "New Ameriwest Share") (having identical terms as the existing common shares) and one-quarter of one common share in the capital of ISM ("ISM Shares") for each Old Ameriwest Share. There was no change in Ameriwest shareholders' holdings in the Company as a result of the Spin-Out.

Holders of options to purchase Ameriwest Shares ("Ameriwest Options") received for each Ameriwest Option held one option to purchase from Ameriwest one New Ameriwest Share and one-quarter of one option of ISM (an "ISM Option"), with each whole ISM Option entitling the holder thereof to purchase from ISM one ISM Share.

Holders of warrants to purchase Ameriwest Shares ("Ameriwest Warrants") received for each Ameriwest Warrant held one warrant to purchase from Ameriwest one New Ameriwest Share and one-quarter of one warrant of ISM (an "ISM Warrant"), with each whole ISM Warrant entitling the holder thereof to purchase from ISM one ISM Share.

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**17. ARRANGEMENT AGREEMENT AND ASSETS HELD FOR SALE (continued)**

The following gold prospects were spun-out as of September 23, 2022 and no longer form part of the Company's assets:

ESN	\$	2,567,934
Koster Dam		177,222
Quet & Fire		51,792
	\$	2,796,948

On the basis that an accurate and fair valuation of the exploration properties, individually and in the aggregate, is not otherwise reasonably determinable, the Company has recorded these dispositions to ISM using the current deferred mineral property costs applicable to each. Accordingly, no gain or loss has been recognized herein.

Assets held for sale

As at April 30, 2022, the disposal group reclassified for distribution to shareholders consisted of the Company's Canadian subsidiary, ISM, and certain exploration and evaluation assets which were ultimately spun-out during the year ended April 30, 2023. The disposal group was part of the Company's only segment, which is the exploration of exploration and evaluation assets (Note 6).

IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* requires that assets meeting the criteria to be classified as held for sale be presented separately in the consolidated statement of financial position and the results of discontinued operations be presented separately in the consolidated statements of comprehensive loss. Accordingly, the assets and directly associated liabilities relating to the business units spun out to ISM have been presented as "Assets held for sale" and "Liabilities of discontinued operations" in the consolidated statement of financial position and the net loss relating to this business unit has been presented as "Net loss from discontinued operations" in the consolidated statements of comprehensive loss.

The assets and liabilities of ISM as at April 30, 2022 and the expenses and cash flows for the years ended April 30, 2023 and 2022 are presented in the following tables:

Assets held for sale and liabilities of discontinued operations:	<b>April 30, 2023</b>		<b>April 30, 2022</b>	
Cash	\$	-	\$	1,525,128
Receivables		-		1,428
Prepaid		-		26,000
Exploration and evaluation assets (Note 6)		-		2,750,531
<b>Total assets held for sale</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>4,303,087</b>
Accounts payable and accrued liabilities	\$	-	\$	41,950
Subscriptions received in advance		-		1,055,000
<b>Total liabilities of discontinued operations</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>1,096,950</b>

**AMERIWEST LITHIUM INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended April 30, 2023 and 2022  
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**17. ARRANGEMENT AGREEMENT AND ASSETS HELD FOR SALE (continued)**

	<b>For the Year Ended April 30, 2023</b>	<b>For the Year Ended April 30, 2022</b>
<b>Operating expenses:</b>		
Accounting and audit	\$ 946	\$ 9,500
Legal fees	88,426	24,426
Office and administration	94	4,210
Transfer agent and filing fees	15,800	165
<b>Total</b>	<b>\$ 105,266</b>	<b>\$ 38,301</b>

	<b>For the Year Ended April 30, 2023</b>	<b>For the Year Ended April 30, 2022</b>
<b>Cash flows provided by (used in) discontinued operations:</b>		
Net cash used in operating activities	\$ (101,338)	\$ (23,779)
Net cash used in investing activities	(13,636)	(766)
Net cash provided by financing activities	-	1,549,673
<b>Net cash flow</b>	<b>\$ (114,974)</b>	<b>\$ 1,525,128</b>

In connection with the Spin-Out, ISM completed a non-brokered private placement of 10,550,000 units of ISM at a price of \$0.10 per unit for gross proceeds of \$1,055,000. In connection with the private placement, ISM had received subscription proceeds of \$1,055,000 as at April 30, 2022.

During the year ended April 30, 2023, the Company recognized the deferred transaction costs of \$7,500 associated with the plan of arrangement. This amount was included in the disposition of assets.

**18. INCOME TAXES**

A reconciliation of income taxes at statutory rates of 27% (2022 – 27%) in Canada and 21% (2022 – 21%) in the USA with the reported taxes is as follows:

	<b>Year ended April 30, 2023</b>	<b>Year ended April 30, 2022</b>
Expected income tax recovery	\$ (1,149,957)	\$ (2,592,729)
Effect of deductible and non-deductible amounts	102,843	313,785
True up of prior year amounts and other	(152,042)	-
Change in deferred tax assets not recognized	1,199,156	2,278,944
<b>Deferred income tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

The Company's deductible temporary differences and unused tax losses consist of the following amounts:

	<b>April 30, 2023</b>	<b>April 30, 2022</b>
Non-capital losses	\$ 12,850,668	\$ 8,999,053
Exploration and evaluation assets	-	(494,118)
Marketable securities	187,420	-
Equipment	2,927	1,045
Share issue costs	206,656	289,573
	<b>\$ 13,247,671</b>	<b>\$ 8,795,533</b>

**18. INCOME TAXES (continued)**

The Company has available for deduction against future taxable income Canadian non-capital losses of approximately \$12,769,000. These losses, if not utilized, will expire between 2038 and 2043. The Company also US non-capital losses of approximately \$82,000.

**19. SUBSEQUENT EVENTS**

Subsequent to April 30, 2023, the Company:

- Granted 250,000 stock options to an officer and director of the Company. These options have an exercise price of \$0.26, expiring on May 24, 2028 and vested on the grant date.
- Closed a non-brokered private placement at a price of \$0.20 per unit for proceeds of \$2,500,000. The Company issued an aggregate of 12,500,000 units, with each unit consisting of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of \$0.25 per share for a period of 24 months.
- Issued 1,917,000 common shares from the exercise of warrants.