Lancaster Resources Inc.

CSE: LCR

CSE FORM 2A

LISTING STATEMENT

DATE: June 9, 2023

SCHEDULES:

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Schedule B	- Certificate of the Target
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1. DEFINITIONS

The following is a glossary of certain definitions used in this Listing Statement (as defined herein). Terms and abbreviations used in this Listing Statement and also appearing in the documents attached as schedules to the Listing Statement (including the financial statements) are defined separately if the terms and abbreviations defined below are not used therein, except where otherwise indicated. Any capitalized term used but not defined in this Listing Statement have the meanings ascribed thereon in the policies of the Exchange (as defined herein). Words below importing the singular, where the context requires, include the plural and *vice versa*, and words importing any gender include all genders.

"**3 Year Restrictions**"	has the meaning set out in "*Section 11 – Escrowed Securities*".
"**Alkali Flat Lithium Project" and "Alkali Flat Property**"	means the exploration property known as the Alali Flat Lithium Project and located in Hidalgo County New Mexico west of the town of Lordsburg, New Mexico. The Property is centred at UTM coordinates 696,894E/3,574,521N (NAD 83, UTM Zone 12; 32.29016N/-108.90912E). See "4.3 - Alkali Flat Lithium Project" for more information.
"**Amalgamation**"	means the amalgamation of Subco and Lancaster II under the provisions of the BCBCA on the terms and conditions set forth in the Amalgamation Agreement.
"**Amalgamation Agreement**"	means the amalgamation agreement between the Company, Subco and Lancaster II dated May 15, 2023. See Section 22 – "*Material Contracts*".
"**Audit Committee**"	means the audit committee of the Company.
"**Author**"	means Mark Fedikow, Ph.D., P. Geo, C.P.G., principal geologist for Mount Morgan Resources Ltd. and author of the Technical Report.
"**BCBCA**"	means the *Business Corporations Act* (British Columbia), including the regulations thereunder, as amended from time to time.
"**BLM**"	means US Bureau of Land Management.
"**Board**"	means the board of directors of the Company.
"**Broker Warrants**"	means warrants issued as compensation for raising capital.

"**CEO**"	means chief executive officer.
"**CFO**"	means chief financial officer.
"**Closing**"	means the closing of the Transaction on June 9, 2023 pursuant to the Merger Agreement.
"**Post-Closing Options**"	means options issued by the Company after the Closing.
"**Common Share**"	means common share in the capital of the Company.
"**Company**"	means Lancaster Resources Inc., a company incorporated under the BCBCA on September 18, 2019 and formerly named NeonMind Biosciences Inc.
"**Consideration Options**"	means 3,276,000 Options issued by the Company to Lancaster II option holders at the Closing.
"**Consideration Securities**"	means, together, the Consideration Shares, the Consideration Warrants and the Consideration Options
"**Consideration Shares**"	means, collectively the 39,476,861 fully paid and non-assessable Common Shares issued *pro rata* on a one for one basis to the Target Vendors at the Closing, and "**Consideration Share**" means any one of them.
"**Consideration Warrants**"	means, collectively, the 17,735,594 Warrants issued at the Closing, which consists of: 6,000,000 Warrants that entitle the holder to purchase one Common Shares at an exercise price of $0.30 per Common Share until March 31, 2026; 7,460,926 Warrants that entitle the holder to purchase one Common Shares at an exercise price of $0.50 per Common Share until March 31, 2026; 2,655,000 Warrants that entitle the holder to purchase one Common Shares at an exercise price of $0.40 per Common Share until March 31, 2026;

	600,000 Broker Warrants that entitle the holder to purchase one Common Shares at an exercise price of $0.15 per Common Share until March 31, 2026; 897,668 Broker Warrants that entitle the holder to purchase one Common Shares at an exercise price of $0.175 per Common Share with expiration dates between March 31, 2026 and April 3, 2026; and 122,000 Broker Warrants that entitle the holder to purchase one Common Shares at an exercise price of $0.20 per Common Share with expiration dates between March 31, 2026 and April 3, 2026.
"**Consolidation I**"	means the consolidation of Common Shares effective April 18, 2022 on the basis of 4 pre-consolidation Common Shares for each 1 post-consolidation Common Share.
"**Consolidation II**"	means the consolidation of Common Shares effective January 25, 2023 on the basis of 30 pre-consolidation Common Shares for each 1 post-consolidation Common Share.
"**Consolidations**"	Means both of Consolidation I and Consolidation II.
"**DLE Technology**"	has the meaning ascribed to it under the heading "Section 4.1 Narrative Description of the Business - General".
"**DTC**"	means the subsidiary of the Depository Trust & Clearing Corp. that manages the electronic clearing and settlement of publicly traded companies in the United States. Securities that are eligible to be electronically cleared and settled through DTC are considered to be DTC eligible. DTC eligibility is expected to simplify the process of trading and enhance liquidity of shares in the United States by accelerating the settlement period for transfers and reducing costs for investors.
"**Debentures**"	has the meaning as set out in "Section 10.2 - Debt Securities" of this Listing Statement.
"**Dissenting Shareholder**"	means a registered shareholder who, in connection with the Amalgamation Resolution, exercised the right to dissent pursuant to the BCBCA, and thereby becomes entitled to receive the fair value of the common shares held by the shareholder, in accordance with Division 2 of Part 8 of the BCBCA.

"**Eligible Participants**"	has the meaning ascribed to it under the heading "*Section 9 - Restricted Stock Units*".
"**Exchange**"	means the Canadian Securities Exchange.
"**FSE**"	means the Frankfurt Stock Exchange.
"**Forward Split**"	means the 2 for 1 forward split of the Tevera Energy securities which occurred on February 2, 2023 as part of the Private Amalgamation.
"**IPO**"	means initial public offering.
"**KGRA**"	has the meaning ascribed to it under the heading "*Section 4.3 - Alkali Flat Lithium Project*".
"**Lancaster Financial Statements**"	means the audited financial statements of Lancaster I for the years ended March 31, 2022 and 2021 and the unaudited financial statements of Lancaster I for the nine-month period ended December 31, 2022 and related MD&As.
"**Lancaster I**"	means Lancaster Lithium Inc., incorporated pursuant to the BCBCA on July 12, 2019, which merged with Tevera Energy on March 9, 2023 to become Lancaster II.
"**Lancaster II**"	means Lancaster Lithium Inc., the company resulting from the amalgamation of Lancaster I and Tevera Energy on March 9, 2023.
"**Lancaster Lithium**"	means Lancaster Lithium Inc., a company resulting from the amalgamation with Subco on June 9, 2023.
"**Lancaster Shares**"	means the common shares in the capital of Lancaster II.
"**Lancaster Transaction Financing**"	means the issuance of 2,655,000 Transaction Units at $0.20 per unit for proceeds of $531,000 in three tranches in February, March and April 2023.
"**Letter Agreement**"	means the agreement dated December 14, 2022 between the Company and Lancaster I setting out the fundamental terms of the Transaction.

"**Listing**"	means the listing of the Common Shares of the Company on the Exchange following the Closing.
"**Listing Date**"	means the date the Common Shares of the Company are listed on the Exchange following the Closing.
"**Listing Statement**"	means this *CSE Form 2A - Listing Statement* of the Company, including all schedules attached hereto, prepared in support of the listing of the Company's securities on the Exchange, as may be amended, restated or supplemented from time to time.
"**MI 61-101**"	means Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, adopted by the Ontario Securities Commission.
"**MD&A**"	means management's discussion and analysis.
"**Majuba**"	means Majuba Mining Inc., the optionor of the Alkali Flat Lithium Project, and a party to the Option Agreement.
"**Merger Agreement**"	means the merger agreement dated March 21, 2023, among the Company, Subco and Lancaster II, as further described under the heading "*3.2 Significant Acquisitions and Dispositions - The Transactio*n".
"**NI 43-101**"	means National Instrument 43-101 - Standards of Disclosure for Mineral Projects.
"**NI 52-110**"	means National Instrument 52-110 - Audit Committees of the Canadian Securities Administrators.
"**NEO**"	has the meaning ascribed in "Section 15 - Executive Compensation."
"**Name Change**"	means the change of name of the Company from NeonMind Biosciences Inc. to Lancaster Resources Inc. at the Closing.
"**Option**"	means the option to acquire a 100% interest in the Property pursuant to the Option Agreement, as further described under the heading "*Section 4.3 - Alkali Flat Lithium Project*".

"**Option Agreement**"	means the mineral property option agreement between Lancaster Lithium and Majuba dated effective November 17, 2022, pursuant to which the Company has an exclusive option to acquire a 100% undivided interest in the Alkali Flat Lithium Project, subject to the NSR. See *"Narrative Description of Business - Alkali Flat Lithium Project"* for a description of the Option Agreement.
"**Person**"	means any corporation, partnership, limited liability company or partnership, joint venture, trust, unincorporated association or organization, business, enterprise or other entity; any individual; and any governmental authority.
"**Post Merger Restrictions**"	means that the Common Shares will be released according to the following schedule: 20% of the shares on the Listing Date, 20% of the shares 30 days after the Listing Date, 20% of the shares 60 days after the Listing Date, 20% of the shares 90 days after the Listing Date, 20% of the shares 120 days after the Listing Date.
"**Private Amalgamation**"	means the amalgamation between Lancaster I and Tevera Energy which occurred on March 9, 2023.
"**Private Amalgamation Agreement**"	means the amalgamation agreement between Lancaster I and Tevera Energy dated March 1, 2023.
"**Private Merger**"	means the merger agreement completed between Lancaster I and Tevera Energy. See "Narrative Description of Business - Lancaster I".
"**Private Merger Agreement**"	means the merger agreement signed between Lancaster I and Tevera Energy on February 15, 2023. See "Narrative Description of Business - Lancaster I".
"**Property**"	means the Alkali Flat Lithium Project, as further described under the heading "*Section 4.3 - Alkali Flat Lithium Project*".
"**Record Date**"	is March 17, 2023, and was the date used to determine who was entitled to vote at the Shareholder Meeting.
"**RSU Agreement**"	has the meaning ascribed to it under the heading "*Section 9 - Restricted Stock Units*".

“**RSU Plan**”	has the meaning ascribed to it in “*Section 9 - Restricted Share Units*”.
“**RSUs**”	means restricted share units as governed by the RSU Plan.
“**Reporting Issuer**”	has the meaning ascribed to such term in the *Securities Act* (British Columbia) as amended.
“**Resulting Issuer**”	means Lancaster Resources Inc. (formerly NeonMind Biosciences Inc.), the entity following the completion of the Transaction, whose Common Shares will be listed on the Exchange under the trading symbol “LCR”.
“**Royalty**”	has the meaning ascribed to it under the heading “*Section 4.3 - Alkali Flat Lithium Project*”.
“**SEDAR**”	means the System for Electronic Document Analysis and Retrieval.
“**Securities Act**”	means the *Securities Act* (British Columbia), including the regulations promulgated thereunder.
“**Shareholder Meeting**”	means the meeting held by Lancaster II to approve the Transaction, as more fully described under the heading “*Section 3.2 - Significant Acquisitions and Dispositions”.*
“**Stock Option Plan**”	means the Company’s incentive stock option plan as further described under Section 9 - Options to Purchase Securities.
“**Stock Options**”	means all outstanding stock options granted pursuant to the Stock Option Plan and includes all stock options granted to the former holders of Lancaster II stock options at the Closing.
“**Subco**”	means 1405306 B.C. Ltd., a company incorporated pursuant to the BCBCA on March 13, 2023 as a wholly owned subsidiary of the Company for the purposes of the Amalgamation.
“**Subdivision**”	means the 2 for 1 subdivision of Tevera Energy securities which occurred on March 1, 2023.
“**Target Vendors**”	means the holders of the Lancaster Shares prior to the close of the Transaction.

"**Technical Report**"	means the technical report written by the Author, dated May 19, 2023, entitled "*Alkali Flat Lithium Project, NI 43-101 Technical Report*" prepared in accordance with the requirements of NI 43-101.
"**Tevera Energy**"	means the company incorporated pursuant to the BCBCA on November 17, 2021 which changed its name to Tevera Energy Corp. on January 30, 2023.
"**Transaction**"	means the acquisition by the Company of all the Lancaster Securities from the Target Vendors and other transactions contemplated by the Merger Agreement in order to effect the business combination of Lancaster II and the Company, as further described under the heading "*3.2 Significant Acquisitions and Dispositions - The Transactio*n".
"**Transaction Debenture Conversion**"	means the conversion of $178,796 of principal and interest from previously issued debentures into Transaction Units and as further described under the heading "*3.2 Significant Acquisitions and Dispositions - The Transactio*n".
"**Transaction Debt Conversion**"	has the meaning ascribed to such term under the heading "3.2 Significant Acquisitions and Dispositions - The Transaction".
"**Transaction Private Placement**"	means the private placement completed by the Company on June 9, 2023 for gross proceeds of $150,000 through the issuance of an aggregate of 750,000 Transaction Units at a price of $0.20 per unit and as further described under the heading "*3.2 Significant Acquisitions and Dispositions - The Transactio*n".
"**Transaction Units**"	means the units issued as part of the Transaction Debt Conversion, Transaction Debenture Conversion and the Transaction Private Placement, with each unit consisting of one Common Share and one warrant to purchase an additional Common Share at a price of $0.40 for a period of 36 months from the date of issuance.
"**United States**", "**USA**" or "**US**"	means, collectively, the United States of America, its territories and possessions.
"**Warrants**"	means Common Share purchase warrants of the Company.

In this Listing Statement, the terms "**we**", "**us**" and "**our**" refers to the Company on a consolidated basis following the completion of the Transaction, including Lancaster Lithium. All securities transactions described in this Listing Statement are adjusted to reflect the Consolidations and the Forward Split.

CURRENCY

Unless otherwise indicated, all references to "dollars" and "$" and "CDN$" are to Canadian dollars and all references to "USD", "USD$" or "US$" are to United States dollars.

FORWARD LOOKING STATEMENTS

Certain statements in this Listing Statement may constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievement or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such statements can be identified by the use of words such as "may", will", "expect", "should", "believe", "intend", "plan", "anticipate", "potential" and other similar terminology. These forward-looking statements reflect current expectations of management regarding future events and speak only as of the date of this Listing Statement. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "*Risk Factors*". Forward-looking statements in this Listing Statement include, but are not limited to, statements with respect to:

- our expectations as to future operations;
- our dependence on management;
- our plans in respect of development and operations;
- potential environmental issues and liabilities associated with exploration, development and mining activities;
- title risks, and the obtaining and renewing of material licences and/or permits;
- our capital and funding requirements;
- our ability to obtain future financing on acceptable terms or at all;
- our risks associated with economic conditions, including those related to ongoing COVID-19 pandemic; and
- other statements under the heading "*Management's Discussion and Analysis*".

These forward-looking statements are based upon certain material factors, assumptions and analyses that were applied in drawing a conclusion or making a forecast or projection, including management's experience and perceptions of historical trends, current market conditions and expected future developments, the timing and amount of capital and other expenditures, and other factors believed to be reasonable in the circumstances.

By their nature, forward-looking statements are subject to inherent risks and uncertainties which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond our control, could cause actual results to differ materially from current expectations of estimated or anticipated events or results. The risks, uncertainties and other factors that could influence actual results include, but are not limited to:

- our inability to efficiently manage operations;
- general economic and business conditions, including those resulting from the effects of the ongoing COVID-19 pandemic;
- our negative operating cash flow;
- our ability to obtain additional financing to fund the activities stated in this Listing Statement;
- increases in the our capital and operating costs;
- volatility of commodity prices and the Common Shares;
- general risks associated with mineral exploration industry;
- the ability to comply with applicable governmental regulations and standards;
- risks relating to regulatory changes or actions;
- competition within the mineral exploration industry; and
- other factors as more particularly described under the heading "*Risk Factors*"

Readers are cautioned that the foregoing list of factors is not exhaustive and that other factors may emerge from time to time. It is not possible for management to predict all such factors and to assess in advance the impact of each such factor on our business, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. Readers are also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Although the forward-looking statements contained in this Listing Statement are based upon what our management currently believe to be reasonable assumptions, actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur. The forward-looking statements contained herein are made as of the date of this Listing Statement and, other than as specifically required by law, we do not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

MARKET AND INDUSTRY DATA

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. Our management believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, we have not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

TECHNICAL INFORMATION

This Listing Statement contains disclosure of scientific or technical information for our mineral project that is based on the Technical Report for our material mineral property, the Alkali Flat Lithium Project. The Technical Report is identified under "*Narrative Description of the Business – Mineral Projects*". The Technical Report was prepared in accordance with NI 43-101, by the Author, who is a Qualified Person as that term is defined in NI 43-101 and who is independent as defined in NI 43-101.

Any mineral reserve or resource figures, and scientific, technical or projected economic information or estimates referred to in this Listing Statement are estimates, and no assurances can be given that the information will materialize. Such information is based on expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While our management believes that the information included in this Listing Statement is well established, the information by its nature is imprecise and depends, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates of such information are inaccurate or are reduced in the future, this could have a material adverse impact on us.

Reference should be made to the full text of the Technical Report which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review under the Company's profile on SEDAR.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office – the Company

a. The Company

The Company's name is "Lancaster Resources Inc." The head and principal business office and registered office of the Company is located at 2569 Marine Drive, West Vancouver, British Columbia, V7V 1L5.

The Company is a Reporting Issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. The Common Shares trade on the CSE under the stock symbol "LCR". The Company trades on OTC Markets, pink sheets under the symbol "LANRFand traded on the FFE under the symbol "6UF".

b. Lancaster Lithium Inc.

Lancaster Lithium Inc. is a wholly owned subsidiary of the Company and has its head and principal business office and registered office of the Company is located at 2569 Marine Drive, West Vancouver, British Columbia, V7V 1L5.

2.2 Jurisdiction of Incorporation

a. The Company

The Company was incorporated pursuant to the BCBCA on September 18, 2019 and on April 9, 2020, it amended its articles to change its name to "NeonMind Biosciences Inc." On June 7, 2023, the Company amended its articles to change its name to Lancaster Resources Inc.

b. Lancaster Lithium Inc.

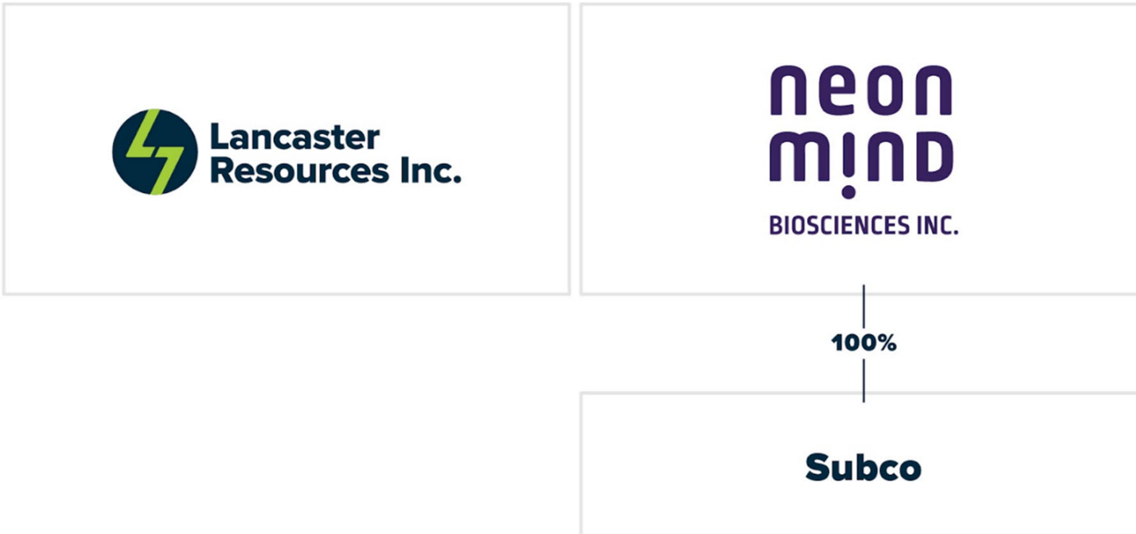
Lancaster Lithium is a wholly owned subsidiary of the Company. It was created by the amalgamation of Lancaster II and Subco on June 9, 2023 as part of the Transaction.

Subco was incorporated under the BCBCA on March 13, 2023 as a wholly owned subsidiary of the Company for the purposes of completing the Transaction.

Lancaster II is a company resulting from the amalgamation on March 9, 2023 of Lancaster I and Tevera Energy. Lancaster I was incorporated pursuant to the BCBCA on July 12, 2019, and on October 19, 2021, it amended its articles to change its name, and on November 15, 2022 it amended its articles to change its name to Lancaster Lithium Inc. Tevera Energy was incorporated pursuant to the BCBCA on November 17, 2021. On January 19, 2022, it amended its articles to change its name to Metaversive Networks Inc. and on January 30, 2023, it amended its articles to change its name to Tevera Energy Corp.

2.3 Fundamental Change

The Company is requalifying for listing on the CSE following the Transaction, which constituted a "fundamental change" under Policy 8. Prior to the Transaction, the following was the material corporate structure of the Company:



The Transaction involved the amalgamation of Subco (1405306 B.C. Ltd) and Lancaster II and resulted in the following material corporate structure:

On December 14, 2022, the Company and Lancaster I entered into the Letter Agreement setting out the terms and conditions by which the Company and Lancaster proposed to complete a business combination and, in connection therewith, the Company proposed to acquire all of the issued and outstanding Lancaster I securities in exchange for the issuance of securities in the Company on a one for one basis.

On March 9, 2023 Lancaster I amalgamated with Tevera Energy to become Lancaster II.

On March 21, 2023, the Company entered into the Merger Agreement with Lancaster II, which replaced and superseded the Letter Agreement. On April 4 2023, the shareholders of Lancaster II approved the Transaction at a special meeting of the shareholders, and in June2023 the Exchange conditionally approved the Transaction including the continued listing of the Common Shares on the Exchange following completion of the Transaction.

At the Closing, which occurred on June 9, 2023, the Company acquired all of the issued and outstanding Lancaster Shares (which represented all the of Lancaster Shares outstanding at the Closing) from the Target Vendors in exchange for the issuance by the Company, to the Target Vendors, on a one for one basis, the Consideration Shares, the Consideration Options and the Consideration Warrants.

The Company relied upon the exemption provided under Section 2.11 of National Instrument 45-106 – *Prospectus Exemptions* for an exemption from the prospectus requirements for the issuance of the Consideration Securities to the Target Vendors.

Following completion of the Transaction, the principal business of the Company became the identification, evaluation and acquisition of mineral exploration properties and sustainable energy projects. As a result of the Transaction, the Company is engaged in the exploration of the Alkali Flat Lithium Project and in the acquisition and potential development of other renewable energy and mineral projects, through our wholly owned subsidiary, Lancaster Lithium Inc.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

Our principal business is to identify, acquire, explore and develop lithium-rich properties while integrating sustainable energy sources and innovative technologies to create a climate positive lithium production process. Currently, we are focused on exploring at its Alkali Flat Lithium Project in New Mexico. We are investigating the potential use of Direct Lithium Extraction (DLE) technology, renewable energy, and carbon sequestration to create Climate Positive Lithium™, which is intended to supply the growing demand for lithium with a positive impact on the environment during the extraction and production processes. We are also reviewing the potential development of a solar energy facility to be built alongside our Alkali Flat property in New Mexico.

Three Year History

The Company

We were incorporated on September 18, 2019. In September 2019 we initiated research into potentially therapeutic uses of Psilocybin.

In May 2020 we developed a plan for a pre-clinical trial to investigate psilocybin as a treatment to cause weight loss and reduce food cravings. The University of British Columbia initiated a Health Canada-approved pre-clinical trial on our behalf in November 2020 to assess the potential of psilocybin in promoting weight loss and curbing food cravings.

On December 29, 2020, our common shares were listed on the Exchange and were immediately halted pending the closing of our IPO. On December 30, 2020, we completed our IPO of 46,000,000 units at a price of $0.10 per unit for gross proceeds of $4.6 million. Each unit consisted of one Common Share and one Warrant exercisable at a price of $0.20 per Warrant until December 31, 2021. We also granted 4,600,000 Broker Warrants to purchase units as compensation to selling agents participating in the IPO. On January 4, 2021 the Common Shares resumed trading on the Exchange under the ticker symbol “NEON.” Subsequent to the IPO we raised additional capital of $1.2 million through warrant and option exercises.

On January 18, 2021 our Common Shares began trading on the FSE under the stock symbol “6UF”.

In January 2021 we appointed a new CEO, Rob Tessarolo. Under his leadership, we added a clinical model to pair with the drug development business. We continued with drug development, including completing our preclinical trials, assembling an integrated development plan and successfully completing pre-IND consultation with the FDA, regarding proposed Phase 1/2 clinical trials for our lead obesity drug candidate, NEO-001. We also assembled a world class team with experience in clinical trials and drug development.

On August 25, 2021 our common shares listed on the OTCQB became eligible for electronic clearing and settlement through the Depository Trust Company in the United States.

On November 29, 2021 we issued 750 convertible debenture units at a price of $1,000 per unit for gross proceeds of $750,000. See Section 10.2 - Debt Securities for more details on these securities.

On April 8, 2022, the Company issued 285 convertible debenture units at a price of $1,000 per unit for gross proceeds of $285,000, and 109 convertible debentures units at a price of $1,000 per unit to settle accounts payable of $109,000. See Section 10.2 - Debt Securities for more details on these securities.

On April 18, 2022, we effected a consolidation of our issued share capital on the basis of 4 Common Shares for 1 new Common Share. We had 128,576,561 Common Shares outstanding prior to the consolidation and had 32,144,140 Common Shares outstanding after completion of the consolidation.

On May 30, 2022 Kari Richardson and Jeff B. Smith resigned as directors. Cole Drezdoff and Rob Tessarolo were appointed to our Board to fill the vacancies. Also on May 30, 2022, Rob Tessarolo resigned as President and CEO and was replaced by Penny White.

On July 5, 2022, we voluntarily delisted the Common Shares from trading on the OTCQB, and the Common Shares became quoted on the Pink tier of OTC Markets Group under the stock ticker NMDBF. The Common Shares continued to be eligible to be electronically cleared and settled through DTC.

On June 7, 2022, Ernie Ho resigned as Vice-President of the Company.

Despite our progress in our drug development plan and positive results from our preclinical trial, the environment for capital raising for psychedelics dampened in 2022 and we were unable to raise capital needed to fulfill our drug development business plan. On November 8, 2022, we announced that we had made a strategic decision to divest our lead drug development program and undertake a search for a new business acquisition.

On May 26, 2022, we appointed Penny White as President and CEO to replace Rob Tessarolo in those roles and Rob Tessarolo was appointed as Chairman. On December 7, 2022 date, we re-appointed Rob Tessarolo as President and CEO, replacing Penny White.

On December 14, 2022, we entered into the Letter Agreement with Lancaster Lithium (which was later replaced by the Merger Agreement on March 21, 2023) for a reverse-takeover transaction of the Company by Lancaster.

On January 10, 2023, we cancelled 3,742,500 stock options, 225,000 restricted share units and 2,500,000 Common Shares, previously granted to certain directors and officers pursuant to our Stock Option Plan and our RSU plan.

On January 25, 2023 we effected a consolidation of our issued share capital on the basis of 30 Common Shares for 1 new Common Share. We had 33,702,475 Common Shares outstanding prior to the consolidation and had 1,123,419 Common Shares outstanding after completion of the consolidation.

On March 21, 2023, the Company, Subco and Lancaster II entered into the Merger Agreement. The Merger Agreement replaced the original merger agreement in its entirety and reflected the completion of certain obligations of the parties, including the Transaction Private Placement, the Transaction Debt Settlement, and the Lancaster Transaction Financing.

On June 9, 2023, we completed the Transaction Debt Conversion, the Transaction Convertible Debt Conversion and the Transaction Financing, issuing 1,912,592 Transaction Units worth $382,526 worth of restricted stock and settling debt owing to various creditors.

Lancaster I

Lancaster I was incorporated under British Columbia's provincial laws on July 12, 2019. On June 1, 2021, the company issued 7,000,000 common shares valued at $35,000 to settle accounts payable owed to a related party. On October 21, 2021, Lancaster I issued 6,000,000 common shares at $0.02 per share, raising $120,000.

In 2021 Lancaster I was engaged in developing a plant-based consumer products business. On November 16, 2021, the company issued 6,000,000 units at $0.15 per unit, generating $900,000. Each unit comprised one common share and one warrant, allowing the holder to purchase an additional common share at $0.30 per share within 24 months of issuance. In association with the private placement, the company paid $90,000 in finders' fees and issued 600,000 finders' warrants with the option to purchase shares at $0.15 per share for a three-year period.

In early 2022, Lancaster I changed its business to the acquisition and exploration of resource properties. Throughout 2022, the company sought a suitable mineral property for acquisition and engaged in negotiations for several properties.

In September 2022, Lancaster I initially identified the potential of the Alkali Flat Lithium Project. After several months of negotiations and due diligence, the company entered into a definitive Option Agreement for the project on November 17, 2022. The Alkali Flat Lithium Project comprises 233 claims with prospective lithium brine deposits in the Lordsburg area of southwestern New Mexico, USA. Subsequently, the Option Agreement was amended to extend the deadline for the initial payment, and the first option payment of $25,000 was made. For an in-depth description of the Alkali Flat Lithium Project, please refer to Section 4.3 – Companies with Mineral Projects.

On December 14, 2022, Lancaster I entered into a Letter Agreement for a merger with the Company and subsequently enlisted Dr. Mark Fedikow to prepare a 43-101 report, which was finalized on May 19, 2023. In January 2023, Patrick Cruickshank became a member of the company's advisory board.

In February 2023 Lancaster I closed the first tranche of the Lancaster Transaction Financing of $305,000 through the issuance of 1,525,000 units. Each unit consisted of one share and one warrant to purchase another share at $0.40 for 3 years. In connection with the private placement, we paid finders fees of $24,400 and issued 122,000 Broker Warrants to buy shares at $0.20 per share.

In February, Lancaster I expanded its advisory team by welcoming Daniel Card and Mohammad Asefi. The same month, the company enlisted Gold Canyon Partners LLC, under the leadership of Rodney Blakestad, to execute a sampling program of playa sediments to assess the distribution of lithium and related elements typically found in lithium brine deposits. The program entailed collecting 102 samples arranged in a grid, along with three soil profile pits to analyze element variation at depths up to 36 inches. In total, 120 samples were collected, and the estimated cost, including laboratory fees, was around USD $18,700 (approximately $25,500). The sampling was conducted in February and March, with the samples submitted for analysis in March 2023.

In February 2022, Lancaster commissioned EarthEx Geophysical Solutions to perform a UAV-Borne Detailed Magnetometry survey, anticipated to cover 315 line-km with 50-meter line spacing and 500-meter tie line spacing. The estimated survey cost was CAD $62,965. The drone surveys were completed in March 2023, and results are expected in Spring or Summer of 2023.

Additionally, in February 2023, Lancaster made the second option payment of USD $75,000 on the Property and paid an extra USD $25,000 to secure certain claims with the BLM, as agreed in the Option Agreement. The company also extended its claim group by 8 claims, informed by publicly released exploration results from Arizona Lithium Ltd., a non related company, on their contiguous Lordsburg property.

In February 2023, Lancaster established its social media presence across LinkedIn, Twitter, Facebook, and Instagram, initiating content campaigns on these platforms. The company also collaborated with Adnet to enhance and expand its website. Furthermore, Lancaster partnered with Junior Mining Hub to showcase the company and its property on their global mining platform.

On February 15, 2023, Lancaster I entered the Private Merger Agreement with Tevera Energy. The agreement was a related party agreement in that both companies had some officers, directors and shareholders in common. Subsequently, on February 28, 2023, Lancaster I held its annual general meeting and a special shareholders' meeting to obtain approval for the Private Merger with Tevera Energy. The attending shareholders unanimously voted in favor of the resolutions to approve the Private Merger. The Private Amalgamation with Tevera Energy was finalized on March 9, 2023. For additional details, please refer to Section 3.2 - Significant Acquisitions and Dispositions.

In May 2023, Gary Lohman, B.Sc., P. Geo. became a member of the company's advisory board.

Tevera Energy

On January 25, 2022, Tevera Energy issued 24,000,000 common shares at $0.0025 per share for proceeds of $60,000. Of these, 18,600,300%xmfwjx were later cancelled pursuant to various agreements and the Private Merger.

Between March and October 2022, Terera Energy was engaged in the development of digital tools for businesses and creators to market and sell their real and digital products in a virtual world.

On March 11, 2022, Tevera Energy issued 8,427,998 units at $0.175 per unit, raising $1,474,900. Each unit included two common shares and one share purchase warrant, with each whole warrant exercisable at $0.50 per common share. The company also issued 489,760 broker's warrants, each exercisable at $0.175 per common share.

On March 28, 2022, Tevera Energy issued 4,416,000 units at $0.175 per unit, generating $772,800. Each unit comprised two common shares and one share purchase warrant, with each whole warrant exercisable at $0.50 per common share. The company issued 316,480 broker's warrants, each exercisable at $0.175 per common share.

On April 5, 2022, Tevera Energy issued 1,142,864 units at $0.175 per unit, raising $200,001. Each unit included two common shares and one share purchase warrant, with each whole warrant exercisable at $0.50 per share.

In October 2022, the company began looking for business opportunities in clean energy or critical minerals and began a rebranding process. On January 30, 2023, it amended its articles to change its name to Tevera Energy Corp.

On January 30, 2023, Tevera Energy issued 934,999 units at $0.175 per unit (adjusted with a cancellation of 239,285 post Forward Split units at March 31, 2023 to fix a clerical error). Each unit consisted of one common shares and one-half share purchase warrant, with each whole warrant exercisable at $0.50 per common share.

On February 15, 2023, Tevera Energy entered into a merger agreement with Lancaster I. The agreement was a related party agreement in that both companies had some officers, directors and shareholders in common. A special shareholders' meeting and an annual general meeting were held on February 28, 2023, to approve the Private Merger Agreement. The attending shareholders unanimously voted in favor of the resolutions to approve the merger.

In accordance with the terms of the Private Merger Agreement:

- On March 1, 2023, Tevera Energy completed the Subdivision, which consisted of a subdivision of the Tevera Energy securities on the basis of two post-subdivision Tevera Energy securities for every one pre-subdivision Tevera Energy security.

- On March 8, 2023, Tevera Energy completed the cancellation of an aggregate of 18,600,300 Tevera founder shares. On March 1, 2023, Tevera Energy changed the Tevera Options from an exercise price of $0.10 before the Subdivision to $0.20 after the Subdivision and the cancellation of 200,000 options after the Subdivision.

- On March 9, 2023 Tevera Energy completed an amalgamation with Lancaster

The description of Tevera Energy securities issuances throughout this Listing Statement reflect the Subdivision. For more information on the amalgamation, please see Section 3.2 “Significant Acquisitions and Dispositions”.

Lancaster II

On March 9, 2023 Lancaster II was created through the amalgamation of Lancaster I and Tevera Energy.

Lancaster II attended the 2023 Prospectors and Developers Association of Canada (PDAC) International Convention, Trade Show and Investors Exchange in Toronto from March 5th – 8th, 2023 and participated as an exhibitor from March 7th - 8th, 2023.

On March 14, 2023 Lancaster II entered into a debt settlement agreement with an affiliated shareholder, BPS, whereby 500,000 common shares of Lancaster II held by BPS were surrendered by BPS and returned to treasury to cancel a $100,000 debt owed by BPS to a predecessor company.

On March 21, 2023 Lancaster II entered into the Merger Agreement with the Company and on April 4, 2023 Lancaster II held a special meeting of the shareholders to approve the RTO Merger and 100% of the shareholders in attendance at the meeting in person or by proxy voted in favour of the Transaction.

In May 2023 Lancaster II discontinued two subsidiaries that were not being used that had been wholly owned subsidiaries of Tevera Energy.

At the Closing, Lancaster II amalgamated with Subco to form Amalco, called Lancaster Lithium & Energy, which is now a wholly owned subsidiary of the Company. In connection with the Closing, the Company changed its name to Lancaster Lithium Inc.

Upon the completion of the Transaction, the business of Lancaster II became the business of the Company, and the Company will continue to develop Lancaster' business plans and operations. The combined funds of Lancaster Lithium and the Company will be utilized for additional advancement of Lancaster' business plan, and for general working capital purposes all as further detailed below.

3.2 Significant Acquisitions and Dispositions

Merger Between Tevera Energy and Lancaster

On February 14, 2023, Lancaster I and Tevera Energy entered into the Private Merger Agreement, pursuant to which Lancaster I and Tevera Energy agreed to amalgamate and continue as one corporation, Lancaster II. Pursuant to the Private Merger Agreement, the following actions were taken:

On February 28, 2023, Lancaster I held a shareholder meeting to approve the Private Merger. A special resolution was passed by unanimous vote of the shareholders who attended the meeting and there were no dissenting shareholders.

On February 28, 2023, Tevera Energy held a shareholder meeting to approve the merger. A special resolution was passed by unanimous vote of the shareholders who attended the meeting and there were no dissenting shareholders.

On March 1, 2023, Tevera Energy completed the Subdivision, which consisted of a subdivision of the Tevera Energy securities on the basis of two post-subdivision Tevera Energy securities for every one pre-subdivision Tevera Energy security. The Subdivision resulted in adjustments to the number and exercise price of the outstanding Tevera Energy warrants and Tevera Energy options at the same ratio as the Subdivision.

On March 8, 2023, Tevera Energy completed the cancellation of an aggregate of 18,600,300 Tevera founder shares (post Forward Split). Also on March 1, 2023, Tevera Energy amended the Tevera options from an exercise price of $0.10 before the Subdivision to $0.20 after the Subdivision and cancelled 200,000 options after the Subdivision, with the agreement of the option holder.

On March 9, 2023, at the closing of the Private Amalgamation, the following occurred:

- 20,525,100 common share in Lancaster II were issued in exchange for the issued and outstanding shares in Lancaster I;

- 18,321,761 common shares in Lancaster II were issued in exchange for the issued and outstanding shares of Tevera Energy;

- 7,525,000 warrants in Lancaster II with exercise prices ranging from $0.30 to $0.40 per Common Share were issued in exchange for the same number of warrants in Lancaster I, and the expiry date for the warrants was set at March 31, 2026;

- 8,358,596 warrants in Lancaster II with exercise prices ranging from $0.15 to $0.20 per Common Share were issued in exchange for the same number of warrants in Tevera Energy, and the expiry date for the warrants was set to March 31, 2026;

- 2,376,000 options in Lancaster II at exercise prices ranging from $0.15 to $0.20 were issued in exchange for the same number of options in Lancaster I;

- 800,000 options in Lancaster II at an exercise price of $0.20 were issued in exchange for the same number of options in Tevera Energy;

- Broker Warrants in Tevera Energy were exchanged for a Broker Warrant in Lancaster II, resulting in an issuance of 897,668 Broker Warrants with an exercise price of $0.35 per share and an expiry date of March 31, 2026;

- Broker Warrants in Lancaster I were exchanged for Broker Warrants in Lancaster II, resulting in an issuance of 722,000 Broker Warrants with exercise prices ranging from $0.15 to $0.20 per share and an expiry date of March 31, 2026;

- the property of each of Lancaster I and Tevera Energy became the property of Lancaster II, which would continue to be liable for the obligations of each of Lancaster I and Tevera Energy;

- Lancaster I and Tevera Energy amalgamated and continued as one corporation, and any existing cause of action, claim, or liability to prosecution of either Lancaster I or Tevera Energy was unaffected.

On March 9, 2023 a certificate of amalgamation was issued for the Private Amalgamation.

The Transaction

On December 14, 2022, Lancaster and the Company entered into the Letter Agreement that was subsequently replaced by the Merger Agreement, which was entered into between Lancaster II and the Company on March 21, 2023. Pursuant to the Merger Agreement, the Company, Lancaster II and Subco entered into an agreement whereby the Company agreed to acquire Lancaster II in a reverse takeover transaction in which Lancaster II and Subco would amalgamate as one entity and the holders of the Lancaster II shares would receive Common Shares of the Company on a 1:1 basis.

The material terms of the Merger Agreement were as follows:

Amalgamation and Amalgamation Agreement

The parties agreed that the Amalgamation would be completed pursuant to the terms of the Amalgamation Agreement, whereby the Company would acquire 100% of the issued and outstanding securities of Lancaster II by way of a reverse take-over of the Company by Lancaster II.

As a result of the Amalgamation, the following was agreed to occur:

(a) each issued and outstanding Subco share would be cancelled and the Company, the holder of the issued and outstanding Subco shares, would be issued one fully paid and non-assessable Amalco share for each cancelled Subco share and any share certificates or other instruments evidencing such cancelled Subco shares will be of no further force or effect;

(b) each issued and outstanding common share would be cancelled and the Target Shareholders (excluding Dissenting Shareholders) would be issued one fully paid and non-assessable Company Common Share for each cancelled Lancaster II common share;

(c) Dissenting Shareholders would be entitled to receive the fair value, determined in accordance with the BCBCA, of the common shares held by them and upon such payment and subject to the requirements of the BCBCA; and

(d) as consideration for the issuance of the Company Common Shares to the Target Shareholders, Amalco would issue 100 Amalco common shares to the Company.

In addition, as at the Effective Time:

(a) each outstanding warrant and option to acquire common shares would cease to represent a right to acquire common shares in Lancaster II and would instead provide the right to acquire Common Shares in accordance with the adjustment provisions provided in the certificates representing such warrants and options; and

(b) each Broker Warrant to acquire shares of Lancaster II (each, a "Lancaster Broker Warrants") would cease to represent a right to acquire Lancaster Broker Warrants and will instead provide the right to acquire shares of the Company in accordance with the adjustment provisions provided in the certificates representing such Lancaster Broker Warrants.

As of the Record Date, Lancaster II had (i) 38,346,861 issued and outstanding common shares, (ii) outstanding warrants to acquire 14,985,926 common shares at exercise prices ranging from \$0.30 to \$0.50 per share, (iii) outstanding Lancaster Broker Warrants to acquire 1,619,668 common shares at exercise prices ranging from \$0.15 to \$0.20 per share, and (iv) outstanding options to acquire 3,416,000 common shares at prices ranging from \$0.15 to \$0.20 per share.

As of the Record Date, the Company had (i) 1,123,419 issued and outstanding Common Shares (ii) outstanding warrants to acquire 87,518 Common Shares at exercise prices ranging from \$9.00 to \$16.80 per Common Share, and (iii) outstanding options to acquire 47,209 Common Shares at prices ranging from \$2.40 to \$38.40 per Common Share. All of these numbers and exercise prices reflect the Consolidations.

Provisions of the Merger Agreement

Financings

The Merger Agreement permitted either of the Company or Lancaster II to complete equity financing of units at \$0.20 per unit, with each unit consisting of one common share plus a warrant to purchase one common share at a price of \$0.40 per share for a period of 36 months, which if issued by Lancaster II would be Lancaster Units, and would be exchange for free trading shares and warrants in the Company at the Closing. The Transaction Units issued by the Company would have a hold period of four months and a day from issuance.

Debenture Conversion

The Merger Agreement provided that, subject to the approval of the Exchange, the Company would use commercially reasonable efforts to complete the conversion of up to \$800,000 in outstanding 10% unsecured convertible debentures of the Company into Transaction Units. \$178,796 worth of principal and interest of the debentures were converted at the Closing.

Debt Conversion

The Merger Agreement also provided that, subject to the approval of the Exchange, the Company would use commercially reasonable efforts to complete the conversion of up to \$55,000 in bona fide debt of the Company into Transaction Units in advance of the Amalgamation (the

“Transaction Debt Conversion”). Any Transaction Units issuable to related parties of the Company in connection with the Transaction Debt Conversion were to be subject to contractual restrictions on transfer over a period of three years from the date of conversion.

Stock Restriction Terms

A key feature of the Transaction was that any Common Shares issuable to Target Shareholders owning shares subject to contractual restrictions on transfer (being 21,921,861 Common Shares as of the date of the Merger Agreement), would be subject to the Post Merger Restrictions and would bear appropriate restrictive legends.

Representations and Warranties

The Merger Agreement contains customary representations and warranties of the Company and of Lancaster II relating to certain matters, including the following: organization and standing; capitalization; authority to enter into the Merger Agreement and no conflicts; absence of any breach of organizational documents, law or material agreements as a result of execution and delivery of the Merger Agreement; consents and approvals; absence of defaults under governing documents or material agreements; title to assets; absence of material changes or events; employment matters; reports and financial statements; contracts; litigation; environmental matters; tax matters; insurance matters; collective agreements; affiliates; compliance with laws and permits; restrictions on business activities; intellectual property; and guarantees.

Conditions to the Amalgamation Becoming Effective

The implementation of the Amalgamation was subject to the following conditions being satisfied or waived by both the Company and Lancaster II prior to the closing: (i) shareholder approval by Lancaster II; (ii) all applicable authorizations, consents and regulatory approvals having been obtained or received; (ii) dissent rights not having been exercised with respect to the Amalgamation by Target Shareholders holding 5% or more of the Lancaster II common shares outstanding on the record date for the meeting.

Legal Aspects

MI 61-101 applies to a “business combination”, defined as a transaction in which a shareholder’s equity interest may be terminated, without the shareholder’s consent, that is not otherwise exempt. MI 61-101 requires formal valuations and minority shareholder votes for business combinations and related party transactions in some cases.

Despite having certain directors and shareholders in common, the Company and Lancaster II have determined that the Amalgamation does not constitute a “business combination” under MI 61-101 because it is a transaction in which no person that is a related party of the issuer at the time the transaction is agreed to (i) would, as a consequence of the transaction, directly or indirectly acquire the issuer or the business or the issuer, or combine with the issuer, through an amalgamation, arrangement or otherwise, whether alone or with joint actors, (ii) is a party to any connected transaction to the transaction, or (iii) is entitled to receive, directly or indirectly, as a consequent of the transaction (A) consideration per equity security that is not identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class, (B) a collateral benefit that would cause it to be considered a business combination, or (C) consideration for securities of a class of equity securities of the issuer if the issuer has more than one outstanding class of equity securities, unless that consideration is not greater than the entitlement of the general body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interest in the issuer represented by the respective securities.

The Company and Lancaster II have also determined that the Amalgamation does not constitute a “related party transaction” or a “connected transaction” under MI 61-101.

Accordingly, the Amalgamation is exempt from the MI 61-101 requirement for a formal valuation and the requirement for minority approval of the transaction.

The Company, after reasonable inquiry, is not aware of any prior valuation that would be required to be disclosed pursuant to MI 61-101.

Transaction Steps

Share Consolidation

On January 25, 2023, the Company consolidated its common shares on the basis of 1 for 30. The consolidation reduced the number of existing common shares from 33,702,475 common shares to 1,123,419 common shares. The Company’s outstanding stock options and share purchase warrants and the respective exercise prices of outstanding options and share purchase warrants were adjusted accordingly.

Lancaster Transaction Financing

The Lancaster Transaction Financing was closed in three tranches as follows: On February 6, 2023, Lancaster I closed the first tranche of the Lancaster Transaction Financing of $531,000 through the issuance of 1,525,000 units. Each unit consisted of one share and one warrant to purchase another share at $0.40 for 3 years. In connection with the private placement, Lancaster I paid finders fees of $24,400 and issued 122,000 Broker Warrants to buy shares at $0.20 per share. On March 24, 2023 Lancaster II issued 450,000 Transaction Units for gross proceeds of $90,000, and on April 3, 2023 Lancaster II issued 680,000 Transaction Units for gross proceeds of $136,000.

Shareholder Meeting

Shareholders of record of Lancaster II at the close of business on the Record Date were entitled to vote at the Shareholder Meeting. On April 4, 2023 the Lancaster II shareholders in attendance at the Shareholder Meeting voted unanimously in favour of a resolution to approve the Amalgamation. There were no dissenting shareholders.

Transaction Private Placement

On June 9, 2023, the Company raised $150,000 of capital through the issuance of 750,000 Transaction Units pursuant to the Transaction Private Placement. Finders fees of $12,000 cash and 60,000 Broker Warrants to purchase 60,000 common shares at a price of $0.20 for three years were issued as compensation for the financing.

Transaction Debt Conversion

On June 9, 2023, the Company completed the Transaction Debt Conversion and converted $53,730 worth of debt into 268,650 Transaction Units on the following terms:

- 75,000 Transaction Units were issued to Rob Tessarolo, a director, and former CEO and President of the Company, to settle $15,000 in debt;

- 75,000 Transaction Units were issued to Rick Huang, the CFO of the Company, to settle $15,000 in debt; and

- Approximately 118,650 Transaction Units were issued to non related parties to settle debts for services provided in the past.

Transaction Debenture Conversion and Amendment

On June 9, 2023 the Company completed the Transaction Debenture Conversion whereby a total of $178,788, was converted into 893,942 Transaction Units. The remaining principal of the Debentures, which was $249,400 of the April 2022 Debentures, convertible at $9.0 per share, and $745,000 of the November 2021 Debentures, convertible at $14.4 per share, were both amended so that the Maturity Date would be December 2, 2024 and no payments of interest or principal would be due until the Maturity Date. The debentures continue to accrue 10% interest until the Maturity Date.

Closing of the Transaction

On June 9, 2023, the Transaction was completed. The Transaction resulted in the Company acquiring all of the issued and outstanding securities of Lancaster, and Amalco (which is in substance Lancaster II) becoming a wholly owned subsidiary of the Company. At the Closing, the Target Vendors received 39,476,861 Common Shares in the Company, which represents approximately 93% of the outstanding Common Shares of the Company.

As consideration for the acquisition of all of the outstanding securities of Lancaster II, the Target Vendors received one Common Share of the Company for each one Lancaster II share held. In addition, the outstanding warrants and options of Lancaster II were exchanged into warrants and options of the Company on an identical basis.

At the Closing, the following securities of the Company were issued in consideration for the Company acquiring 100% of the issued and outstanding securities of Lancaster II:

- 39,476,861 Common Shares, the following shares of which are subject to restrictions:
    - 21,921,861 Common Shares are subject to the Post Merger Restrictions;
    - 2,700,000 Common Shares are subject to the 3 Year Restrictions;
    - 12,200,000 Common Shares subject to the Escrow Provisions

- 1,619,668 Broker Warrants to purchase Common Shares at prices between $0.15 and $0.20, which are exercisable until March 31, 2026;

- 16,115,926 warrants to purchase Common Shares at prices between $0.30 and 0.50 per share, with expiration dates between March 31, 2026 and April 3, 2026; and

- 3,276,000 options governed by the Stock Option Plan at exercise prices between $0.15 and $0.20 per share.

After the Closing, the Company granted an additional 1,380,000 options to directors and consultants.

3.3 Trends, Commitments, Events or Uncertainties

As a junior exploration issuer, the Company is subject to the cycles of the mineral resource sector and the financial markets as they relate to junior companies.

The Company's financial performance is dependent upon many external factors. Both prices and markets for metals are volatile, difficult to predict and subject to changes in domestic and international, political, social and economic environments. Circumstances and events beyond the Company's direct control could materially affect its financial performance. For a detailed discussion of these risk factors, refer to "Section 17 – *Risk Factors"* in this Listing Statement.

4. NARRATIVE DESCRIPTION OF BUSINESS

4.1 General

Overview

Who We Are:

Our principal business is to identify, acquire, explore and develop high-quality properties rich in lithium and other minerals, while integrating sustainable energy sources and innovative technologies to create a climate positive lithium production process.

We are a forward-thinking company dedicated to driving the transition to a low-carbon economy through the exploration, development, and production of sustainable lithium and other essential resources. We are passionately committed to creating a positive impact on the environment while meeting the growing demand for lithium and other resources through sustainable and environmentally responsible practices.

Our Mission:

Our mission is to provide a sustainable and environmentally responsible source of lithium and other resources. We are dedicated to identifying, acquiring, exploring and developing high-quality lithium-rich properties while integrating sustainable energy sources and carbon sequestration to create a Climate Positive Lithium production process. By utilizing innovative technologies and advanced methodologies, we aim to reduce the carbon footprint of our operations and contribute to the global transition towards a low-carbon economy.

Our Vision:

We aspire to become a leading provider of sustainable lithium and other essential resource products, while advancing the transition to a low-carbon economy through the responsible exploration and development of mineral-rich properties. Our goal is to produce lithium carbonate and other products with sustainable mining operations powered by renewable energy sources and incorporating carbon capture processes, resulting in a net reduction of carbon emissions. Our focus on innovative technologies, sustainable practices, and environmental stewardship makes us a key player in the effort to meet the growing demand for sustainable resources while contributing to a more sustainable future.

Direct Lithium Extraction and Brine Sources:

We are committed to exploring innovative technology and methods to achieve a lower carbon footprint in our production process. We are planning to implement Direct Lithium Extraction (DLE) Technology, a cutting-edge water-based, closed-loop process that extracts lithium from brine sources. DLE Technology is more environmentally friendly than traditional mining methods and reduces the need for large amounts of water, energy, and chemicals. By focusing on lithium brine sources and implementing DLE Technology, we can significantly reduce the carbon footprint of our operations, resulting in a more sustainable and responsible production process.

Our Business Case:

The demand for critical resources, including lithium, gold and other essential minerals, is expected to grow significantly in the coming years, driven by their crucial roles in the development of electric vehicles and energy storage systems. Our focus on sustainable and environmentally responsible exploration and development of properties rich in these critical resources provides a unique opportunity to meet this rising demand while facilitating the transition to a low-carbon economy. By integrating renewable energy sources, carbon capture processes, and innovative technologies like DLE Technology, we create a competitive advantage while fulfilling our commitment to sustainability. Our flagship Alkali Flat Lithium Project, located in southwestern New Mexico, USA, provides a strong foundation for our operations, while ongoing exploration and evaluation of additional property interests offer opportunities for future growth.

Business Objectives:

Our business objectives for the forthcoming 12 months are as follows:

63 Conduct the Phase 1 exploration program on the Alkali Flat Lithium Project recommended in the Technical Report.

73 Examine the potential to construct a sustainable power source and carbon sequestration project alongside our exploration or other mining operations.

83 Identify and potentially acquire additional property and project interests and conduct exploration and evaluation to assess their potential.

Until the Company attains profitability, it will be necessary to raise additional financings for, amongst other things, general working capital and for exploration costs on the Alkali Flat Lithium Project. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. For a detailed discussion of these risk factors, refer to Section 17 – *Risk Factors* in this Listing Statement.

Milestones

The following table lists significant events and milestones that must be initiated or completed over the forthcoming 12 months for the Company's business objectives to be accomplished:

Anticipated Timeframe	Milestone	Estimated Cost ($)
0 to 6 months from Listing	Completion of Phase 1 exploration program on the Alkali Flat Lithium Project recommended in the Technical Report	150,000
0 to 12 months from Listing	Consulting fees to conduct research and develop relationships to further the plans to develop a renewable energy source and consider carbon sequestration	30,000
0 to 12 months from Listing	Identify and potentially acquire additional property interests and conduct exploration and evaluation to assess their potential	N/A

Available Funds and Principal Purposes

The Company estimates that it will have sufficient cash flow to carry out its business plan as currently contemplated for the 12-month period following requalification for listing on the CSE, as shown in the following table:

Sources and Uses of Funds	**Funds Available ($)**
Working capital (deficit), estimated as at April 30, 2023	
Lancaster II	690,000
the Company	(100,000)
	590,000
Transaction Private Placement (net proceeds) [1]	138,000
Available funds	**728,000**
Principal purpose	
• Exploration Plan	176,600
• Annual claim fees	55,000
• Professional Fees	60,000
• Listing Fees	12,000
• Management Fees	144,000
• Consulting Fees	60,000
• General and administrative expenses	164,000
unallocated working capital	56,400
Total Expenses	728,000

(1) To be completed at the Closing of the Transaction.

(2) Includes courier ($600), office supplies ($800), travel ($4,500), attendance at conventions ($7,500), memberships ($1,600), software ($9,000), social media ($46,000) and marketing ($94,000).

The Company intends to spend the funds available to it as stated in this Listing Statement. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary.

Principal Products or Services

The Company is a mineral exploration issuer engaged in the business of the acquisition, exploration and development of mineral properties and renewable energy projects. The Company does not currently generate any revenues nor does it expect to generate revenues in the foreseeable future. The Company expects to continue to incur expenses as work is conducted to explore the Alkali Flat Lithium Project.

Production and Sales

This section is not applicable to the Company.

Competitive Conditions and Position

The mineral exploration industry is competitive, with many companies competing for the limited number of precious and base metals acquisition and exploration opportunities that are economic under current or foreseeable metals prices, as well as for available investment funds. Competition is also high for the recruitment of qualified personnel and equipment. Significant and increasing competition exists for mineral opportunities in Canada and in the State of New Mexico in the United States. There are a number of large established mineral exploration companies in these jurisdictions with substantial capabilities and greater financial and technical resources than the Company.

Lending and Investment Policies and Restrictions

This is not applicable to the Company.

Bankruptcy and Receivership

The Company has not been the subject of any bankruptcy or any receivership or similar proceedings against the Company or any voluntary bankruptcy, receivership or similar proceedings by the Company, within the three most recently completed financial years or the current financial year.

Material Restructuring

The Company has not undertaken a material restructuring as of the date of this Listing Statement.

Social and Environmental Policies

This section is not applicable to the Company.

Employees

As at the date of this Listing Statement, the Company has one employee.

4.2 Asset Backed Securities

This Section 4.2 is not applicable to the Company as it does not have any asset backed securities.

4.3 Companies with Mineral Projects

ALKALI FLAT LITHIUM PROJECT

The Alkali Flat Property is in Hidalgo County New Mexico west of the town of Lordsburg, New Mexico. The Property is centred at UTM coordinates 696,894E/3,574,521N (NAD 83, UTM Zone 12; 32.29016N/-108.90912E). The Property consists of 233 claims covering 4,660 acres (1,885.8 hectares) in one claim grouping. The Property is centred at UTM coordinates 696,894E/3,574,521N (NAD 83, UTM Zone 12) (32.29016N/-108.90912E). The renewal cost is $165 USD per claim for a total cost of $38,445 USD and must be paid prior to 12 noon on September 1 each year.

Nature and Extent of Title

On November 17, 2022 Majuba Mining Ltd., and Lancaster Lithium entered into the Option Agreement, a mineral property option agreement. Majuba is the registered, legal, and beneficial owner of 233 mineral claims known as the Alkali Flat Lithium Project located near Lordsburg in Hidalgo County, New Mexico, USA (the “Property”). Pursuant to the Option Agreement, Majuba granted the Optionee the exclusive right and option (the “Option”) to acquire, subject to the reservation of a 1.5% net production royalty in favour of the Optionor (the “Royalty”), a 100% interest in the Property. A complete list of the claims comprising the Property is presented in Schedule M. The claims are unpatented federal placer mining claims. These placer type claims include the legal exploration, development and extraction of lithium brines from the Alkali Flat Lithium Property. To maintain the claims, payment needs to be made by Lancaster to the U.S. Bureau of Land Management (BLM) before September 1, 2023 and the cost is USD$165 per claim for a total of USD$38,445.

For the Company to exercise the Option and acquire a 100% interest in the Property, the Company must pay an aggregate of USD $2,975,000 to the Optionor as follows:

(a) USD $25,000 within 18 business days of the Execution Date;

(b) USD $50,000 within 90 calendar days of the Execution Date;

(c) USD $150,000 on or before the second anniversary of the Execution Date;

(d) USD $1,000,000 on or before the third anniversary of the Execution Date; and

(e) USD $1,750,000 on or before the fourth anniversary of the Execution Date.

The first two payments (USD $25,000 and USD $50,000) have been made. On the Execution Date, the Optionor was the registered, legal, and beneficial owner of 67 of the 233 mineral claims noted above. However, the Option Agreement provided for the automatic addition of 144 claims to the Property upon the completion of certain activities (since completed), and a further 25 claims have been added to the Property under an "Area of Interest" provision.

Royalty

Upon the exercise of the Option and the transfer of title to the Property by the Optionor, the Optionor will reserve, retain, and hold the Royalty. Lancaster Lithium will have the right to purchase 100% of the Royalty from the Optionor at any time at a cost of $1,250,000. The Company's obligation to complete any Royalty payments to the Optionor will be reduced by any amounts paid by the Company to exercise the Option.

Description of Property

The Alkali Flat lithium brine project is in the Basin and Range Physiographic Province of southwest New Mexico within a playa located in the Animas Valley 10 miles west of the town of Lordsburg, Hidalgo County, 160 miles east of Tucson, Arizona and 175 miles west of El Paso, Texas (**Figures 4.1, 4.2 and 4.3**). Access to the Property is by Interstate highway 10, which traverses the southern portion of the Property. Existing all weather gravel roads skirt the perimeter of the playa on the east and west sides, and unimproved dirt tracks lead to various parts of the playa from the east, west and north. Access is well suited to support an exploration program to assess lithium potential in brine and related lithium-bearing sediments.

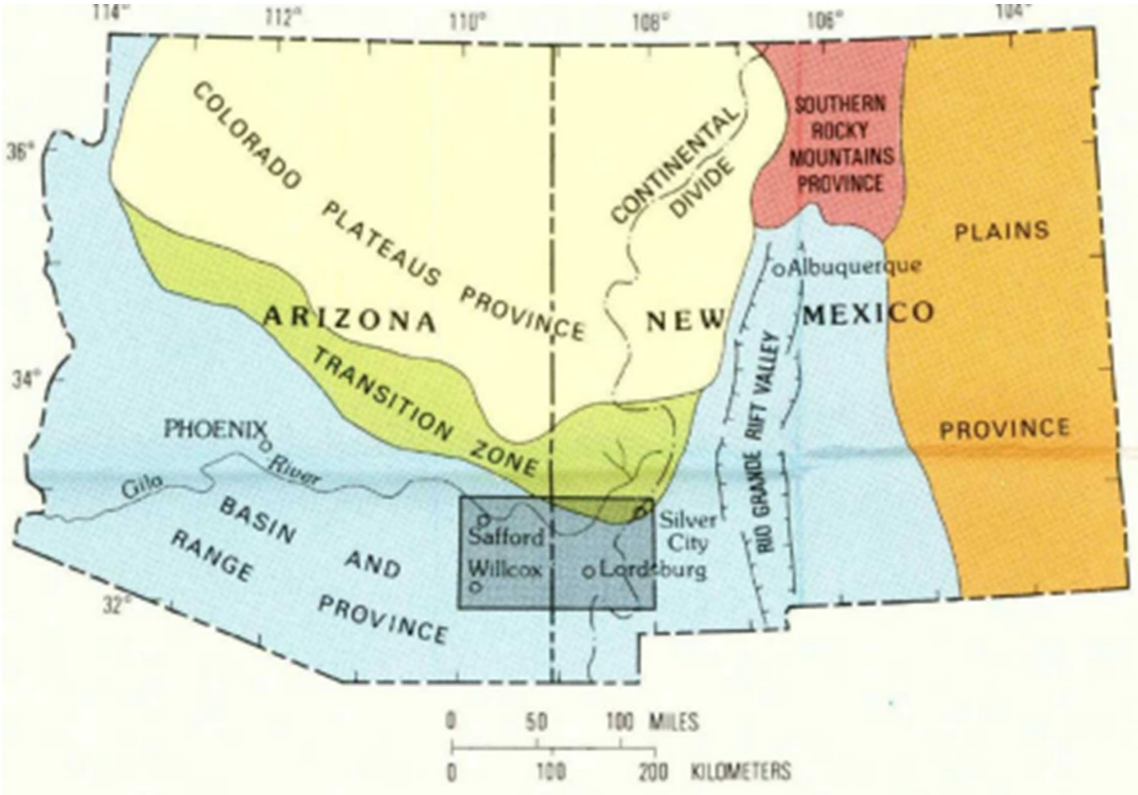


Figure 4.1. Regional location map for the Alkali Flats Lithium property, Hidalgo County, southwest New Mexico, USA

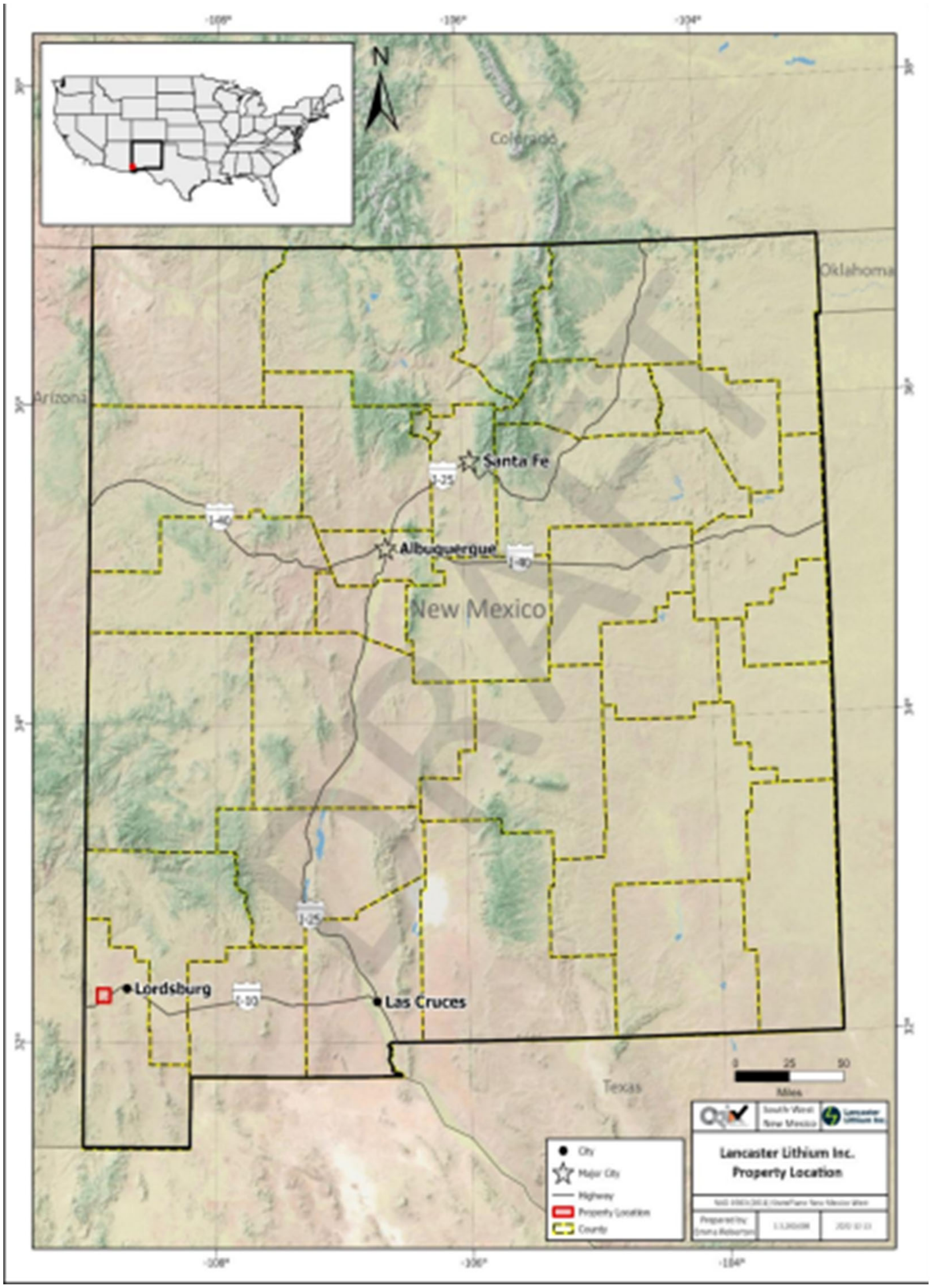


Figure 4.2. Location map for the Alkali Flat Lithium Project, Hidalgo County, southwest New Mexico, USA

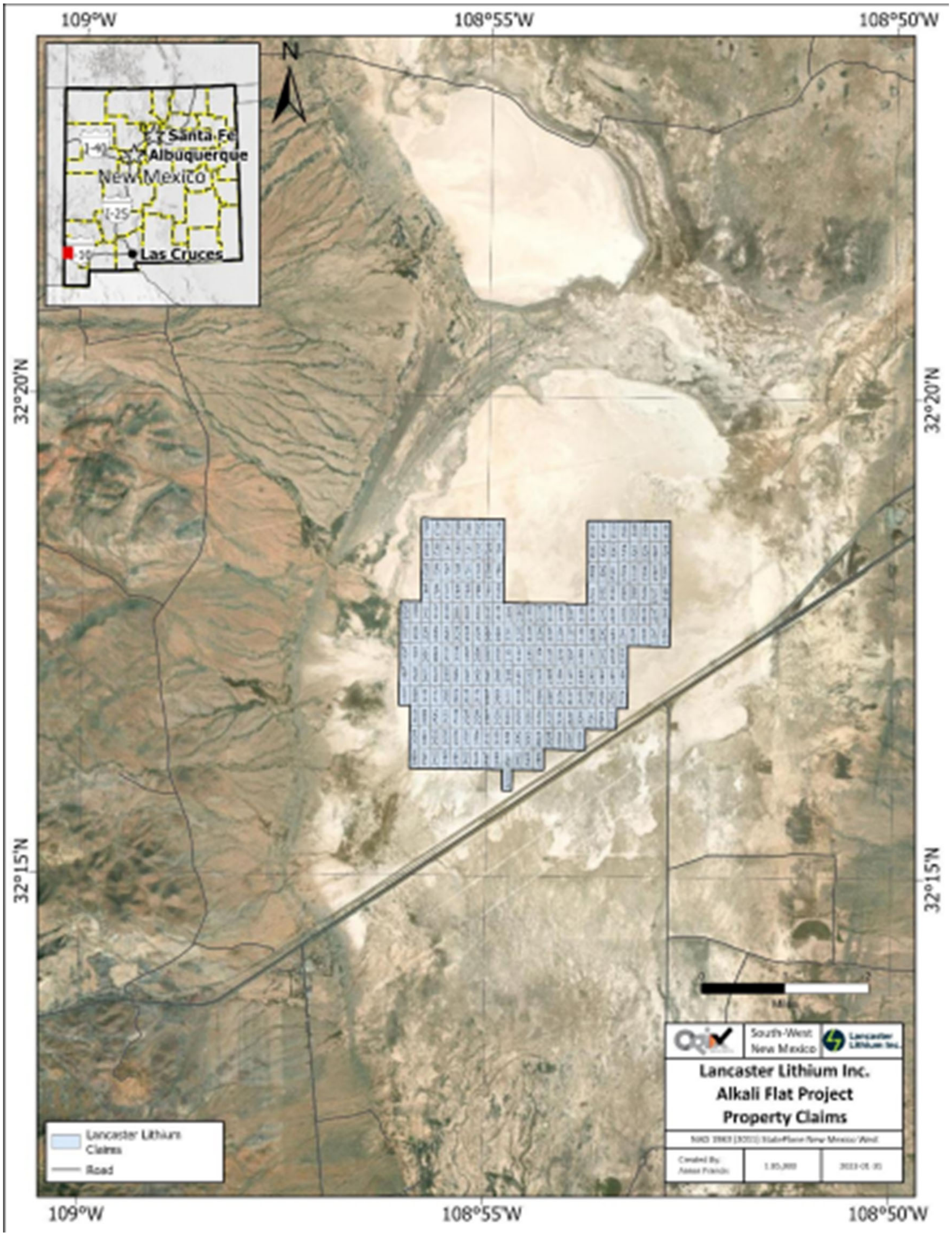


Figure 4.3. Alkali Flat Lithium property claims, Animas Valley, Hidalgo County, southwest New Mexico, USA

Property Geology and Mineralization

The Alkali Flat playa occupies a structurally defined basin named the Lower Animas Basin (Flege, 1959) bounded by the Pyramid Mountains to the east and Piloncillo Mountains to the west. The predominant trend of the basin is north south, and the depth of the basin is suspected to be greater than 5,000 feet. Recent sediments infilling the basin include clays, silts, and suspected highly saline brines. Modern waters from the area are sodium-chloride-sulfate waters with TDS values exceeding 1000 mg/L and local, active hot wells at the Bruce Levy geothermal power plant (formerly Lightning Dock geothermal area) are present along the eastern edge of the valley. This thermal feature has provided high regional heat flow to drive fluid movement. Basin structures provide the fluid pathways to potentially form brine pool traps in the host sediment-filled fault bound graben.

The arid climate of southern New Mexico is permissive of brine formation, and geological age relationships demonstrate that sufficient accumulation time was available in this long-lived basin to develop sustainable brine aquifers. Abundant felsic volcanic and intrusive lithologies that can be considered as potential sources of lithium are found in the Pyramid mountains surrounding the basin have been dated and geochemically analyzed however, those analyses do not include lithium. These lithologies through erosion and shedding of detritus into the basin are interpreted as the source of lithium.

The Alkali Flat Property is an early-stage exploration property and as such detailed geologic information on the subsurface characteristics are unavailable. Indirect methods of acquiring such information are recommended in the exploration recommendations portion of this report.

Required Permits

A permit application must be submitted to the State of New Mexico Energy, Minerals and Natural Resources Department detailing the area of exploration and whether there will be impacts on the area of the expected exploration. The application includes a review of the planned exploration in terms of its location and impact on the following:

(i) The area of surface disturbance and the impact on wetlands, springs, perennial or intermittent streams, lakes, rivers, reservoirs, or riparian areas.

(ii) Whether the exploration will be undertaken in designated critical habitat areas and result in adverse effects on endangered species or plants.

(iii) If the exploration will take place in designated critical habitat areas, it will result in adverse effects on endangered species or plants.

(iv) Whether exploration is in a Federal Wilderness area or wilderness study area, an area of critical environmental concern or an area within the National Wild and Scenic River system.

(v) Whether exploration will take place in a known cemetery or burial ground.

(vi) If exploration is in an area with cultural resources listed on either the National Register of Historic Places or the State Register of Cultural Properties.

(vii) Whether there will be any impact on groundwater with total dissolved solids of <10,000 mg/litre.

(viii) If cyanide, mercury amalgam, heap leaching or dump leaching will be utilized on the project.

(ix) Whether there will be the release of acid or other toxic substances.

(x) Whether the project requires a variance from any part of the Mining Act rules.

After a review of responses to the above the application is then distributed to other State, Federal and Tribal agencies for technical review.

Environmental Liabilities

There are no environmental liabilities in the Alkali Flat Lithium Project claims area.

Surface Rights and Access

There are no known significant factors or risks that may affect access, title, or the right or ability to perform work on the Property.

ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

Access

The Property can be reached on Interstate Highway 10, which traverses the southern portion of the property, from either Phoenix or Tucson. The town of Lordsburg, ~22 miles east of the Arizona and New Mexico state border served as the base of operations for the Property visit (**Figure 5.1)**. Local gravel access roads can be used to access the Property by foot or with trucks or ATV.

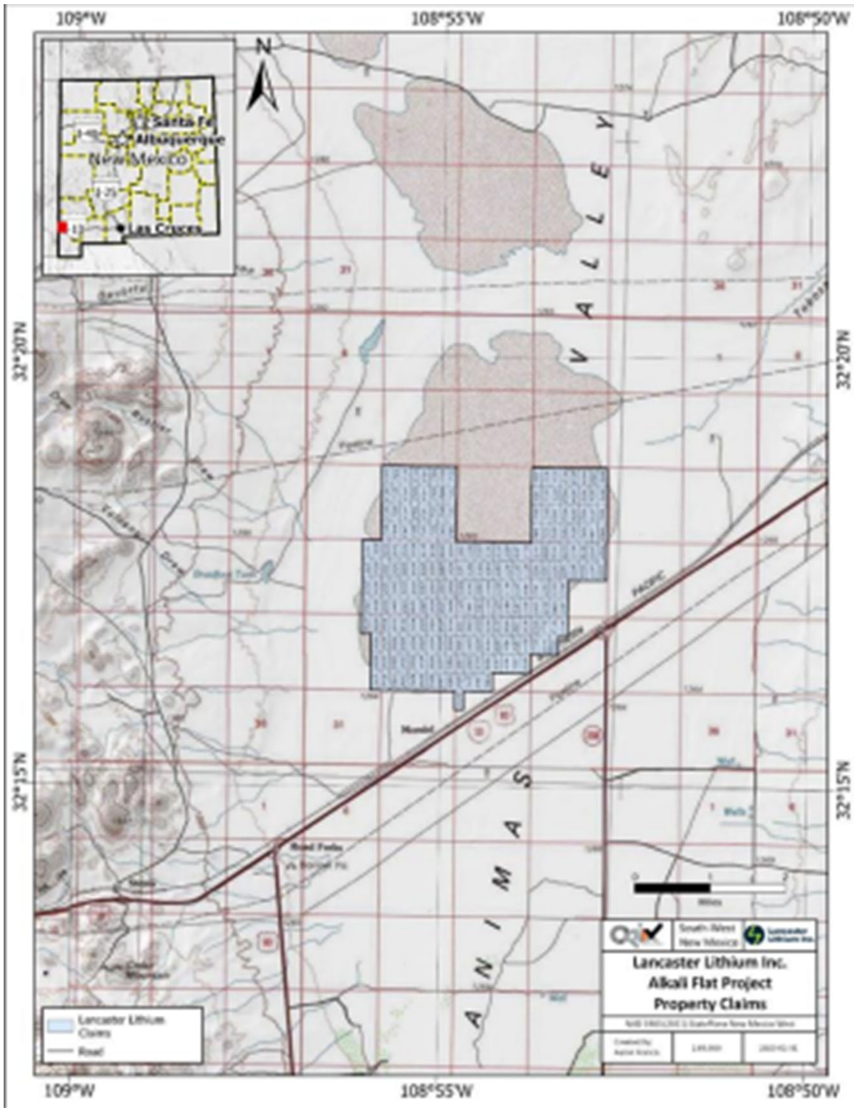


Figure 5.1. Highway and railroad access to the Alkali Flat Property, southwest New Mexico, USA

Climate

The Alkali Flat Property has a semi-arid climate. Typically, the more southerly and lower elevations of the Intermountain West, summers are extremely hot during the daytime, with maxima above 90 °F or 32.2 °C for over four months on an average of 122 afternoons during a full year. 100 °F or 37.8 °C is exceeded on average for 30 afternoons each year, and the record high of 114 °F (45.6 °C) was set during a southwestern heatwave on June 27, 1994. Humidity in early summer is very low, but increases in late summer due to the monsoon, which between July and early October brings the majority of the year's limited precipitation. From October temperatures cool off rapidly, and by November most mornings are below 32 °F or 0 °C, but afternoons remain comfortable to warm all through the winter, with only 10.1 afternoons failing to reach 50 °F or 10 °C and only one afternoon every two years not topping freezing. Minima fall below freezing on an average of 108 mornings, but 0 °F or −17.8 °C has been reached only during two exceptional cold waves in January 1962 and December 1978, when the record low of −14 °F or −25.6 °C was reached on the 9th.

Except for the unusually wet December 1991 when 4.55 inches (115.6 mm) fell from a series of subtropical cyclones, monthly rainfalls above 4.00 inches or 101.6 millimetres are restricted to the monsoon season: the wettest month between 1971 and 2000 was July 1981 with 5.34 inches (135.6 mm). The wettest day has been June 28 of 1981 with 3.00 inches or 76.2 millimetres. Snowfall is very rare; the median for the year is zero and the mean only 3.5 inches or 0.09 metres; with the heaviest snowfall between 1971 and 2000 being of 11.0 inches or 0.28 metres during Christmas and Boxing Days, 1987. Climate data is summarized in **Table 5.2.**

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Record high °F (°C)	80 (27)	85 (29)	93 (34)	100 (38)	106 (41)	114 (46)	110 (43)	109 (43)	104 (40)	98 (37)	86 (30)	76 (24)
Average high °F (°C)	60.5 (15.8)	65.5 (18.6)	73.3 (22.9)	82.2 (27.9)	90.8 (32.7)	99.5 (37.5)	98.6 (37.0)	96.2 (35.7)	91.4 (33.0)	82.4 (28.0)	70.2 (21.2)	59.0 (15.0)
Average low °F (°C)	25.2 (−3.8)	28.2 (−2.1)	32.8 (0.4)	37.9 (3.3)	47.8 (8.8)	58.1 (14.5)	65.1 (18.4)	63.2 (17.3)	56.1 (13.4)	43.4 (6.3)	30.7 (−0.7)	25.6 (−3.6)
Record low °F (°C)	−9 (−23)	3 (−16)	11 (−12)	12 (−11)	24 (−4)	35 (2)	49 (9)	42 (6)	36 (2)	19 (−7)	8 (−13)	-14 (-26)

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average rainfall inches (mm)	0.88 (22)	0.79 (20)	0.60 (15)	0.25 (6.4)	0.25 (6.4)	0.34 (8.6)	2.12 (54)	2.17 (55)	1.21 (31)	0.73 (19)	0.79 (20)	1.19 (30)
Average snowfall inches (cm)	1 (2.5)	1 (2.5)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (5.1)
Average rainy days (≥ 0.01 inch)	4.7	4.2	4.2	1.7	2.1	2.2	8.0	7.5	4.8	4.6	2.9	4.2
Source 1: National Oceanic and Atmospheric Administration												

Table 5.2. Climate data for Lordsburg 4 SE, New Mexico, USA (1991 to 2020; extremes 1948 to 2001)

There are no permanent lakes or streams in the property area although water normally accumulates in shallow playas. Water can normally be obtained from depths as shallow as 15’ in the Lower Animas Basin. For irrigation purposes water can be drawn from depths between 150’ and 250’ in the Lordsburg area.

5.3. Physiography, Topography and Vegetation

The Alkali Flat Property forms part of the Lordsburg Playa Network 20 km southwest of Lordsburg, New Mexico, on a dry lakebed and approximately 8 km east of the Peloncillo Mountain range **(Figure 5.3)**, 13 km west of the Pyramid Mountains, and north of Interstate 10, at an elevation of 1267 m above sea level.

The Property occurs within the Basin and Range Physiographic Province that has been subdivided into three topographic units known as the Lower Animas Valley on the west, the Lordsburg Valley on the east and the Pyramid Mountains that occur between the two valleys.

The Lower Animas Valley, host to the Alkali Flat Property, is bounded on the west by the Peloncillo Mountains and is a typical near-desert basin with detritus and fill contributed by the bounding mountain ranges. The Basin is flat but slopes gently towards the mountain ranges. The northern portion of the Valley is host to the 15 square mile alkali flat. The ancient pluvial Lake Animus is marked by beach ridges and strand lines developed as the Lake subsided. Lordsburg Valley occurs to the east of the Pyramid Mountains and has similarities to the Lower Animas Valley.

The Pyramid Mountains are a 22 mile long by 3-7-mile-wide linear north to south trending mountain range covering approximately 90 square miles. The Range has been divided by two low passes into northern, middle, and southern portions. The northern portion consists of bare pyramidal shaped hills with maximum elevations of 5000" to 5100' and includes the Lordsburg and Pyramid Mining Districts. Drainage patterns are very irregular.

The topography of the middle portions of the Pyramid Mountains is controlled by the original depositional surfaces of Middle to Late Tertiary welded tuff and pyroclastic deposits and by dissected older basalt flows.

The southern Pyramid Mountains have the most highly dissected topography with both constructional and destructional landforms present.

The highest peaks in the Pyramid Range are volcanic necks of rhyolitic composition and attain maximum elevations of 6000'. Average relief in the range is about 500'. The Range is bordered on all sides by gently sloping pediments with bedrock present as low spurs separated by gravel-filled arroyos or as isolated remnants surrounded by alluvium.

Vegetation at the Lordsburg Playa site is extremely sparse. A few individual alkali sacaton (*Sporobolus airoides* (Torr.) Torr.) plants are present. In general, the Lordsburg district is sparsely vegetated but species typical of the southwest United States are present. Mesquite, greasewood, and numerous varieties of cactus are common, however, none of these occur on the playa surface area.

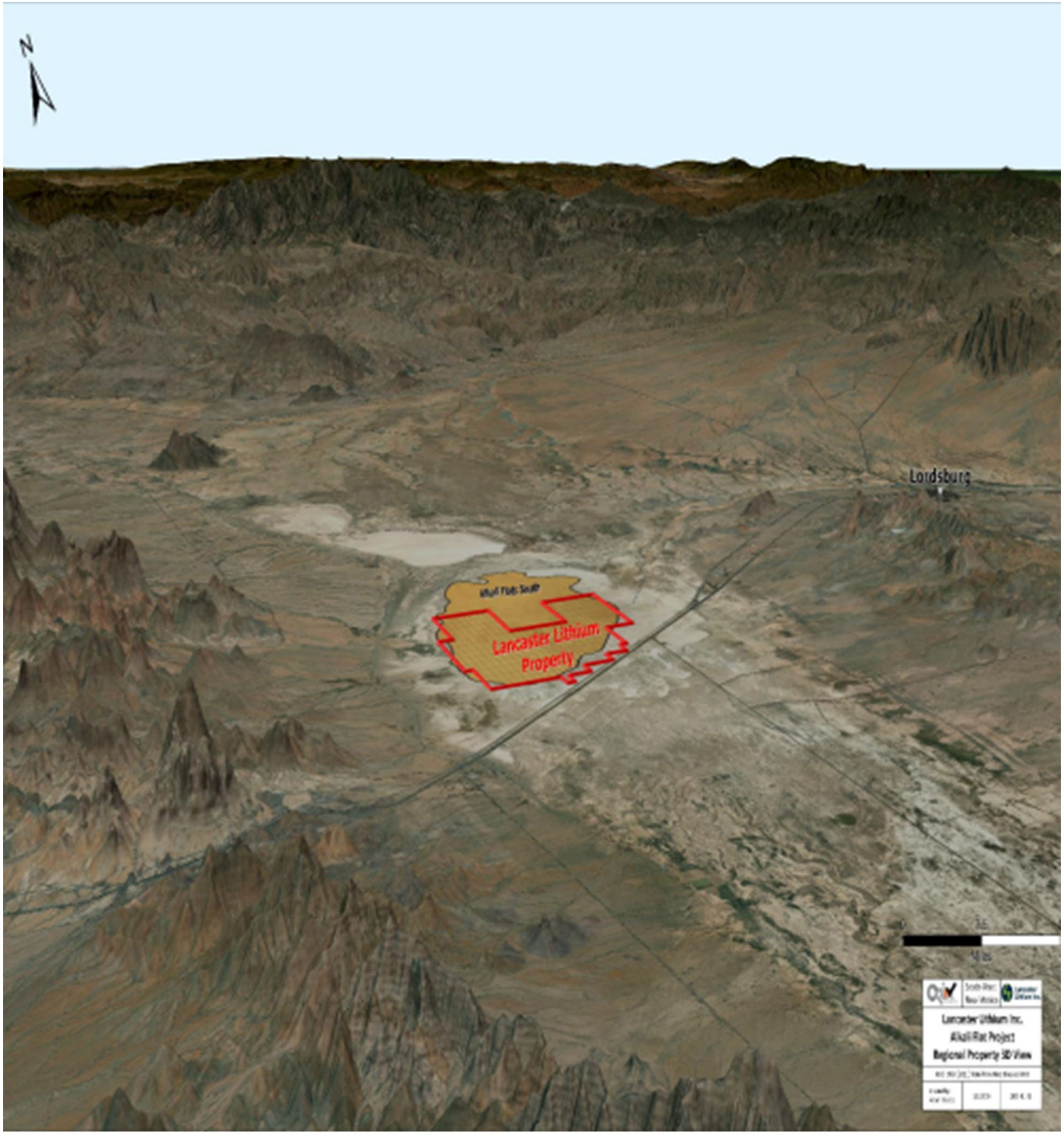


Figure 5.3. Topography at the Alkali Flat Property, southwest New Mexico, U.S.A.

Air Transport

There are several municipal and international airports that provide access to the Alkali Flat Property area These airports are listed in order of increasing distance from the Alkali Flat Property (Table 5.4.).

Table 5.4. Air transport to the Alkali Flat Property.

Airport	Distance from Lordsburg
Grant County Municipal Airport	38/61
Sierra Visa Municipal Airport	110/176
Tuscon International Airport	132/212
El Paso International Airport	142/22

Rail

A major, double-track, transcontinental rail line runs parallel to Highway I-10 and passes immediately south of the Alkali Flat Property. Southern Pacific operates a freight service and passenger service is operated by Amtrak.

Power

Natural Gas is the primary fuel type in Hidalgo County and provides 66.89% of electricity production. Natural Gas with Geothermal (28.44%) and Distillate Fuel Oil (4.67%) account for 100.00% of the county's electricity generation. Hidalgo County has 3 power plants within its borders. Public Service Co of NM Lordsburg Generating Hidalgo 88 Natural gas Located in Southwestern, NM near Lordsburg; provides power to southwestern NM during high-use times. Tri-State G and T Assn Inc Pyramid Hidalgo 186 Natural gas Located 30 miles southeast of Lordsburg in southwestern New Mexico; Pyramid serves Tri-State's southern system loads and provides backup generation when the G&T's baseload, coal-fired Escalante Generating Station in northern New Mexico is unavailable.

Potential exists for solar and wind power to assist the needs of the proposed exploration program and particularly any future exploitation program at the Alkali Flat Lithium Project. The Property is a vast area of flat topography with no trees and no brush to inhibit solar radiation; the solar potential of the region is among the highest in the U.S. Solar power could be the main source of energy for future lithium production.

Water

Guidelines for the Animas underground water basin have been provided by the office of the New Mexico state engineer (Blaine, 2016). These guidelines are in support of water right applications and the orderly development of water resources.

HISTORY

The Alkali Flat Lithium Project is an early-stage exploration property in the Lordsburg area of New Mexico. Exploration on the project will be directed to the discovery of lithium-enriched brines from high total dissolved solids in aquifers using a combination of geophysical and geochemical surveys followed by drill testing of resultant targets.

6.1 Previous Lithium Exploration at Alkali Flat

A soil survey was undertaken in 2023 in which 14 sediment samples were collected by the operator from the northern portion of the Majuba/Lancaster claim group for analysis (Blakestad, 2023; **Figure 6.1**). The purpose of the sampling was to assess the geochemical variability of playa sediments for lithium and related elements for possible future evaluation and development.

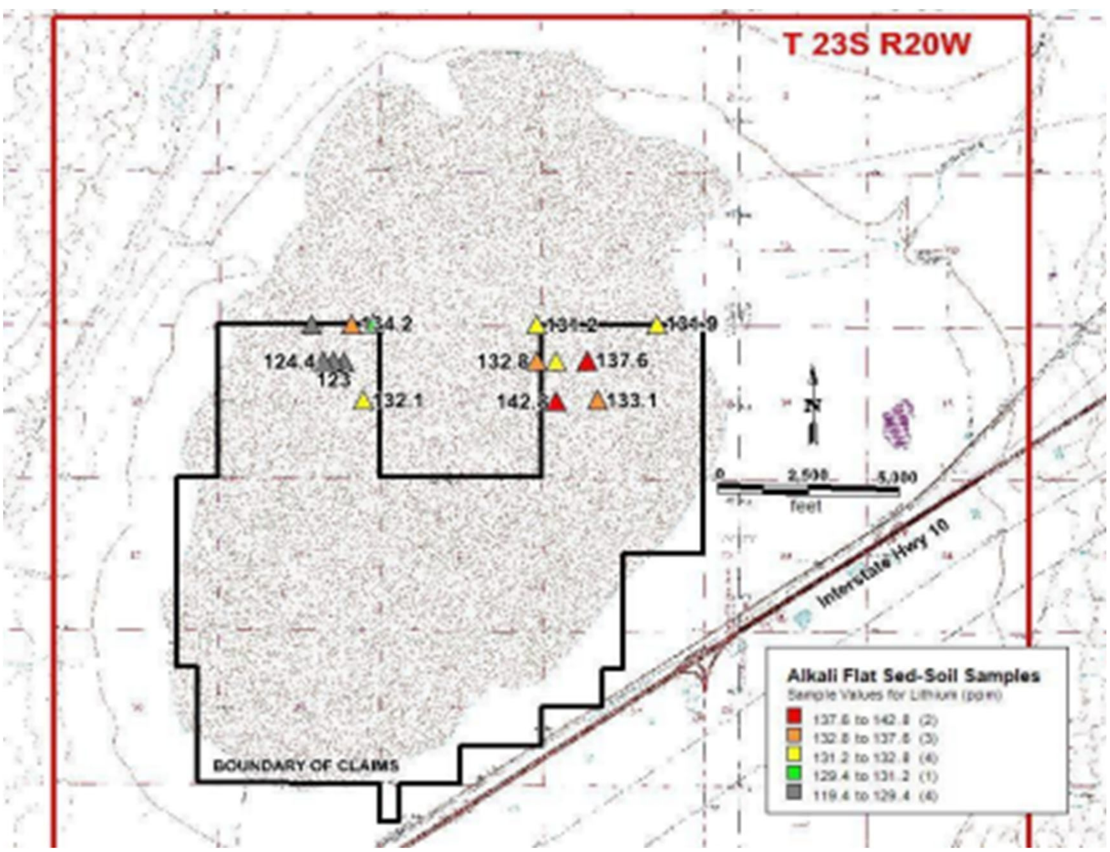


Figure 6.1. Sediment samples collected from the northern portion of the Alkali Flat playa.

Description of the Playa Sediment Profile

Prior to this geochemical orientation survey, the playa sediments had been regarded as homogenous; however results from the survey indicate that variations in element concentrations, including lithium, are present in the vertical soil profile. The unconsolidated sediment profile from which the sediment sample was collected had previously been interpreted as uniform. An organic-rich A-Horizon is not present at the playa and the playa surface is a duricrust of dry, moderately to weakly indurated sediment to a depth of approximately six inches. The duricrust is a cream-colored, fine-grained sediment, with amorphous gypsum as the binder for the sediment. Below the duricrust the playa sediments consists of compact, tan-colored, fine-grained silt and sandy silt, which is moderately moist. Widely dispersed clumps of reedy grass exist locally on the playa surface; in places where those grasses have died, they are partially replaced with gypsum, which renders the grass stems brittle.

Collection of Sediment Samples

Sediment samples were obtained from the playa using a hand-held, battery operated, hammer drill fitted with a three-inch diameter auger flight, on a 20-inch shaft. This sampling equipment was adequate for sediment sampling to a depth of 18 inches. Fourteen samples were obtained from the northern part of the claim area (**Figure 6.1.**).

The upper ten inches of sediment was discarded, and the material from 10 inches to 18 inches was collected for analysis after a near-total four-acid digestion. Excess drilled material was used to in-fill the sample hole.

Analytical Results

Seven of the 47 elements analyzed from the 14 samples are reported in **Table 6.4.** identified by sample number and accompanied by sample weights. Analyses are reported in per cent (%), except for lithium (Li) and arsenic (As), which are reported in mg/l (parts per million). The detection limit for each element is shown in bold in the header row.

SAMPLE #	**Sample Wt.(g)**	**Li(ppm).1**	**Mg (%) 0.1**	**As (ppm).5**	**Ca (%).01**	**Na (%).01**	**Sr(ppm)1**
3108	709	133.1	1.75	13.5	4.26	1.89	444
3109	413	142.8	1.75	17.1	3.63	2.03	406

3110	571	137.6	1.74	10.3	3.93	1.9	432
3111	393	134.2	1.76	8.3	4.63	1.89	512
3112	400	129.4	1.69	6.8	4.26	1.94	483
3113	426	123.6	1.64	7.1	4.49	1.88	493
3114	403	119.4	1.56	6.5	4.47	1.92	490
3115	591	123	1.67	11	4.98	1.89	547
3116	479	124.4	1.58	32.3	4.61	1.81	505
3117	583	132.1	1.73	55.7	4.92	1.85	516
3118	622	131.2	1.82	7.4	4.4	2.09	469
3119	495	132.8	1.71	21.2	4.26	1.96	453
3120	716	132.4	1.79	49.4	4.39	2.03	461
3121	559	131.9	1.82	6.4	4.18	1.98	445

Comparison of Data Sets

A valid comparison between the sediment samples permits observations to be drawn from a closely spaced set of samples collected over a portion of the playa. The range in concentration for lithium contents is between 119 ppm and 143 ppm and documents a somewhat restricted but elevated range in concentration for the playa samples. The difference between the playa samples and those collected from the NURE Silver City stream sediment data set and the NURE sediment samples for New Mexico indicates a marked difference in concentration exists between the lithium concentrations in these datasets (**Table 6.5**). A strongly elevated lithium analysis of 4696 parts per billion from a NURE water sample collected from the playa corresponds with the elevated lithium contents in the playa sediments. The statistical parameters for lithium in the 14 playa samples is calculated on a small number of samples (n=14) collected from a spatially restricted area and as such cannot be considered statistically rigorous. However, the marked, consistently elevated lithium in the playa samples is noted.

Table 6.5. Comparison for lithium contents between the 2022 Alkali Flat sediment survey (n=14; Blakestad, 2022), NURE Silver City stream sediment samples (n=751; U.S. Geological Survey data base), and 3,487 NURE sediment samples for the state of New Mexico. The Alkali Flat dataset comprises only 14 sediment samples.

	n=14	**n=751**	**n=3487**
Maximum	142.8	174.5	218
Arithmetic Mean	130.6	32.6	29.5
Standard Deviation (SD)	6.2	14.2	11.4
Mean+1SD	136.8	46.8	40.9
Mean+2SD	143	61	52.3

New Geochemical Surveys

Lancaster II enlisted Gold Canyon Partners LLC to execute a sampling program of playa sediments to assess the distribution of lithium and related elements typically found in lithium brine deposits. A preliminary sediment sampling event occurred at Alkali Flat in May 2022. During that timeframe, 14 sediment samples were collected from the northern portion of the claim group. A new larger sediment sampling event occurred in February and March 2023. During the 2023 program a sample grid was established with a 1200 ft sample spacing, on E-W oriented lines spaced 2400 ft apart in the N-S direction. A total of 128 sediment samples were obtained, including ten samples from each of two sample pits where samples were obtained by channel sampling in 10 cm intervals to a depth of one metre.

Sediment samples were collected from the auger flight of the drill between the depth interval 10 to 22 inches below surface. That interval produced samples weighing between 2.15 lbs (975 gm) and 2.8 lbs (1280 gm) per sample. Sediment material was bagged in 8x8 inch cloth sample bags. The bags were numbered, and the locations recorded by hand-held Garmin GPS. Four duplicate samples were obtained in the filed by drilling a second sample adjacent to a primary sample location. Additional samples were duplicated under the Quality Assurance/Quality Control protocols at the laboratory.

Samples were secured in a locked truck cab during the field portion of the program and transported to Tucson for safe storage prior to delivery to Skyline Assayers & Laboratories in Tucson, AZ. Skyline analyses were for 47 elements by multi-acid digestion and ICP-OES/ICP-MS under protocol TE-5. As of the May 19, 2023, effective date of this report, analytical results for 47 of the 128 samples have been received from the laboratory. New geochemical data is presented in Appendix 2.

Preliminary Soil Geochemical Results

Results for lithium data received to date are illustrated in Figure 1.4.3 (1). and document a range in lithium concentration of 69.6 to 147.9 ppm in 51 samples collected from the playa sediments. Based on approximately 50% of the analyses received to date, lithium concentrations tend to increase from the western to the eastern segments of the playa. The east side of the playa coincides with the structural position of the Lightning Dock KGRA geothermal area approximately 8 miles to the south. Basin-bounding faults on the east represent a potential source of hydrothermal fluids that may have contributed to the lithium content of deep aquifers and possible Li-clay formations at depth. Preliminary results suggest elevated lithium occurs in the vicinity of the basin bounding fault. Further observations can be made upon receipt of the analyses for the remainder of the sample analyses.

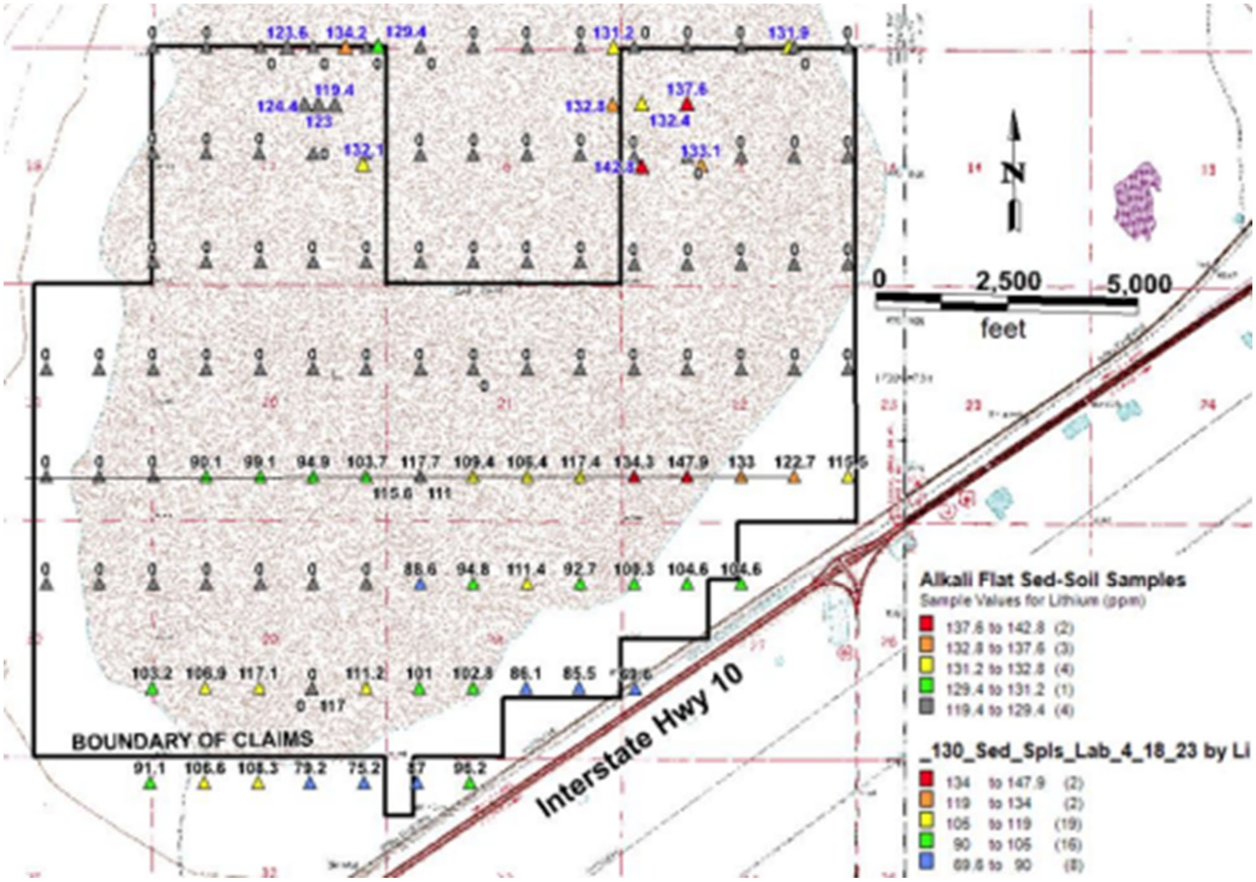


Figure 1.4.3 (1): Sample distribution and preliminary results of soil sampling (n=128) at the Alkali Flats property.

National Uranium Reconnaissance Program (NURE)

The National Uranium Resource Evaluation (NURE) program was initiated by the Atomic Energy Commission (AEC) in 1973 with a primary goal of identifying uranium resources in the United States. A compilation of NURE sediment and water sample data for New Mexico provides data that highlights samples with elevated lithium contents from the Lordsburg – Alkali Flat area. The distribution of NURE sediment samples (population n=736) for the Silver City map area is shown in **Figure 6.6.1**. A sediment sample with 124 ppm lithium was collected from the Alkali Flat Property.

The distribution of NURE water samples collected by the U.S. Geological Survey from the Silver City Quadrangle is presented in **Figure 6.6.2**. NURE water samples were collected from water wells, streams, springs, and ponds throughout the state of New Mexico. The sample population totalled 5871 samples. Blakestad (2022) describes the distribution of strongly elevated lithium concentrations in the database occurring in the ancestral Animas Lake valley, and "up-stream" of ground water flow patterns determined by study of thermal water flows at the Bruce Levy KGRA (Lightning Dock). A water sample collected from a production well at the KGRA contained 865 ppb Li. A second water sample from a well 2.5 miles north of the KGRA contained 1173 ppb Li

(**Figure 6.6.2**). The second highest lithium value in the New Mexico water database (4696 ppb Li) was collected from a pond in the center of the Property.

New Geophysical Surveys

In February 2022, Lancaster II commissioned EarthEx Geophysical Solutions Inc. to perform a UAV-Borne Detailed Magnetometry survey, anticipated to cover 315 line-km. The survey employed a mix of 50m production lines with 500m tie-line spacing and 200m production lines with 1500m tie-line spacing over at the Alkali-flat project, near Lordsburg, NM. The survey covered an area of approximately 27.5 km2, extending across the basin in the area proximate to the I-10 highway. The survey results will be treated with 2D and 3D processing algorithms and then used to aid in definition of the bounding structures at the edges of the basin, estimating location and depth of the deepest parts of the basin, imaging structural features at depth which may contribute to fluid-flow pathways, and to help develop a 3D model of the Alkali Flat project. The cost of the drone-borne magnetometer survey was CAD $66,113.82. The drone surveys were completed in March 2023, and results with interpretation are pending.

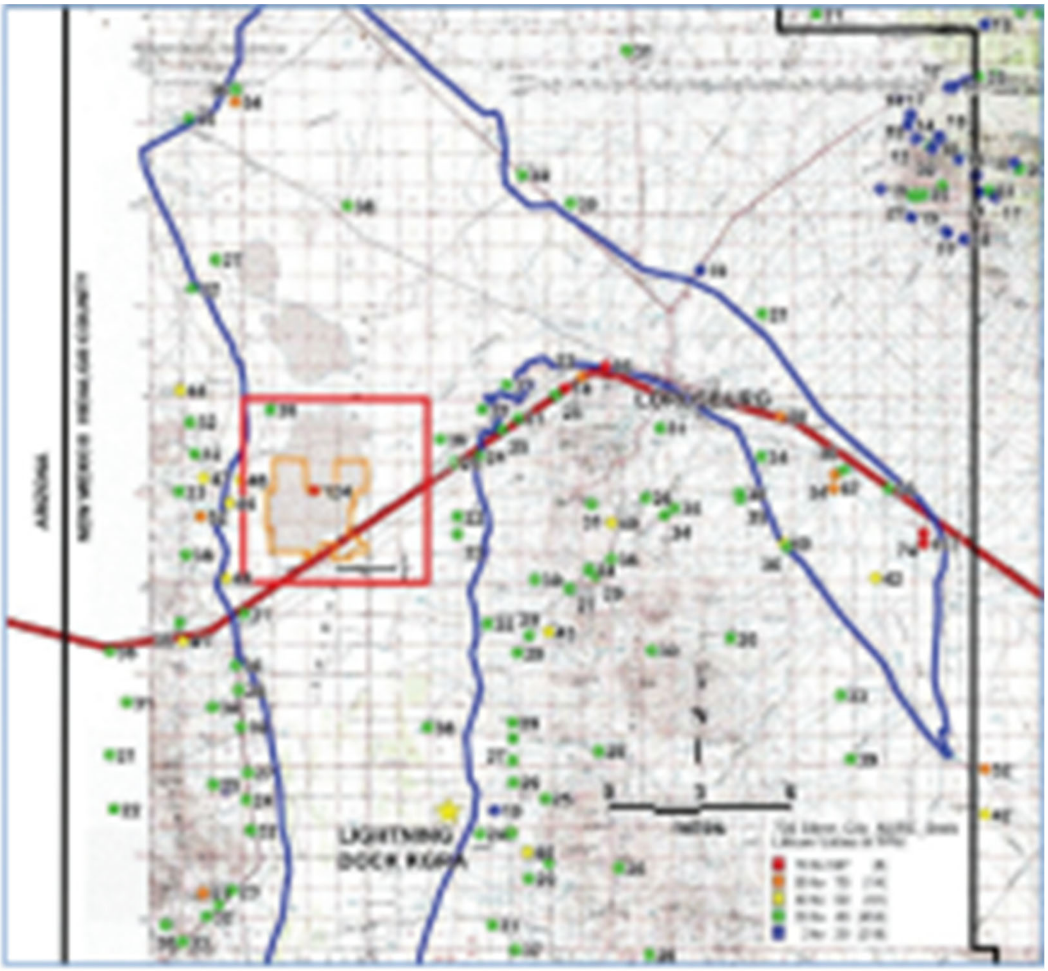


Figure 6.6.1: Map showing distribution of NURE sediment samples with lithium concentrations in the Silver City quadrangle including the Alkali Flat Property outlined in orange. The boundary of ancestral Lake Animas (blue outline), Township 23 South Range 20 West (red square), claims group (orange outline), I 10 (red & black line), and Hidalgo County (black lines) are also shown.

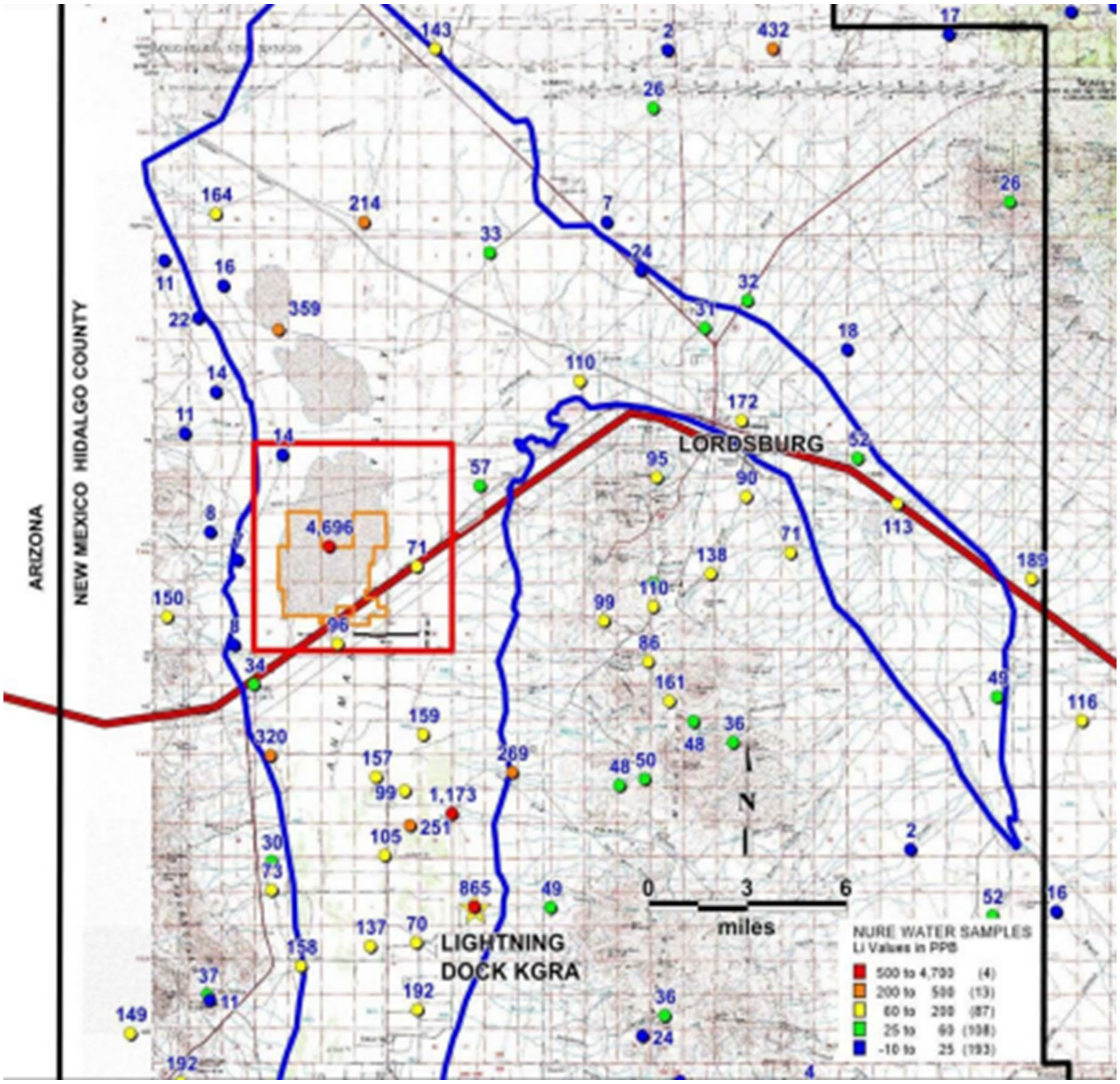


Figure 6.6.2: Map showing distribution of NURE water samples for the Silver City quadrangle labeled by Li concentration. Figure labelling conventions as in Figure 6.6.1.

Base, Precious and Industrial Mineral Exploration

Historically, there has been abundant base and precious metal exploration and development from the Lordsburg copper and Pyramid silver mining districts, both of which were in the northern portion of the Pyramid Mountains. Gold, lead, and zinc were also mined from fault-hosted vein systems in Cretaceous basalt and granodiorite in these districts, however most of the mining operations have been closed since the early 1930s. Commercial deposits of perlite were developed and produced intermittently in the Lordsburg district and several mines in the Pyramid district exploited Cretaceous basalt hosted fluorspar deposits. Agate was also extracted on a small scale from shallow pits in Tertiary pyroxene andesite.

For more information on recent exploration activities of the Company at the Property, including an extensive sampling program conducted in March 2023 and a UAV-Borne detailed magnetometry survey that was completed in March 2023, please refer to "Section 3.1 – General Development of the Business – Lancaster I".

7. GEOLOGICAL SETTING AND MINERALIZATION

Geological Setting (Figures 7.5.1, 7.5.2)

The geological setting of the Animas Valley and the Alkali Flats property is dominated by the Pyramid Mountains however the Valley and the immediate area of the Property is marked by a lack of indurated sedimentary rocks. Outside of the general area Paleozoic and Mesozoic sedimentary rocks are interpreted to be present at depth along the entire extent of the Pyramid Mountains. The Alkali Flat Property is flanked on the east, west and south by unconsolidated piedmont alluvial deposits and alluvium and on the north by eolian deposits.

Quaternary Geology

The Quaternary geology of Lake Animas has been defined by Fleischhauer, Jr. and Stone (1982). They defined stages of development for the Lake based on an analysis of the presence of physical features mapped over the extent of the Lake. Its highest stage of development was between 4,190’-4,195’ and at this level was approximately 17 miles long, 8 miles wide and 50’ deep and covered an area of over 150 square miles. The shorelines of the Lake are marked by the development of homogenous sand and gravel beaches. Limited archeological work and soil morphology indicates a Holocene age for the beaches and the age of the soil and additional material of the high shore ridge is Pleistocene.

Quaternary surficial materials of the Animas Valley have been divided into piedmont and valley-floor deposits (Elston et al, 1983). Piedmont deposits consist of coalescing Holocene and Pleistocene alluvial fans and pediment deposits. Modern or active wash sediment, which originated within the interior of the Pyramid Mountains and was deposited on the piedmont surface, is included. the piedmont deposits are estimated to be no more than 25 m (82 ft) thick. Valley-floor deposits are composed of fluvio-deltaic deposits associated with the ancient Lake Animas, as well as modern eolian deposits (coppice dunes and sand blankets) and active sheetwash deposits. The valley floor deposits are much thicker than the piedmont deposits, but the thickness of the former is unknown. The Quaternary piedmont deposits have been displaced by the Animas Valley fault, probably during the late Pleistocene or early Holocene.

Animas Valley Pre-Tertiary and Tertiary Lithologies

The Animas Valley encapsulates rocks unique to the area that cannot be correlated to any unit in the Pyramid Mountains. These include fusulinid-bearing Pennsylvanian(?) limestone and Tertiary quartz and sanidine-bearing rhyolite. Distinct rock types in the Animas Valley include a succession of rhyolite ash-flow-tuff units and a zone of bedded pumiceous tuff. Welding of the ash-flow tuffs varies from poor to intense; vitrophyre occurs above the bedded tuff zone. Quartz, plagioclase and sanidine phenocrysts and sparse biotite occur in the lowest unit whereas higher units contain sphene, clinopyroxene, and/or hornblende. Compressed pumice lenses are conspicuous.

Flanking the Alkali Flats property to the east and west are successions of volcanic and intrusive lithologies of intermediate to silicic composition. These include Tertiary and Tertiary-Cretaceous andesitic to dacitic lavas, pyroclastic breccias and Lower to Middle Tertiary rhyolitic to dacitic pyroclastic rocks.

Mid-Tertiary Lithologies

Mid-Tertiary geologic events in southwestern New Mexico were dominated by volcanism, and by the eruption of voluminous ash-flow tuff (ignimbrites) from very large calderas (Elston, 1978; Deal and others, 1978). These calderas have been deeply eroded with only a few remnants of deeply eroded caldera structures remaining. The southern two-thirds of the Pyramid Mountains are interpreted as a segment of an Oligocene ash-flow-tuff cauldron, elongated to the northwest. Hydrothermal alteration is widespread in the Pyramid Mountain section near the Bruce Levy (formerly Lightning Dock) Geothermal anomaly but is probably related to caldera formation, not to the modern geothermal anomaly that is responsible for driving convective fluid movement in the Valley.

Mid-Tertiary structures are dominated by the Muir cauldron, which is an elongated structure with its long axis striking northwest, roughly parallel to the regional trend of pre-Tertiary basement structures. The volcanic complex at the Muir caldera formed in two stages, separated by an interval of caldera collapse and alteration. First-stage eruptions of the Muir cauldron began with rhyolite lavas and small amounts of rhyolite tuff. The eruptions culminated with the eruption of a rhyolite ash-flow tuff, both of which are pervasively altered. Caldera collapse, during eruption of the rhyolite ash flow tuff, was accompanied by widespread slumping of the caldera walls and formation of megabreccia. This was followed by a period of hydrothermal alteration, which in turn was followed by renewed eruptions. This second stage of eruptions began with the eruption of an ash-flow tuff. The limited outcrop area of this tuff is surrounded by two belts of felsic flows, domes, associated tuffs, and andesite flows. The earlier and inner belt consists of rhyolite of Pyramid Peak and associated tuff. Successive outer bands of ring fracture domes of the Muir caldera include latite and rhyolite.

Mineralization

Mineralization veins of several ages occur in the Pyramid Mountains including northeast- and west-trending veins of the Pyramid subdistrict of the Lordsburg mining district, which have yielded between $550,000 and $600,000 in silver and copper (Elston, 1965). Mineralization may be related to the Lordsburg granodiorite porphyry stock. A second period of mineralization is associated with the formation of the Oligocene Muir cauldron. Mineral production has been negligible. Widespread pyritization in rhyolite and in tuff is common and veins with pyrite and stibnite are also present. A third period of mineralization after, or concurrent with, later stages of basin-and-range faulting resulted in northwest- or north-trending veins hosting fluorite, psilomelane, black and white calcite. Within the general area the veins have been developed on a small scale for fluorspar.

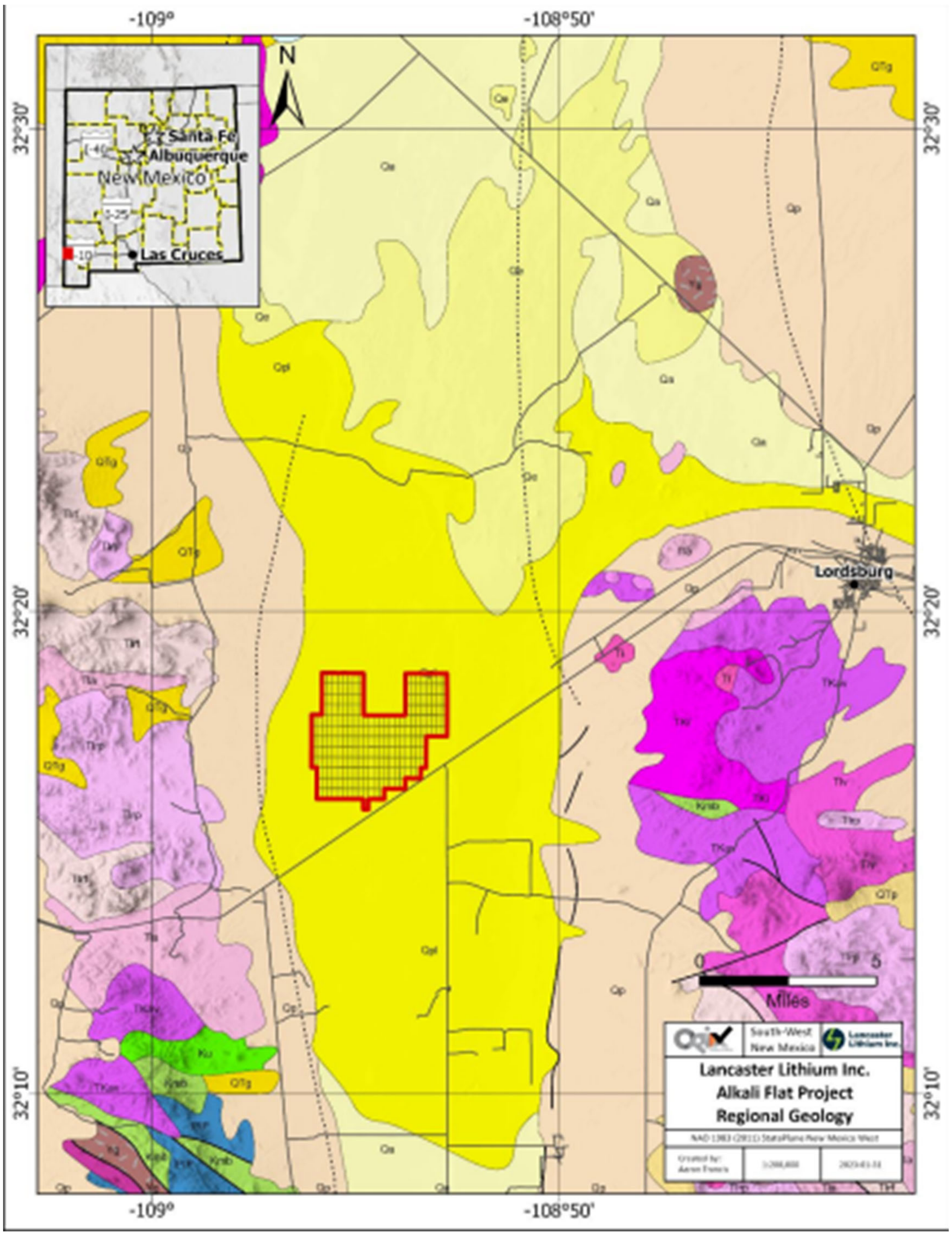


Figure 7.5.1. Regional geological setting of the Alkali Flat Lithium Project. Adapted from the Geologic Map of New Mexico, New Mexico Bureau of Geology and Mineral Resources, 2003, Scale 1:500 000.

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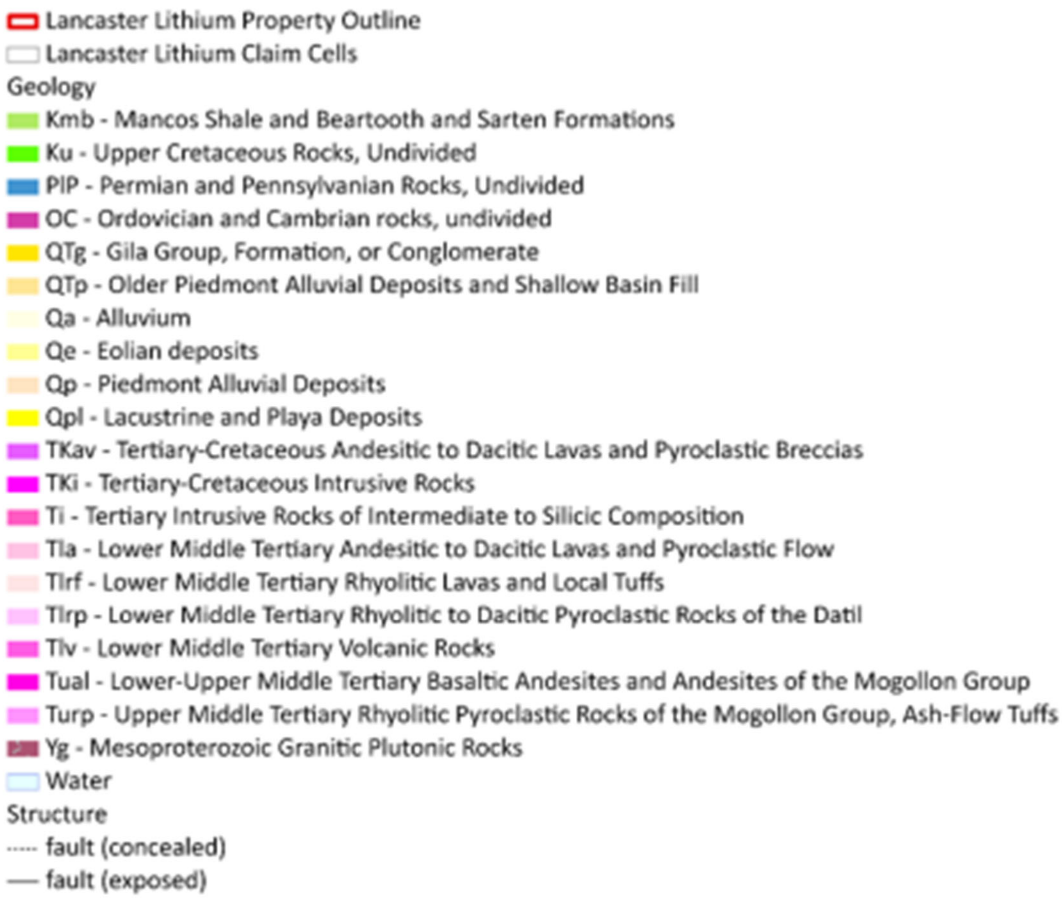

Figure 7.5.2 Geological Legend for Figure 7.5.1.

7.6 Regional Geophysics

Regional magnetic and gravity surveys have been conducted by various entities over southwest New Mexico and adjacent southeastern Arizona. When regional gravity and magnetic survey data are overlain on the geology and topographic maps of the Alkali Flat Property area it becomes apparent that a high degree of correlation exists between the geophysical survey results and the interpreted distribution of the playa basin (**Figure 7.6**).

A major gravity low partially overlies the Alkali Flat Property. It is two miles wide and approximately five miles long and extends southward from the I-10 highway for an additional three miles. The absence of magnetic minerals in the basin sediments produces a magnetic low. The magnetic lows indicated by blue and light blue shades in

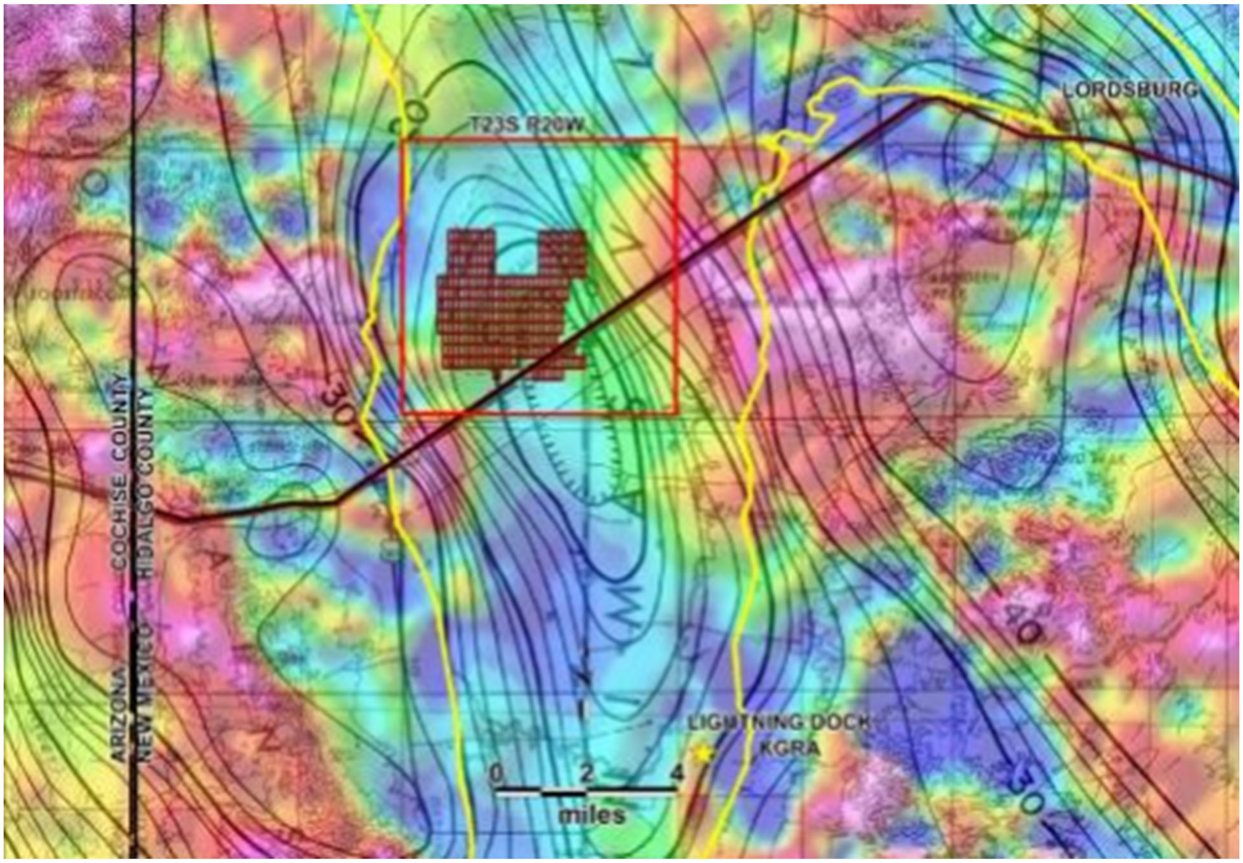

Figure 6.1 coincide with the gravity low, in the central portion of the Property.

Figure 7.6: Aeromagnetic intensity response map colored from red (high), to yellow (moderately high), to green (moderately low), to blue (low), to light blue (exceptionally low) as an overlay on the Bouguer gravity map of the Animas Valley and surrounding region. The hatched line in the center of the map is indicative of a major gravity low.

The structural interpretations of the regional geophysical data indicate the presence of major basin-bounding faults on both sides of the Alkali Flat Property, forming the Animas Valley graben within the Basin and Range tectonic setting. The length, width, and intensity of the geophysical responses correspond well with similar basins elsewhere in Arizona where drill logs from oil wells document basin depths of greater than 5000 ft (+1524 m). Salt beds have also been recognized in the lower strata of many of the eastern Arizona basins and document periods of intense evaporation during basin formation.

DEPOSIT TYPES

Globally, there are three main types of economic lithium deposits and include: 1) peralkaline and peraluminous pegmatites and associated metasomatic rocks, 2) volcanic clays, generally containing lithium-rich hectorite, and 3) brine and hydrothermal (geothermal) deposits, including salar evaporates, continental playa lakes, and oil field and geothermal brines (Kesler et al., 2012; Bowell et al., 2020). The Alkali Flat lithium project is focused on the exploration of a suspected lithium brine deposit in a playa lake setting.

Historically, most lithium in the world, including in New Mexico, was mined from and, currently, lithium production from pegmatites accounts for approximately one fourth of the world's lithium production (Bradley et al., 2017). Currently, Australia exports most pegmatite-sourced lithium (Goonan, 2012; Bradley et al., 2017). Economic pegmatite deposits typically contain 110-943 kilotons of 0.5-1.2% Li (Bowell et al., 2020). The average concentration of lithium in the earth's crust is approximately 20 ppm (Bradley and Jaskula, 2019). Most of the economic pegmatites are classified as lithium-cesium tantalum (LCT) pegmatites (Brady et al., 2017).

Currently most lithium production comes from solars, subsurface brines, and playa lakes located in closed-basins, where lithium exists primarily as soluble lithium chloride (Asher-Bolinder, 1991; Goonan, 2012). In arid regions, subsurface brines are pumped into a series of surface ponds, where water evaporates, concentrating lithium chloride (Bradley et al., 2017b). The lithium chloride is then treated with sodium carbonate to form lithium carbonate (Li2CO3) (Goonan, 2012). Economic brine deposits typically contain 41-6,300 kilotons of 0.01-0.2% Li and economic Li-clay deposits typically contain 209-845 kilotons of 0.17-.024% Li (Bowell et al., 2020). Near-by rhyolites are suspected sources of lithium (Bradley et al., 2017).

Closed-basin brine deposits contain an estimated 58% of the world's lithium resources (Bradley et al., 2017b). Countries that export significant amounts of lithium from brines or playa lakes are Chile, Argentina, China, and Australia (Goonan, 2012). The only location of lithium production currently active in the United States is a brine operation at Clayton, Nevada (Jaskula, 2019). Geothermal waters and oilfield brines also are known to contain locally high concentrations of lithium (Bradley et al., 2017) but are not currently exploited. Lithium also occurs in clay minerals, such as hectorite, a member of the smectite clay mineral family (Bradley et al., 2017). **Figure 8.1** provides a landscape based review of potential sources for lithium in brine, pathways for the formation of these brines and the role of a heat source driving convective fluid flow.

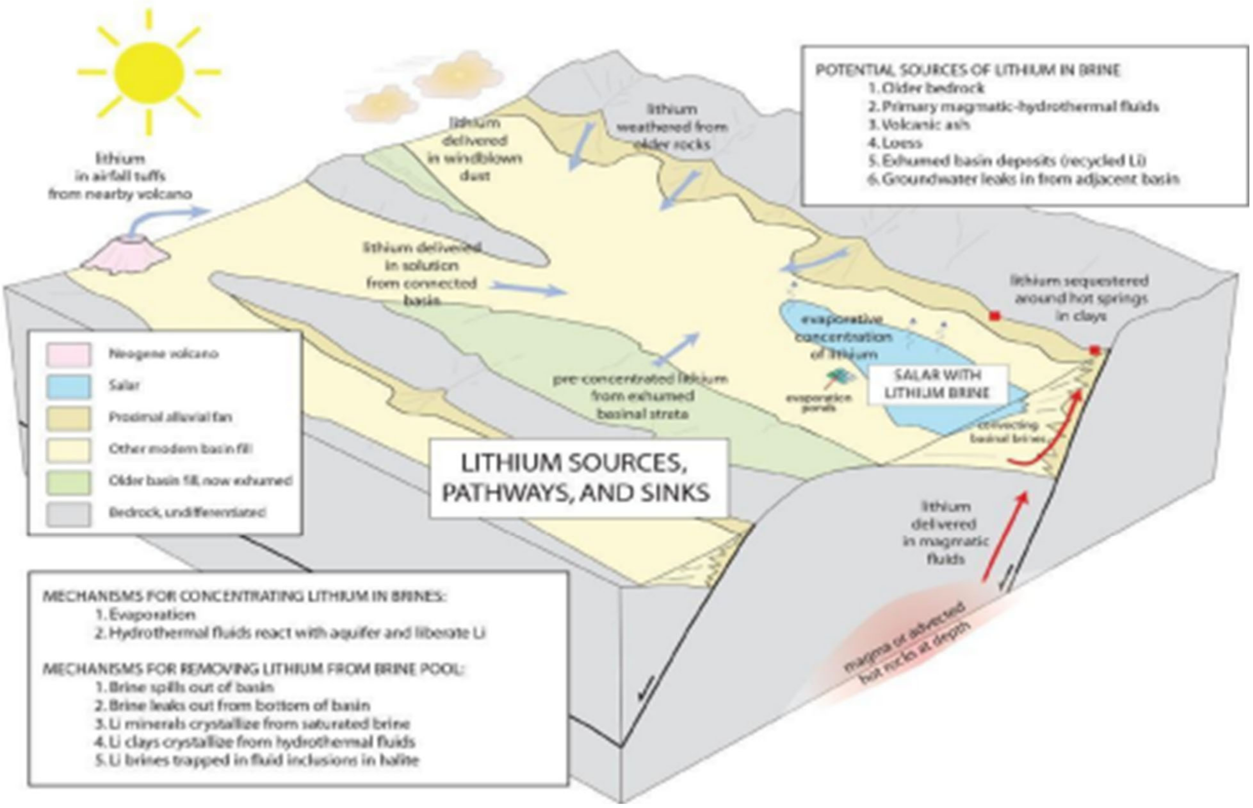

Figure 8.1. Model for lithium sources, pathways and sinks in formation of a lithium brine including the role of a hat source for convective fluid flow (Bradley et al, 2013).

EXPLORATION

Recent exploration on the Alkali Flat Property is limited to a geochemical survey based on the collection and analysis of 14 sediment samples by Majuba Mining in 2023 (Blakestad, 2023).

DRILLING

There has been no recorded drilling undertaken on the Alkali Flat Property. Several water wells and geothermal wells have been drilled in the general area of the Property area and their locations are recorded with the State Engineer of New Mexico. A review of water wells in the vicinity of Lordsburg indicates most wells in the area of the south playa exceed 500 feet in depth.

SAMPLE PREPARATION, ANALYSES, AND SECURITY

No samples were collected by the author during the property visit.

ADJACENT PROPERTIES

Arizona Lithium's Lordsburg Brine Project

Arizona Lithium's Lordsburg Brine Project (AZ) is 15 km southwest of the town of Lordsburg within the playa lake system at the northernmost end of the Animas Valley. It is located close to the 15-megawatt Cyrq Energy owned Bruce Levy (formerly Lightning Dock) geothermal power plant and key interstate highways. The basin targeted for exploration is an elongated sediment filled graben surrounded by tertiary volcanic rocks, a similar setting to the Clayton Valley, host to the only producing lithium project in the US. The property borders the Alkali Flats lithium project on its northern border **(Figure 23.1.1).**

Recently the Arizona Lithium doubled its land position at the project by acquiring an additional 96 Bureau of Land Management claims in the northern portion of the larger playa thereby doubling the size of the property to 192 claims, or about 15.5 sq km.

Exploration has included surface sampling that returned values of up to 114.5 parts per million lithium across the playa **(Figure 23.1.2)**. The company has also undertaken a magneto telluric electromagnetics survey. The company has commenced discussions for zero-carbon renewable power energy requirements at Lordsburg.

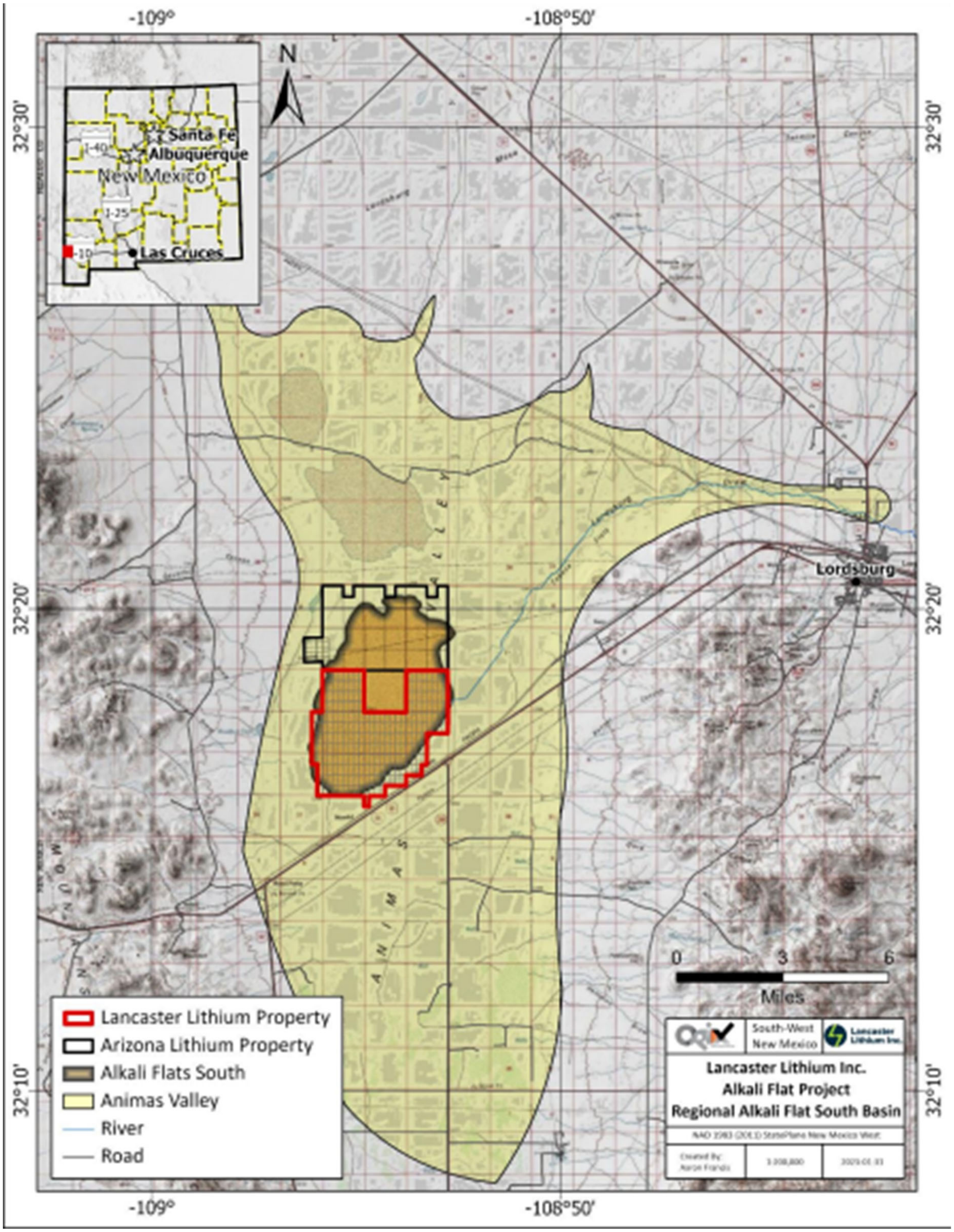

Figure 21.1.1. The location of the early-stage Alkali Flat Lithium Project and the adjacent Arizona Lithium project on its northern border.

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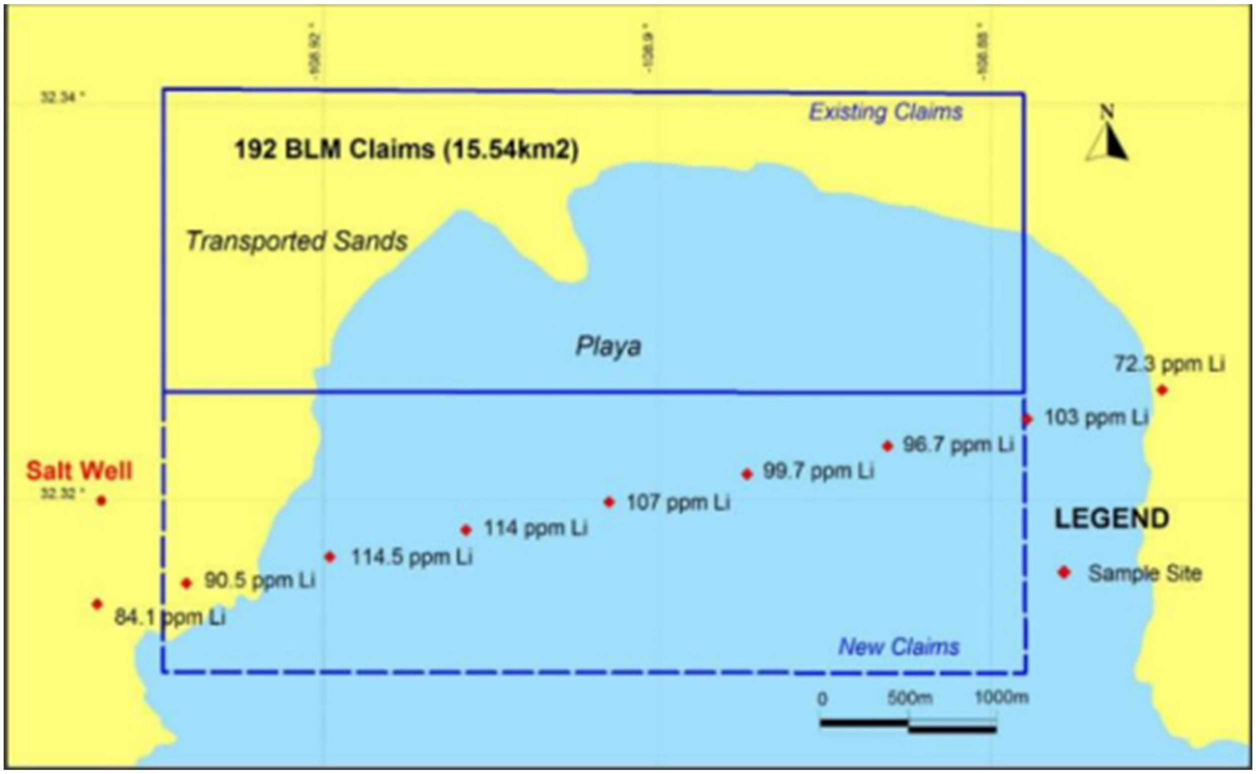

Figure 23.1.2. Historical results of surface sampling by Arizona Lithium on its Lordsburg brine project, Lordsburg area, New Mexico.

American Copper Development Corporation's (ACDC) Lordsburg Property

The Lordsburg property is underlain by a Cretaceous sequence of epiclastic, and andesitic volcanic rocks intruded by a plagioclase porphyry pluton. Hydrothermal alteration with potassic and propylitic assemblages overprints these lithologies. A 134 line-km Titan 160 DCIP and MT survey was completed in January of 2023 over the ACDC's flagship Lordsburg property in southwest New Mexico. The survey included a 3-dimensional Titan 160 DC resistivity induced polarization (DCIP) and magnetotellurics (MT) survey. The survey was completed across 16 lines, 13 of which were oriented north south and 3 were oriented east west. Quantec Geoscience undertook the survey which was designed to provide property-wide deep chargeability, resistivity, and magnetotelluric information with the goal of identifying porphyry and/or skarn mineralization targets. The DCIP provides information to depths of 700m and greater with the MT resistivity providing information to depths of up to 2km. Preliminary chargeability results define significant anomalies along-strike and proximal to historic underground mine workings. A distinct circular shaped chargeability low in the centre of the survey area has been defined and is potentially related to the presence of a sulphide mineral halo surrounding a porphyry stock. The interpreted central porphyry is associated with a chargeability anomaly low, accordingly other low chargeability responses observed within the survey area may also be associated with porphyry intrusions. Some chargeability anomalies are aligned along regional NE-SW structural corridors, consistent with mapped geologic structures and lineaments throughout the property. The deepest historic mine workings appear to be within the upper part of the central interpreted porphyry stock, and beneath or within the chargeability halo. The data correlates well with mapped geology and with distinct radiometric potassium anomalies across the property. Interpretation based on 3D inversion modelling will evaluate the significance of individual anomalous responses. Interpretation will also be supplemented with results from geologic mapping, compilation of historic underground mining, drilling, magnetic, radiometric LIDAR surveys. A 5000-meter drill program to test the anomalous responses is planned.

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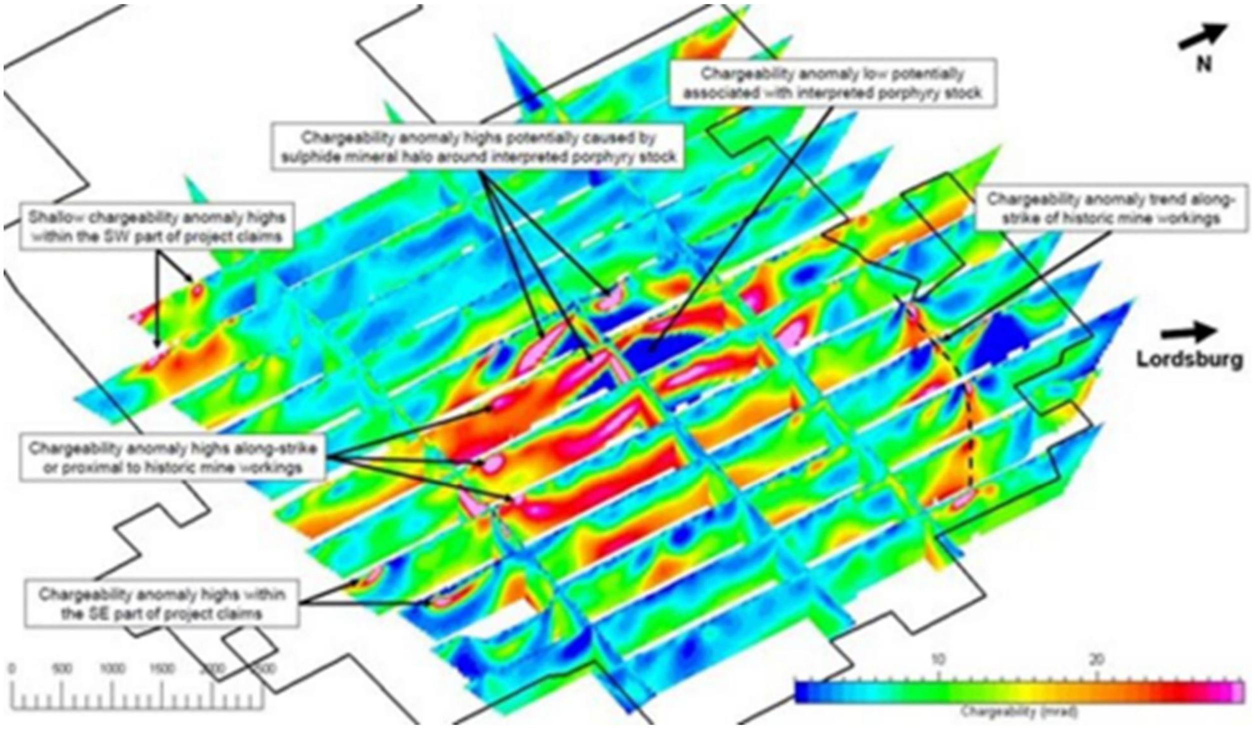

Figure 23.2. 3D view of the 2D chargeability models from the DCIP survey shown as fence diagrams, ACDC Lordsburg property.

Parkway Minerals New Mexico Lithium Project (NMLP)

Parkway Minerals New Mexico Lithium Project (NMLP) is located approximately 10 km north of the Cyrq Energy owned Bruce Levy (formerly Lightning Dock) geothermal power plant. A drill program is planned to test their 40 km^2 property centered on a playa at the low point of a 6,000km2 drainage basin. The basin is interpreted to host a significant lithium resource derived from leaching of lithium from source rocks and volcanic ash deposits by heated regional water flow. Lithium is postulated to have been extracted and then trapped in aquifers characterized by high total dissolved solids.

The expectation is that any trapped lithium brines would be relatively warm, enabling direct processing with Parkway's proprietary brine processing technology, therefore eliminating the requirement for evaporation ponds.

24.1 Bruce Levy (Lightning Dock KGRA) Geothermal Area

The Lightning Dock KGRA covers a large area to the south of the Alkali Flat Property.

Figure 24.1. illustrates the boundary of the area known to have geothermal potential in relation to the Property and the extent of ancestral Lake Animas. The area of the KGRA comprises State land or private land and as such lithium exploration opportunities are limited. Nevertheless, the presence of geothermal heat sources and affiliated fault structures are recognized globally as a potential primary source of lithium for brines and sediments in playa basins.

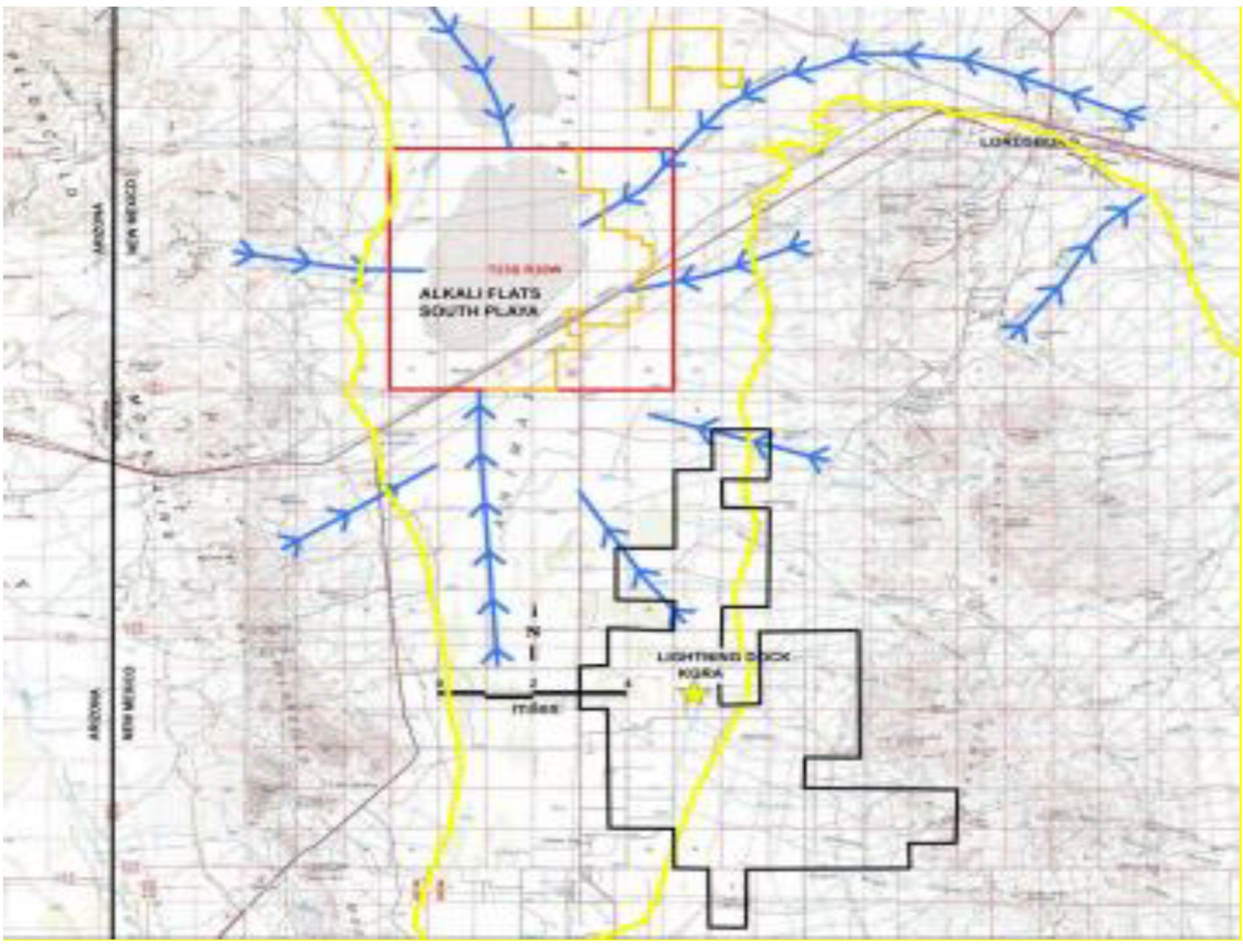

Figure 24.1. Topographic map of the Alkali Flat Lithium Project area (red box) showing the boundary of the Bruce Levy (Lightning Dock KGRA) geothermal area (black outline) and the extent of ancestral Lake Animas (yellow lines). Blue arrowhead lines indicate direction of surface and groundwater flow toward Alkali Flat.

KGRA Relevance to the Alkali Flat Property

Significant exploration expenditures have been made to acquire information to assist the understanding of the geothermal potential of the KGRA and some of the acquired database is relevant to the Property. Interpretation of the gravity and magnetic surveys and resistivity soundings have detailed the presence and location of faults throughout the KGRA. Seismic surveys have detected faults extending to depths of 12,000 to 14,000 feet (3650-4260 m) for the basin bounding faults and 15,000 to 16,000 feet (4570-4870 m) into deep layers of bedrock below the basin fill sediments (Cunniff and Bowers, 2005). Deep faults such as these can be prime structures for channeling lithium bearing solutions to shallower depths within the basin.

The character of the underlying bedrock sequence compiled from diamond drilling was used to develop a conceptual model for the eastern portion of the KGRA (**Figure 24.2**). The conceptual interpretation has application to the model for lithium brine source mobilisation on the Alkali Flat Property that occurs approximately 10 miles (16 km) to the north of the KGRA.

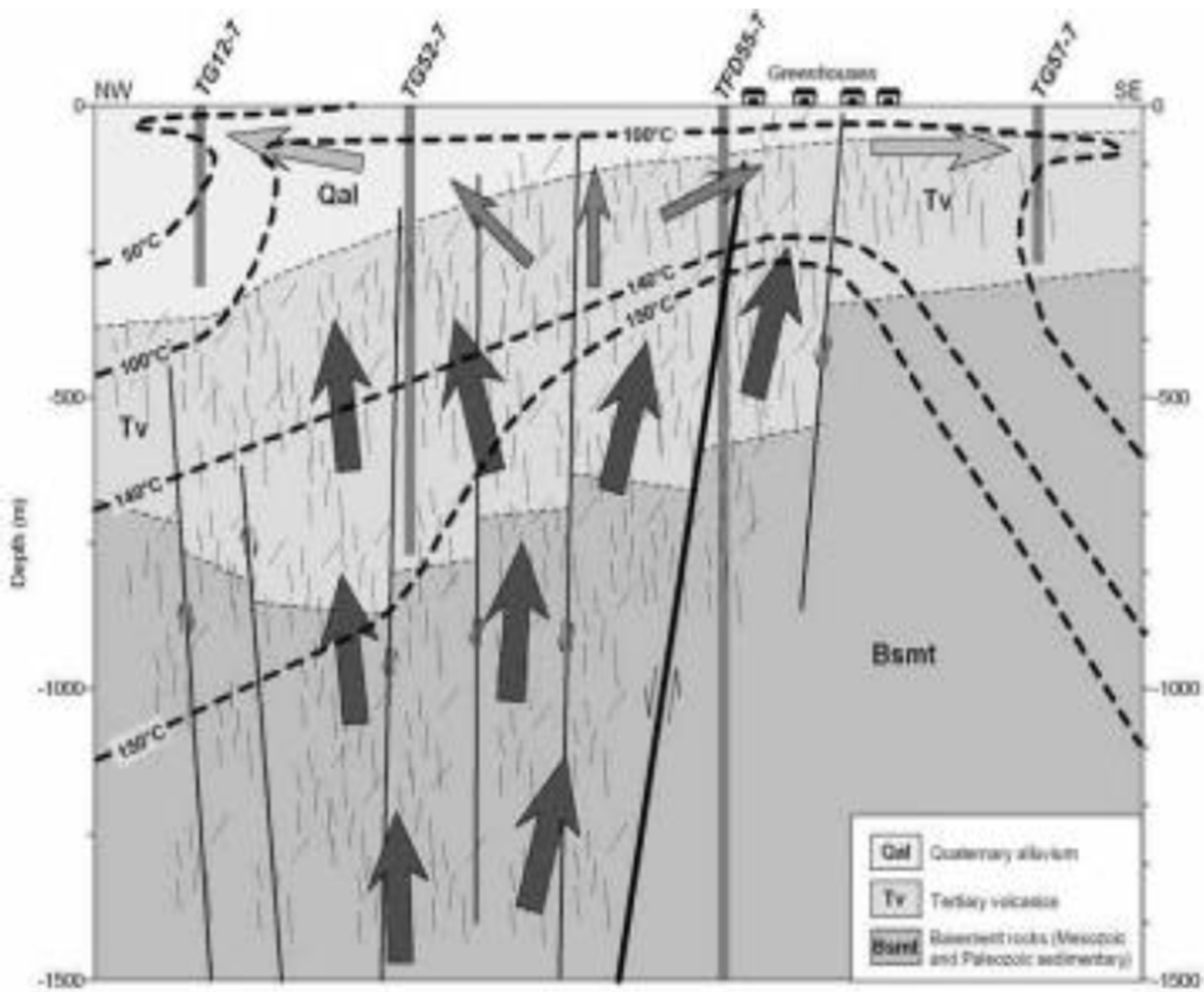

Figure 24.2: Diagram of the conceptual model for geothermal plumes at the Bruce Levy (Lightning Dock) KGRA based on detailed geophysical surveys and exploration drilling (Cunniff and Bowers, 2005).

Review of Geological Setting and Exploration Supportive Surveys

Mount Morgan Resources has compiled and assembled a Technical Report to describe Lancaster Lithium's Alkali Flat lithium brine property in western New Mexico. Lancaster Lithium has acquired the Property to explore for lithium -bearing brine and to assess the potential for lithium production from their Alkali Flat Lithium Project within the Animas Basin.

Lancaster Lithium has commenced exploration work at the Alkali Flat Property and has relied on this technical review of the geological characteristics of the Property and surrounding areas and historical brine geochemical data from water and sediment surveys to focus their program of geophysical and geochemical orientation surveys and subsequent drill program. The intent and purpose of the Technical Report is to provide a geological introduction to the Alkali Flat lithium brine property. The effective date of the report is May 19, 2023.

Regionally, the Animas Basin is marked by a pronounced magnetic and gravity low which encapsulates the Alkali Flat Property and the surrounding area. The Basin is bounded by mountain ranges characterized by lithologies that historically have been regarded as the source for erosional detritus shed into the Animas Basin. Some of these lithologies are felsic in composition and although lithium analysis of these lithologies has not been undertaken during historic mapping projects it is plausible the felsic lithologies are sources for an ongoing supply of lithium into the Basin. The leaching of these lithologies by meteoric and hydrothermal fluids represents a mechanism for lithium concentration in erosional detritus.

The proximity of a near surface hot water convection system or geothermal anomaly at the Bruce Levy (formerly Lightning Dock) power plant adjacent to the Animas Basin provides a heat engine for driving fluid flow. Historic drilling in 1948 on the eastern side of the Basin intersected boiling water and a lithology described as “hot rhyolite”. This observation provides a potential lithium source from a felsic lithology and a thermal gradient to drive fluid flow. The internal drainage in the Animas Basin leads to the playa lakes upon which the Alkali Flat Property has been established.

The compilation of historical work during the National Uranium Reconnaissance program has provided clear indications of elevated lithium contents in water and sediment samples from the immediate and general area of the Property. Of note is a highly anomalous response of 4696 parts per billion lithium in a water sample collected directly over the Alkali Flat Property. A stream sediment sample also collected from the immediate area of the Property gave an elevated analysis of 124 parts per million lithium. These data provide an indirect indication that is suggestive of lithium brine potential. Work completed by Arizona Lithium on their property that bounds the Alkali Flat Property on the north also provides indications of lithium-enriched soil over the playa.

The Animas Basin is bounded by mountain ranges and calderas characterized by lithologies that historically have been regarded as the source for erosional detritus shed into the Animas Basin. Many of these lithologies are felsic in composition and although lithium analysis of these lithologies has not been undertaken during historic government mapping projects it is plausible the felsic lithologies are sources for an ongoing supply of lithium into the Basin.

Conclusion

The assessment of available geological literature indicates numerous supportive observations of potential and plausible mechanisms to provide lithium-enriched detritus to a closed structurally prepared basin. Based on the foregoing discussion the presence of an appropriate structurally prepared collection site for lithium at the Alkali Flat Property indicates the potential for high total dissolved solids aquifers in the subsurface. As such the Alkali Flat Property is interpreted as a significant lithium brine exploration target.

Recommendations

Total cost for the recommended geophysical and geochemical surveys on the Property is approximately USD $130,683. The Author recommends the following exploration-supportive course of action for the Alkali Flat Lithium Project:

A. Geophysical work for estimated costs of USD $117,233 as set out in the following Table:

Task #	Task Description	Estimate
1	**Gravity Survey - Mobilization/Demobilization** (Inclusive of labor for packing/preparation and travel, and equipment rental, transportation/shipping and field consumables)	$4,730
2	**Gravity Survey - Data Collection & Analysis** (Inclusive of labor for data collection, daily QA, processing, and vehicle & equipment rental, daily per diem, and fuel)	$22,164
3	**Gravity Survey - Reporting** (Inclusive of labor for processing, modeling, visualization and interpretation, draft report, one round of comment information and submittal of final report)	$7,754
	TOTAL - Gravity Survey	**$34,648**
4	**AMT Survey - Mobilization/Demobilization**	$7,306

	(Inclusive of labor for packing/preparation and travel, and equipment rental, transportation/shipping, and field consumables)	
5	**AMT Survey - Data Collection & Analysis (based on 1,000 - foot station spacing)** (Inclusive of labor for data collection, daily QA, preliminary analysis, and vehicle & equipment rental, daily per diem, and fuel)	$65,373
6	**AMT Survey - Reporting** (Inclusive of labor for processing, modeling, visualization and interpretation, draft report, one round of comment information, and submittal of final report)	
7	**AMT Survey - Field Crew Change Over** (Inclusive of labor for packing and travel, and equipment rental and transportation)	TBD
	TOTAL - AMT/MT Surveys	**$82,549**

B. Geochemical Surveys of USD $13,450 as set out in the following table:

Mobile Metal Ions Soil Geochemical Orientation Survey						
Site	Samples	Analysis	Analysis	Collection Costs	Interpretative	TOTAL
		Per Sample	Cost	and Freight	Report	
25	100	$50	$5,000	$1,200	$1,500	$7,700

Rock Geochemical Surveys: Multielements Analysis by ICP-MS after Total Dissolution by Sodium Peroxide Fusion						
Sites	Samples	Analysis	Analysis	Collection Costs	Interpretive	TOTAL
		Per Sample	Cost	and Freight	Report	
25	25	$50	$1,250	$3,000	$1,500	$5,750

Sustainability

We are committed to developing a sustainable and environmentally friendly lithium extraction facility if we are successful in defining a lithium resource. We believe that the future of lithium production should rely on clean, renewable energy sources, and that's why we are looking into using solar power to run our facility.

As we all know, solar energy is a clean, renewable, and abundant source of energy that can be harnessed to generate electricity. New Mexico's beautiful weather is perfect for harnessing solar power. While solar energy can still be generated on cloudy days, the most efficient production occurs when it's sunny out. With an average annual sunlight of 5,642 kJ/m2, New Mexico is the second-sunniest state in the US, beaten only by Arizona. This makes it an ideal location for solar energy production, and we are excited about the possibility of taking advantage of this natural resource to power our lithium extraction facility.

By generating our own solar power, we would be able to reduce our carbon footprint and minimize our impact on the environment. Additionally, we are committed to achieving a net zero result in our operations, meaning that we'll be taking steps to offset any remaining emissions through carbon offset projects.

We're also investigating plans to build a facility that not only extracts lithium but also generates electricity using solar power. This would allow us to not only run our operations sustainably but also to provide clean energy to the local communities. We are constantly researching ways that would allow us to improve our facility's energy efficiency and reduce our environmental impact.

We're dedicated to working with local communities and other stakeholders to ensure that our facility is not only sustainable, but also beneficial to the people and the environment around us. We believe that by working together, we can create a sustainable future for lithium production that benefits everyone. We are committed to being a responsible corporate citizen and to make a positive impact on the communities where we operate.

We are looking into government policies and regulations that support sustainable development, such as the US Inflation Reduction Act, and New Mexico's Energy Transition Act. These policies provide incentives for companies to invest in clean energy and energy efficiency projects, which aligns with our commitment to achieving net zero emissions. The Inflation Reduction Act provides funding and tax breaks for companies that invest in renewable energy and energy efficiency projects, which can help offset the costs associated with transitioning to a more sustainable operation. Similarly, the Energy Transition Act of New Mexico aims to support the transition to clean energy by increasing the use of renewable energy and reducing greenhouse gas emissions.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information

The following selected financial information is subject to the detailed information contained in the financial statements of the Company and related notes thereto appearing elsewhere in this Listing Statement. This information should only be read in conjunction with the financial statements, and accompanying notes, included elsewhere in this Listing Statement. The selected financial information is derived from the audited financial statements of the Company for the fiscal years ended November 30, 2022, 2021 and 2020. This information should only be read in conjunction with the audited financial statements for the fiscal years ended November 30, 2022, 2021 and 2020, and accompanying notes, which are attached hereto as Schedule B.

	Year ended Nov 30, 2022 $	**Year ended Nov 30, 2021 $**	**Year ended Nov 30, 2020 $**
Total Revenue	-	-	-
Net Loss	(2,034,352)	(7,207,507)	(2,677,195)
Basic and Diluted Net Loss per Share	(1.80)	(7.33)	(2.40)
Total Assets	129,430	1,339,124	209,899
Total Long-Term Financial Liabilities	846,937	450,009	691,245
Cash Dividends Declared per Share	-	–	–

The following table summarizes financial information of Lancaster Lithium for the last three completed financial years ended March 31, 2022, 2021 and 2020. This summary financial information should only be read in conjunction with Lancaster Lithium' financial statements, including the notes thereto, included elsewhere in this Listing Statement.

	Year ended Mar 31, 2022 $	**Year ended Mar 31, 2021 $**	**Year ended Mar 31, 2020 $**
Total Revenue	-	-	-
Net Loss	(628,475)	(19,424)	(1,120)
Basic and Diluted Net Loss per Share	(0.05)	(194.24)	(11.20)
Total Assets	485,832	234	7
Total Long-Term Financial Liabilities	-	-	-
Cash Dividends Declared per Share	-	–	–

The following table summarizes financial information of Tevera Energy for the last three completed financial years ended March 31, 2022, 2021 and 2020. This summary financial information should only be read in conjunction with Lancaster Litihum's financial statements, including the notes thereto, included elsewhere in this Listing Statement.

	From November 17, 2021 (date of incorporation) to Mar 31, 2022 $
Total Revenue	-
Net Loss	(304,194)
Basic and Diluted Net Loss per Share	(0.05)
Total Assets	1,51,124
Total Long-Term Financial Liabilities	-
Cash Dividends Declared per Share	-

Pro-forma financial information of the combined entity (the Company) is attached to this Listing Statement as Schedule J.

5.2 Quarterly Information

A summary of quarterly results for each of the eight most recently completed quarters of the Company are as follows:

	Feb 28, 2023 $	Nov 30, 2022 $	Aug 31, 2022 $	May 31, 2022 $
Total Assets	85,198	129,430	293,291	389,955
Total long term financial liabilities	259,004	846,937	891,106	659,348
Revenue	-	-	-	-
Net Income (Loss)	218,707	(178,614)	(74,066)	(900,118)
Basic Income (Loss) per Share	0.19	(0.15)	(0.06)	(0.80)
Diluted Loss per Share	0.16	(0.15)	(0.06)	(0.80)

	Feb 28, 2022 $	Nov 30, 2021 $	Aug 31, 2021 $	May 31, 2021 $
Total Assets	665,464	1,339,124	1,379,433	2,357,676
Total long term financial liabilities	505,032	450,009	-	-
Revenue	-	-	-	-
Net Income (Loss)	(881,554)	(650,102)	(1,433,437)	(2,643,913)
Basic and Diluted Loss per Share	(0.79)	(0.62)	(1.38)	(2.41)

A summary of quarterly results for each of the eight most recently completed quarters of Lancaster Lithium are as follows:

	Dec 31, 2022 $	Sept 30, 2022 $	Jun 30, 2022 $	Mar 31, 2022 $
Total Assets	196,507	276,071	345,287	485,832
Revenue	-	-	-	-
Net Income (Loss)	(313,500)	(105,769)	(196,559)	(305,036)
Basic and Diluted Loss per Share	(0.02)	(0.01)	(0.01)	(0.02)

	Dec 31, 2021 $	Sept 30, 2021 $	Jun 30, 2021 $	Mar 31, 2021 $
Total Assets	471,708	-	81	234
Revenue	-	-	-	-
Net Income (Loss)	(302,310)	(2,077)	(19,053)	(19,066)
Basic and Diluted Loss per Share	(0.02)	(0.00)	(0.01)	(190.66)

A summary of quarterly results for each of the eight most recently completed quarters of Tevera Energy are as follows:

	Dec 31, 2022 $	Sept 30, 2022 $	Jun 30, 2022 $	Mar 31, 2022 $
Total Assets	1,039,119	1,353,864	1,603,470	1,511,124
Revenue	-	-	-	-
Net Income (Loss)	(371,035)	(240,279)	(255,089)	(290,170)
Basic and Diluted Loss per Share	(0.02)	(0.01)	(0.01)	(0.04)

	Dec 31, 2021 $	Sept 30, 2021 $	Jun 30, 2021 $	Mar 31, 2021 $
Total Assets	-	N/A	N/A	N/A
Revenue	-	N/A	N/A	N/A
Net Income (Loss)	(14,024)	N/A	N/A	N/A
Basic and Diluted Loss per Share	(140.24)	N/A	N/A	N/A

5.3 Dividends

Subject to the Securities Act, the directors may in their discretion from time to time declare and pay dividends wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or a combination of these.

Neither the Company nor Lancaster Lithium paid dividends during its three previously completed financial years. The Company intends to retain any earnings to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

5.4 Foreign GAAP

The Company is not presenting consolidated financial information on the basis of foreign GAAP.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

6.1 Annual MD&A

The following is included in Schedule D: MD&A for the Company for the years ended November 30, 2022 and 2021.

The following is included in Schedule F: MD&A for Lancaster I for the years ended March 31, 2022 and March 31, 2021.

The following is included in Schedule H: MD&A for Tevera Energy for the financial period from inception to March 31, 2022.

6.2 Interim MD&A

The following is included in Schedule F: MD&A for Lancaster I for the 9 month interim period ended December 31, 2022.

The following is included in Schedule H: MD&A for Tevera Energy for the 9 month interim period ended December 31, 2022.

7. MARKET FOR SECURITIES

The Common Shares are currently listed for trading on the Exchange under the stock symbol "NEON", but are halted pending receipt of final approval for the Transaction. The Company has reserved the trading symbol "LCR" to be effective upon the receipt of final Exchange approval for the Transaction and the removal of the trading halt.

8. CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Company as of June 9, 2023. This table should be read in conjunction with the Section 6 – *"Management's Discussion and Analysis"* of this Listing Application and the consolidated financial statements and related notes appearing elsewhere in this Listing Application.

Designation of Security	Number of Authorized	Number of Shares Issued and Outstanding
Common Shares	Unlimited number without par value	42,512,872[1]

(1) Does not include Common Shares reserved for issuance pursuant to outstanding stock options or other convertible securities of the Company.

Except as disclosed below, there have been no material changes in the Company's shares and loan capital since November 30, 2022, except the Transaction Private Placement, the Transaction Debt Conversion and the Transaction Debenture Conversion. See "*3.2 Significant Acquisitions and Dispositions - The Transactio*n" for more details.

Designation of Security	Authorized	Number of Securities Issued or Reserved	Percentage of Fully Diluted issued and Outstanding
Common Shares	Unlimited	42,512,872	63.5%
Stock Options	20%	4,703,209	7.0%
Warrants	Unlimited	19,795,704	29.4%
Convertible Debentures	Unlimited	79,436	0.1%
Total:		**67,091,221**	

9. OPTIONS TO PURCHASE SECURITIES

<u>Options</u>

Our Board has adopted a Stock Option Plan whereby a maximum of 20% of the issued and outstanding Common Shares, from time to time, may be reserved for issuance pursuant to the exercise of options. Under the terms of the Stock Option Plan, options may be granted only to: (i) our employees, officers, directors, and consultants; (ii) employees, officers, directors, and consultants of an affiliate of ours; and (iii) any other person deemed suitable by the Board to receive options to purchase Common Shares.

Subject to a minimum price of $0.10 per option, the exercise price of any option when exercised may not be less than the greater of the closing market price of the Common Shares on: (a) the last trading day immediately preceding the date of grant of the option; and (b) the date of grant of the option; provided however, that if the Common Shares are not listed on any securities exchange, the exercise price may not be less than the fair market value of the Common Shares as may be determined by the Board on the day immediately preceding the date of the grant of such option.

Once our Common Shares are listed on the Exchange, the terms of the options may not be amended once issued, and in the event an option is cancelled prior to its expiry date, the Company shall post notice of the cancellation in accordance with relevant Exchange policies and shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

The options are non-assignable and non-transferable. Options granted under the Stock Option Plan have a maximum term of five years and can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Stock Option Plan or within 90 days (or as otherwise determined by the Board) after ceasing to be an eligible optionee, or, if the optionee dies, within one year from the date of the optionee's death.

Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time.

As of the date of this Listing Statement, there are 4,703,209 outstanding options to purchase Common Shares under the Stock Option Plan.

			Market Value ($)		
Optionee Group	**Number of Options**	**Exercise Price ($)**	**at Date of Grant**	**at June 9, 2023**	**Details of Grant**
All current Executive Officers, including CEO and CFO (3)	260,000	0.15	Nil	$13,000	Contractual Issuances
All current and past directors who are not executive officers (2)	1,300,000	0.15	Nil	$65,000	Contractual Issuances
	1,390,000	0.20	Nil	Nil	Contractual Issuances
All current Executive Officers and Officer of subsidiaries (excluding individuals included above) (0)	N/A				
All other employees and past employees (0)	N/A				

			Market Value ($)		
Optionee Group	**Number of Options**	**Exercise Price ($)**	**at Date of Grant**	**at June 9, 2023**	**Details of Grant**
All other employees and past employees of subsidiaries (0)	N/A				
All consultants of the Issuer not named above	26,000	0.15	Nil	$1,300	Issued pursuant to Consulting Agreements
	1,380,000	0.20	Nil	Nil	Issued pursuant to Consulting Agreements
	47,209	3.00 - 12.00	-	Nil	Issued Pursuant to Consulting Agreements
	300,000	$0.20	Nil	Nil	Issued to a Consultant
Others (0)	N/A				

(1) These numbers reflect the Consolidations, which include a consolidation on April 18, 2022 on the basis of 4 pre-consolidation Common Shares for each 1 post-consolidation Common Share, as well as a consolidation on January 24, 2023 on the basis of 30 pre-consolidation Common Shares for each 1 post-consolidation Common Share.

Restricted Share Units

The Board has approved a RSU Plan, designed to: (i) strengthen the ability of the Company and its affiliates to attract and retain qualified directors, officers, employees and consultants of the Company ("**Eligible Participants**"); (ii) align the interests of Eligible Participants with the interests of the Shareholders; and (iii) focus management of the Company on operating and financial performance and total long-term Shareholder return by providing an increased incentive to contribute to the Company's growth and profitability.

The RSU Plan authorizes the Board to grant RSUs, in its sole and absolute discretion, to any Eligible Participant. Each RSU provides the recipient with the right to receive Common Shares as a discretionary payment in consideration of past services or as an incentive for future services, with such additional provisions and restrictions as the Board may determine. Each RSU grant shall be evidenced by a restricted share unit agreement ("**RSU Agreement**") which shall be subject to the terms and conditions set out in the RSU Agreement and in the RSU Plan.

Once our Common Shares are listed on the Exchange, the Board shall not grant RSUs at a price lower than the greater of the closing market prices of the Common Shares on (a) the trading day prior to the date of grant of the RSUs; and (b) the date of grant of the RSU.

As of the date of this Listing Statement, there are no outstanding restricted share units under the RSU Plan.

10. DESCRIPTION OF THE SECURITIES

10.1 Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value, which, as of the date of this Listing Statement, there are 42,512,872 fully paid and non-assessable Common Shares issued and outstanding.

The holders of Common Shares are entitled to dividends if, as and when declared by the Board. The holders of the Common Shares shall be entitled to vote at all meetings of shareholders of the Company and at all such meetings each such holder has one vote for each Common Share held. Each holder of Common Shares is, upon liquidation, entitled to share equally in such assets of the Company as are distributable to the holders of Common Shares.

In the event of a liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of assets or property of the Company amongst its shareholders for the purpose of winding up its affairs, shareholders will be entitled to receive all property and assets of the Company properly distributable to the shareholders.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

10.2 Debt Securities

Convertible Debentures

<u>November 29, 2021 Issuance</u>

On November 29, 2021, the Company issued 750 convertible debenture units at a price of $1,000 per unit for gross proceeds of $750,000. Each unit consisted of a repayable note with a face value of $1,000 and 66 warrants to purchase common shares of the Company. The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year.

The debentures had a redemption date of November 28, 2023, and were convertible in full or in part, at the holders' option, into common shares of the Company at a price of $14.4 per common share, at any time prior to their redemption.

During the year ended November 30, 2022, the Company accrued interest of $75,000 relating to the Debentures.

On June 9, 2023, $5,000 in principal plus all outstanding and unpaid interest were converted to Transaction Units, and the balance of debentures owing of $745,000, were amended as follows:

- The maturity date was extended to December 2, 2024; and
- Interest is to be accrued and is not payable until the maturity date.

<u>April 8, 2022 Issuance</u>

On April 8, 2022, the Company issued 200 convertible debenture units at a price of $1,000 per unit for gross proceeds of $200,000, and 194 convertible debentures units at a price of $1,000 per unit to settle accounts payable of $194,000. Each unit consisted of a repayable note with a face value of $1,000 and 79 warrants to purchase common shares of the Company. The debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year.

The debentures have a redemption date of April 8, 2024 and were convertible in full or in part, at the holders' option, into common shares of the Company at a price of $9.0 per common share, at any time prior to their redemption. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $9.6 per share for a period of 36 months from the date of issue.

On June 9, 2023, $44,600 of principal and interest outstanding was converted to Transaction Units, and the balance of debentures owing of $294,000 were amended as follows:

- The maturity date was extended to December 2, 2024; and
- Interest is to be accrued and is not payable until the maturity date.

10.3 Other Securities

This Section 10.3 is not applicable to the Company.

10.4 Modification Terms

This Section 10.4 is not applicable to the Company.

10.5 Other Attributes.

This Section 10.5 is not applicable to the Company.

10.6 Prior Sales of Common Shares

The following table summarizes the issuances of Common Shares or securities convertible into Common Shares for the 12-month period prior to the date of this Listing Statement:

Date issued	Type of securities	Number of Securities	Price per security	Nature of consideration
Apr 5, 2022	Share units[1]	1,142,864	$0.175	Cash
Apr 5, 2022	Broker Warrants	91,428	$0.175	Compensation
May 12, 2022	Common shares[2]	833	n/a	RSU conversion
Jun 7, 2022	Common shares[2]	118,333	n/a	RSU conversion
Jun 29, 2022	Common shares[2]	2,500	n/a	RSU conversion
Jul 26, 2022	Common shares[2]	833	n/a	RSU conversion

Sep 15, 2022	Common shares	11,111	$9.00	Debenture Conversion
Sep 29, 2022	Common shares[2]	1,666	n/a	RSU conversion
Jan 30, 2023	Share units[1 4]	935,000	$0.175	Cash
Feb 6, 2023	Share units [3]	1,525,000	$0.20	Cash
Feb 6, 2023	Broker Warrants	122,000	$0.20	Compensation
Mar 24, 2023	Share units[3]	450,000	$0.20	Cash
April 3, 2023	Share units	680,000	$0.20	Cash
June 9, 2023	Transaction Units[3]	750,000	$0.20	Cash
June 9, 2023	Transaction Units[3]	268,650	$0.20	Debt Conversion
June 9, 2023	Transaction Units[3]	893,942	$0.20	Debenture Conversion
June 9, 2023	Broker Warrants	60,000	$0.20	Transaction

(1) Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $0.50 per common share, expiring in 24 months after issuance.
(2) RSU conversions based on the RSU plan.
(3) Each unit consists of one common share and one share purchase warrant that has an exercise price of $0.40 per warrant share for a period of 36 months from issuance date.
(4) Reflects a cancellation of 239,284 Units on March 31, 2023 after discovery that 239,284 Units were issued in error.

Stock Exchange Price

The Common Shares are currently listed under the trading symbol “LCR” and were previously listed under the symbol “NEON” and were halted on December 14, 2022, pending the completion of the Transaction. The following table sets out the reported price range and average daily volume of trading of the Common Shares during the 12 months preceding the date of this Listing Statement:

Month	**Price Range (low - high)[1] ($)**	**Average Daily Volume[1]**
May 2022	2.10 - 3.15	1,962
June 2022	1.80 - 2.70	627
July 2022	1.65 - 3.15	977
August 2022	2.40 - 3.15	941
September 2022	1.95 - 3.15	912
October 2022	0.45 - 1.65	3,629
November 2022	0.15 - 0.60	1,426
December 2022 [2]	0.15 - 0.30	633
January 2023	No Trades	Nil
February 2023	No Trades	Nil
March 2023	No Trades	Nil
April 2023	No Trades	Nil
May 2023	No Trades	Nil

(1) Adjusted for the Consolidations.

(2) The Company has halted on December 14, 2022 for this Transaction.

11. ESCROWED SECURITIES

As of the date of this Listing Statement, there were 12,329,284 Common Shares subject to escrow provisions as set out in the following table:

Name	Designation of Class held in Escrow	Number of Securities held in Escrow	Percentage of Class
Penny White[1 2]	Common	5,816,000	13.6%
William White[2]	Common	4,200,000	9.9%
Disruptive Communications Inc.[2 3]	Common	2,200,000	5.1%
Better Plant Sciences Inc. [1 4]	Common	70,003	< 1%
Translational Life Sciences Inc.[1]	Common	20,000	< 1%
Metaversive Holdings Inc.[1 4]	Common	13,281	< 1%
William Panenka[1]	Common	10,000	< 1%

(1) 129,284 Common shares are subject to an escrow agreement dated November 4, 2020 between the Company, Penny White (16,000 Shares), William Panenka and others, whereby the escrowed securities are released according to the following schedule: 64,641 on June 29, 2023 and 64,643 on December 29, 2023.

(2) 12,200,000 Common shares are subject to an escrow agreement dated June 9, 2023 between the Company, Endeavor Trust Corporation, Penny White, William White and Disruptive Communications Inc. whereby the escrowed securities are released according to the following schedule: 10% to be released on the Listing Date; with a further 15% to be released on each six month anniversary of the Listing Date over a period of 36 months. Of the 12,200,000 Common Shares, Penny White holds 5,800,000 Common shares, William White holds 4,200,000 Common shares, and Disruptive Communications Inc. holds 2,200,000 Common shares. No Warrants, Options or other convertible securities are held by Penny White, William White or Disruptive Communications Inc.

(3) Disruptive Communications Inc. is owned and controlled by Penny White.

(4) Metaversive Holdings Inc. is a wholly-owned subsidiary of Better Plant Sciences Inc., a publicly traded company. Bruce Mullen is the largest shareholder and a director of Better Plant Sciences Inc.

As of the date of this Listing Statement, there were 2,700,000 Common Shares subject to the 3 Year Restrictions, which means that the Common Shares will be released according to the following schedule: 10% on the Listing Date, 15% at 6 months after the Listing Date, 15% at 12 months after the Listing Date, 15% at 18 months after the Listing Date, 15% at 24 months after the Listing Date, 15% at 30 months after the Listing Date, and the balance of shares at 36 months after the Listing Date. The following shares are subject to the 3 Year Restrictions:

Name	Designation of Class held in Escrow	Number of Securities held in Escrow	Percentage of Class
Full Bloom Consulting Corp.[1]	Common	225,000	< 1%
Perry Chua	Common	225,000	< 1%
William Panenka	Common	1,000,000	2.4%
Metaversive Holdings Inc.	Common	1,250,000	2.9%

(1) Full Bloom Consulting Corp. is beneficially owned and controlled by Ali Dumanski.

The following securities issued in the Transaction are subject to contractual trading restrictions:

Pursuant to the Merger Agreement, all the Consideration Shares that were issued as part of $0.15 units and $0.175 units are subject to the Post Merger Restrictions, but not the warrants that were issued as part of those rounds (at $0.30 and $0.50 exercise prices).

21,921,861 Common Shares are subject to the Post Merger Restrictions over a four month period after the Listing Date, which include the following issuances:

- 6,000,000 Common Shares issued on November 16, 2021 as part of units at $0.15 per unit;
- 1,000,000 Common Shares purchased as part of units at $0.15 per share on February 15, 2022;
- 8,427,998 Common Shares issued on March 11, 2022 pursuant to units at $0.175 per unit;
- 4,416,000 Common Shares issued on March 28, 2022 as part of units at $0.175 per unit;
- 1,142,864 Common Shares issued on April 5, 2022 as part of units at $0.0175 per unit; and
- 934,999 Common Shares issued on January 31, 2023 as part of units at $0.175 per unit.

In addition, 1,912,592 Common Shares and 1,912,592 Warrants to purchase shares at $0.40 per share for 3 years are subject to a four month and a day hold period from the date of issuance, which include the following:

- 750,000 Common Shares and 750,000 Warrants issued as part of the Transaction Private Placement at Closing;
- 893,942 Common Shares and 893,942 Warrants issued as part of the Transaction Debenture Conversion at Closing; and
- 268,650 Common Shares and 268,650 Warrants issued as part of the Transaction Debt Conversion at Closing.

12. PRINCIPAL SHAREHOLDERS

The following persons own or control, directly or indirectly, or exercise control or direction over, more than 10% of the Common Shares.

Name	Number of Common Shares Beneficially Owned or Controlled	Number of Convertible or Exchangeable Securities Beneficially Owned or Controlled	Total Ownership on an Undiluted Basis
Penny White [1 2]	8,063,392	0	19%
Total			

(1) Includes 2,200,000 Common Shares held indirectly through Disruptive Communications Inc. and 2,050 Common Shares held through Niagara Acquisitions Corp.

(2) William White, the spouse of Penny White, also owns 4,200,000 Common Shares and no derivative securities. His ownership amounts to 9.9% of the total issued and outstanding shares of the Company on an undiluted basis. Added together, Penny White and William White own 12,263,392 Common Shares and no derivative securities, which amounts to 28.8% of the total issued and outstanding shares of the Company on an undiluted basis.

13. DIRECTORS AND OFFICERS

The following table sets out the name, province and country of residence, position or offices held with us, date appointed, number and percentage of voting securities of us that each of our directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as at the date of this Listing Statement. This table also includes the principal occupation, business or employment of such persons over the last five years:

Name, Position Held in Company, Province, and Country of Residence	Position	Date of Appointment	Number of Common Shares Beneficially Owned or Controlled[1]	Number of Convertible or Exchangeable Securities Beneficially Owned or Controlled	Total Ownership on an Undiluted Basis[1]
Penny White[4] BC, Canada	CEO and President Director	June 9, 2023 September 18, 2019	8,063,392[2]	0	19%

Name, Position Held in Company, Province, and Country of Residence	Position	Date of Appointment	Number of Common Shares Beneficially Owned or Controlled[1]	Number of Convertible or Exchangeable Securities Beneficially Owned or Controlled	Total Ownership on an Undiluted Basis[1]
Rob Tessarolo[4] Ontario, Canada	Director	May 30, 2022	133,250	180,000 Options 104,000 Warrants	>1%
Daniel Kang[4] California, USA	Director	June 9, 2023	0	400,000 Options	>1%
Yucai (Rick) Huang BC, Canada	CFO	November 4, 2019	80,833[3]	260,000 Options[(3)] 75,000 Warrants	>1%
Heather Williamson BC, Canada	VP, Corporate Finance, Corporate Secretary, Director	January 15, 2020	18,250	390,000 Options 9,000 Warrants	>1%

(1) Based on 42,512,872 issued and outstanding Common Shares as at the date of this Listing Statement.

(2) Includes 2,200,000 Common Shares held indirectly through Disruptive Communications Inc. and 2,050 Common Shares held through Niagara Acquisitions Corp.

(3) Held indirectly through Huang Consulting Corp.

(4) Audit committee member.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To our knowledge and other than as disclosed herein, at the date of this Listing Statement, no director or executive officer of the Company is, or was within 10 years prior to the date of this Listing Statement, a director, chief executive officer or chief financial officer of any company that:

(i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of the relevant company; or

(ii) was subject to a cease trade order, an order or similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To our knowledge and other than as disclosed herein, no director or executive officer of ours or a shareholder holding a sufficient number of securities of us to affect materially the control of us:

(i) is, as at the date of this Listing Statement, or has been within the 10 years before the date hereof, a director or executive officer of any company, including us, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To our knowledge and other than as disclosed herein, no director or executive officer of ours or a shareholder holding a sufficient number of securities of us to affect materially the control of us, has been subject to:

(i) any penalties or sanctions imposed by a court relating to provincial and territorial se

curities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement with a provincial and territorial securities regulatory authority; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Our directors are required by law to act honestly and in good faith with a view to our best interests and to disclose any interests which they may have in any project or opportunity of ours. If a conflict of interest arises, any director in a conflict will disclose his interest and abstain from voting on such matters at a meeting of our Board.

To the best of our knowledge, and other than as disclosed in this Listing Statement, there are no known existing or potential conflicts of interest among us, our promoters, directors and officers or other members of management of ours or any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers may serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies.

Background of Management and Directors

Below is a brief description of each of our directors, executive officers and key management personnel including: names; positions and responsibilities; and relevant educational background.

Our directors and officers intend to dedicate the following percentages of their time to our affairs:

a. Penny White (CEO, President, and Director)	90%
b. Rob Tessarolo (Director)	10%
c. Rick Huang (CFO)	30%
d. Heather Williamson (VP, Corporate Finance, Corporate Secretary, Director)	40%
e. Daniel Kang (Director)	10%

Penny White, Age 51, President, CEO and Director

Penny White is a seasoned business leader with over 20 years in capital markets, spanning mining, pharmaceuticals and clean energy. She has served as the President and CEO of Lancaster Lithium for the past 18 months, raising over $3 million in capital, and responsible for the identification of the Property and successful negotiation of the Option Agreement, building the advisory board and overseeing all exploration activities to date, including the completion of the 43-101 Technical Report.

She has been featured in PROFIT Magazine's W100 list and twice in the PROFIT 500. Penny has a wealth of experience in public markets as a securities lawyer and has been involved in many going public transactions. She has advised mining companies on legal details of mining and exploration disclosure and agreements for over 15 years. For over 10 years, she was Chairman of the Board of Highbury Energy Inc., a company with a patent for a duel bed gasification system to converting biomass to high grade synthetic gas. She was an initial director and officer of Merus Labs Inc. which was acquired in July 2017 for approximately $342 million.

In addition to her Law Degree, Penny has completed the Oxford Leading Sustainable Corporations Programme and the Oxford Climate Emergency Programme from Saïd Business School, University of Oxford. She is deeply committed to fighting climate change and working towards a more sustainable future. She believes that by taking care of our planet, we can create a better world for ourselves and future generations. Penny White was President and CEO of Better Plant Sciences Inc., a consumer products company, from November 2016 to December 2022. She holds a law degree from the University of British Columbia and a Bachelor of Arts from Trent University.

Ms. White devotes approximately 90% of her professional time to perform the work required in connection with acting as a director and officer of the Company. Disruptive Communications has entered into a services agreement with respect to her position as director of the Company, which includes non-disclosure obligations. She has not agreed to any non-competition terms with the Company.

Rick Huang, Age 54, CFO

Rick Huang has been a director and officer of various public companies over the past 15 years. From 2012 to 2014, Mr. Huang served as a director and chair of the compensation and corporate governance committee for Great Northern Gold Exploration Corporation, a gold exploration company. He also acted as CFO of Hanwei Energy Services Corp. (TSX: HE), an oil and gas exploration and production company, for 11 years, from April 2007 to May 2018 where he managed all aspects of finance, banking, compliance, accounting, reporting, internal controls, administration and supporting the board of directors in financial oversight. He also has supervised all aspects of accounting for various subsidiary companies in Canada, China, and Kazakhstan and for consolidations under IFRS. He has worked on investor relations activities, roadshows, AGM preparations and licensing agreements. Mr. Huang has completed negotiations for international joint ventures, including drafting shareholders' agreements, establishing international legal entities, and asset transfers. Mr. Huang's experience also included various finance and marketing roles with large international companies like the Pepsi Bottling Group (Canada), Schering Plough Canada, and Coca-Cola China. Mr. Huang also serves as Chair of the Audit Committee for Datable Technology Corp. (TSXV: TTM) from May 2015 to present and was previously Chair of the Governance Committee and member of the Audit Committee of Poydras Gaming Finance Corp. (TSXV: PYD) from November 2012 to May 2014. Mr. Huang has been a designated CPA, CGA since June 2005. Mr. Huang completed his Bachelor of Arts at Shanghai International Studies in July 1991 and his MBA at the University of Western Ontario in April 2001.

Mr. Huang is an independent contractor and devotes 30% of his professional time to the Company. Huang Consulting Corp. has entered into a Management Agreement with respect to his position as CFO, which includes non-disclosure obligations. He has not agreed to any non-competition terms with the Company.

Heather Williamson, Age 43, VP, Corporate Finance

Heather Williamson currently serves as the Director, Vice President of Corporate Finance, and Corporate Secretary for the Company, where she leads the company's corporate and securities compliance strategy.

Ms. Williamson is a seasoned finance and legal professional with over 20 years of experience in the industry. She has worked as a paralegal and in corporate finance for several public companies, including Boston Pizza International Inc. and Angiotech Pharmaceuticals Inc. Ms. Williamson's expertise in finance and the legal industry is demonstrated by her successful completion of over $10 million in financing for a public company, including spearheading all aspects of an initial public offering and successful listing on the Exchange. She is well-versed in finance closings, IPOs, and compliance with securities and stock exchange regulations. In addition to her extensive experience, Heather is an MBA Candidate at Royal Roads University.

Ms. Williamson devotes approximately 40% of her professional time to perform the work required in connection with acting as an officer and director of the Company. Ms. Williamson has entered into a Management Agreement with respect to her role as VP, Corporate Finance, which includes non-disclosure obligations. She has not agreed to any non-competition terms with the Company.

Daniel Kang, Age 41, Director

Mr. Kang has 10 years of experience as a professional in banking and compliance. He worked at Tricor Group from July 2012 to December 2016 where he helped American and European companies navigate through the corporate compliance and tax requirements of the Japanese system. At Tricor, he worked with clients from a wide range of industries, with notable clients including Uber, Mercedes Benz, BBC News and Tommy Bahama. Mr. Kang is a co-founder of OceanGreen Management, a California LLC focused on applying for Type 10 retail licenses across the State of California, where he worked from December 2016 to January 2020. Mr. Kang has been a director and member of the audit committee of Komo Plant Based Foods Inc. since October 2020. Mr. Kang completed a Bachelor of Arts from Haverford College in May 2004 and has completed the General Course at the London School of Economics. Mr. Kang is a contractor of the Company.

Rob Tessarolo, Age 55, Director

Rob Tessarolo has 25 years of experience in the pharmaceutical industry and has held numerous director and officer positions of reporting issuers. His executive and key leadership roles span over two decades including commercial and business development experience. Mr. Tessarolo has extensive operational experience in mergers and acquisitions including with Cipher Pharmaceuticals Inc., which focuses on acquisitions, in-licensing, and selective investments in drug development which under his leadership was restored to positive EBITDA with the execution of seven business development transactions in less than 18 months. In addition, he was the first employee of Watson Pharmaceuticals in Canada. Under his leadership, revenue at Watson Pharmaceuticals grew from zero to $190M and he led the Canadian integration of major M&A transactions including Watson's integration of Warner Chilcott (~$5B global acquisition), Forest

Laboratories (~$28B global acquisition) and Allergan (~$66B global acquisition) in less than 18 months. Rob has secured tens of millions in financing and hundreds of millions in revenue for companies under his leadership. He has been an officer or director of NeonMind since January 2021. From 2019 to 2020, for 3 months he was the President and CEO of Mind Medicine Inc.. From 2017 to 2019 he was the President and CEO of Cipher Pharmaceuticals Inc.

The Company has engaged as consultants Rod Blakestad, J.D., C.P.G., Gary Lohman, B.Sc., P. Geo., and Daniel Card, P. Geo, RPGeo. Each of these individuals meet the definition of a qualified person as set out in NI 43-101. Their qualifications and roles with the Company are outlined below.

Rod Blakestad, J.D., C.P.G.
Consulting Geologist

Rodney Blakestad is a highly experienced consulting geologist with a successful career spanning over 40 years. Throughout his career, Rodney has been involved in the discovery of numerous commercial-grade deposits, including the bulk-tonnage potential of the largest operating gold mine in Alaska (Fort Knox, now at 9M ounces), the first leached-cap porphyry systems discovered in Alaska (Taurus-Bluff and others), Cerro Caliche bulk-tonnage gold discovery near Cucurpe, Sonora, Mexico, the Anderson Mountain and Red Mountain VMS deposits in the Alaska range, USA, and numerous volcanogenic massive sulfide deposits (VMS) in the Delta District, Alaska, USA. He has also discovered several gold placers in Alaska, USA.

Rodney's expertise in minerals exploration was developed through his university education at the University of Alaska, where he studied advanced geochemistry, with special topical studies on gold geochemistry, the origin and transport of large gold particles, and leached outcrop interpretation. Additionally, he has traveled throughout western Canada, the US, and Mexico studying alteration facies and leached cap rocks of porphyry systems and some gold deposits to distinguish between barren deposits and mineralized systems.

In addition to his geological expertise, Rodney has a Juris Doctor from the University of Denver Law School, where he studied natural resources and environmental law. This background has led him to focus on brine lithium deposits that can be processed with minimal surface degradation, water consumption, and use alternatives to fossil fuels for the entire recovery process. Rodney is a Certified Professional Geologist with the American Institute of Professional Geologists and a registered Professional Geologist in the State of Alaska. He has also been a Board of Director and/or Vice President of Exploration for several publicly traded companies.

Gary Lohman, B.Sc., P. GEO.
Advisory Board

Gary Lohman is one of the founding members and currently serves as the Chief Operating Officer for both Royal Stewart Resources Corp and Thistle Resources Corp. He also holds the position of Vice President at Nine Mile Metals. With four decades of management experience, he brings a wealth of knowledge in precious and base metal exploration, both inside and outside the mining industry.

A graduate of the esteemed Geology Programme at the University of Toronto in 1981, Mr. Lohman's proficiency spans across various geological, geochemical, and geophysical exploration techniques. He has applied these skills in numerous geological contexts, including Volcanogenic Massive Sulphides (VMS), Porphyry Copper / Molybdenum, and Iron Oxide Copper Gold (IOCG) style deposits.

His expansive experience extends to conducting evaluations and research on bonanza grade and bulk tonnage gold-silver properties located in Canada, Mexico, California, Ecuador, and Chile. He has also evaluated and researched a variety of industrial mineral projects, dealing with graphite, titanium, zeolites, and building stone.

Furthermore, he serves as President of Atacama Copper Exploration Limited in Chile, a private Canadian exploration company that focuses on large scale IOCG-Cobalt exploration.

In addition to his key roles, Mr. Lohman maintains several board positions. These include Atacama Copper Exploration Limited (Canada & Chile), Minotaur Atlantic Exploration Limited (NS, Canada), Royal Stewart Resources Corp. (NB, Canada), and Cogonov Inc. (NS, Canada).

Operating from Bathurst, New Brunswick year-round, Gary is engaged in exploration activities and collaborates with various provincial government departments, including the Department of Mines and Forestry.

Daniel Card, **P. GEO, RPGEO**
Technical Committee

Daniel Card, a professional Geophysicist, holds a BSc. Hons degree from the University of Manitoba and is currently registered in Canada and Australia. His career started with Xstrata (now Glencore) where he worked his way up to Project Geophysicist at Raglan Mine in northern Quebec, and then went on to serve at Xstrata's Western Australian operations Cosmos and Sinclair in the Leinstern-Wiluna nickel camp, where he played a key role in the discovery and definition of the 9 MT Odysseus Nickel Sulphide Deposit. Following his tenure at Xstrata, he went on to work as Senior Geophysicist for Southern Geoscience Consultants in Perth, WA, where he served as the staff electromagnetics specialist. He also served as the technical lead on many mineral exploration projects. He continued as a senior technical consultant to Abitibi Geophysics and an expert peer reviewer for the journal "Exploration Geophysics". He then founded EarthEx, a specialized in geophysical prospecting, data interpretation, 3D modelling and target definition for, and work with cutting edge technologies and data analysis methodology. EarthEx has become a household name in the acquisition and analysis of high-resolution geophysical data.

In addition, the following individuals serve as advisors to the Company:

Patrick Cruickshank, MBA, CFA
Advisory Board

Patrick Cruickshank brings over 20 years of experience from the Wealth Management Sector working for Merryll Lynch, Legg Mason, and Citigroup Capital Markets, where he focused on creating and protecting wealth, while specializing in funding growth companies.

Mr. Cruickshank was an NFLPA Advisor from 2000 to 2012, until transitioning into the Private Equity Sector. Since 2012, Mr. Cruickshank has concentrated on acquiring, funding and growing companies in the Energy and Resource Sector.

Mr. Cruickshank is the current Chief Executive Officer and Director of Nine Mile Metals Limited. (CSE:NINE). Mr Cruickshank also serves on a number of private resource companies and is a frequent speaker/interviewee on the resource sector investment space, in Australia, Chile, Canada & the USA.

Mr. Cruickshank is also a former Canadian Olympic/U23 soccer player, US NCAA Division 1 Collegiate player and coach. Patrick Cruickshank received his MBA from the Schulich School of Business at York University in 1989.

Mohammad Asefi, B.Sc, M.Sc
Technical Committee

Dr. Mohammad Asefi received his B.Sc. and M.Sc. degree in antennas and microwave engineering from the American University of Sharjah, United Arab Emirates, in 2009 and 2011 respectively, and his Ph.D. degree in electrical and computer engineering in 2016 from the University of Manitoba, Winnipeg, MB, Canada. From 2016 to 2017 he was a postdoctoral fellow at the electromagnetic imaging laboratory at the University of Manitoba. He was the director of research at 151 Research Inc. between 2017 and 2020 with the focus on biomedical imaging, stored grain monitoring using electromagnetic waves, and development of electromagnetic imaging systems, and near-field measurements. He was the product development manager (Advanced Research) at Agco Winnipeg between 2020 and 2023 with the focus on the research and development of electromagnetic imaging systems/techniques for monitoring grain bins. And he is currently the CTO of EarthEx Geophysical Solutions where he works on cutting edge technologies for drone based magnetic and electromagnetic data acquisition and analysis systems.Each of our directors and executive officers have agreed to confidentiality provisions in their respective management or consulting agreements.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

We are required to have an audit committee comprised of not less than three directors. The members of our audit committee are currently Daniel Kang (independent, financially literate), Rob

Tessarolo (independent, financially literate), and Penny White (financially literate). The audit committee is responsible for overseeing our financial reporting process on behalf of the Board, including overseeing the work of the independent auditors who report directly to the audit committee. The details and composition of our audit committee did not change in connection with the completion of the Transaction.

The specific responsibilities of the audit committee, among others, include:

- evaluating the performance and assessing the qualifications of the independent directors and recommending to the Board and the shareholders the appointment of our external auditor;
- determining and approving the engagement of and compensation for audit and non-audit services of our external auditor;
- reviewing our financial statements and management's discussion and analysis of financial condition and results of operations and recommending to the Board whether or not such financial statements and management's discussion and analysis of financial condition and results of operations should be approved by the Board;
- conferring with our external auditor and with management regarding the scope, adequacy and effectiveness of internal financial reporting controls;
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding our accounting controls, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting and auditing matters; and
- reviewing and discussing with management and the independent auditor, as appropriate, our guidelines and policies with respect to risk assessment and risk management, including major financial risk exposure and investment and hedging policies and the steps taken by management to monitor and control our exposure to such risks.

The following is the education and experience of each audit committee member:

Name	**Determination of Independence and Financial Literacy**
Daniel Kang	Daniel Kang has 10 years of experience as a professional in banking and compliance. He worked at Tricor Group from July 2012 to December 2016 where he helped American and European companies navigate through the corporate compliance and tax requirements of the Japanese system. At Tricor, he worked with clients from a wide range of industries, with notable clients including Uber, Mercedes Benz, BBC News and Tommy Bahama. Mr. Kang completed the General Course at the London School of Economics.

Name	Determination of Independence and Financial Literacy
	Mr. Kang has served on the audit committee for Komo Plant-Based Foods Inc., a Reporting Issuer, since October 2020.
Penny White	Penny White has acted as director or officer of many reporting issuers and has been an audit committee member or chief officer responsible to ensure the accuracy and fair disclosure of dozens of financial statements filed by reporting issuers. Ms. White, as a securities lawyer, provided securities legal advice to numerous companies during a 20-year period with regard to corporate governance strategies and effective securities compliance. She regularly reviewed financial statements to provide advice to clients. Ms. White has a law degree from the University of British Columbia.
Rob Tessarolo	Rob Tessarolo has 25 years of experience in the pharmaceutical industry and has held numerous director and officer positions of reporting issuers. His executive and key leadership roles span over two decades including commercial and business development experience. Mr. Tessarolo has extensive operational experience in mergers and acquisitions including with Cipher Pharmaceuticals Inc., which focuses on acquisitions, in-licensing, and selective investments in drug development which under his leadership was restored to positive EBITDA with the execution of seven business development transactions in less than 18 months. In addition, he was the first employee of Watson Pharmaceuticals in Canada. Under his leadership, revenue at Watson Pharmaceuticals grew from zero to \$190M and he led the Canadian integration of major M&A transactions including Watson's integration of Warner Chilcott (~\$5B global acquisition), Forest Laboratories (~\$28B global acquisition) and Allergan (~\$66B global acquisition) in less than 18 months. Rob has secured tens of millions in financing and hundreds of millions in revenue for companies under his leadership.

<u>Audit Committee Charter</u>

The Audit Committee Charter is attached as Schedule J.

Composition of Audit Committee and Independence

NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with a company, which could, in the view of that company’s board of directors, reasonably interfere with the exercise of the member’s independent judgment: Spiros Margaris, Daniel Kang and Angelo Rajasooriar are independent by reason that they have no direct or indirect material relationship with us, they are not nor ever have been employees or executive officers of us, nor have any of their immediate family, and they have not received any direct compensation from us as of the date of this Listing Statement.

A “venture issuer” as defined in NI 52-110 means an issuer that, at the end of its most recently completed financial year, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a US marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc. Section 6.1 of NI 52-110 provides an exemption from the audit committee composition requirements of Part 3 (*Composition of Audit Committee*) for venture issuers. A majority of the members of our audit committee are not executive officers, employees or control persons of the Company or its affiliates.

We meet the definition of “venture issuer” definition and will be relying on this exemption. The board of directors has determined that the reliance on the exemption will not materially adversely affect the ability of the audit committee to act independently and to satisfy the other requirements of NI 52-110.

Relevant Education and Experience

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by our financial statements. All of the members of our audit committee are financially literate.

Audit Committee Oversight

At no time since the commencement of our most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by our Board.

The Audit Committee Charter of the Company sets forth the specific policies and procedures that the Audit Committee has adopted for the engagement of audit and non-audit services.

Reliance on Certain Exemptions

Since the commencement of our most recently completed financial year, we have not relied on:

a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110
b) the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*);
c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*);
d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*); or
e) an exemption from NI 52-110, in whole or in part, granted under Part 8.

Pre-Approval Policies and Procedures

The audit committee has not adopted any specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The following table sets out the audit fees billed to us over the specified time periods:

	Year ended November 30, 2022 $	**Year Ended November 30, 2021 $**	**Year Ended November 30, 2020 $**
Audit Fees	30,750	32,000	33,000
Audit-Related Fees	Nil	Nil	Nil
Tax Fees	3,500	2,500	2,000
All Other Fees	Nil	Nil	Nil
Total	**34,250**	**34,500**	**35,000**

14. CAPITALIZATION

The following tables provide information about the capitalization of the Company as of the date of this Listing Statement:

Issued Capital[(1)]	**Number of Securities (non-diluted)**	**Number of Securities (fully-diluted)**	**% of issued (non-diluted)**	**% of issued (fully diluted)**

Public Float				
Total Outstanding **(A)**	42,512,872	67,091,221	100%	100%
Held by Related Persons or employees of the Company, or by persons or companies who beneficially own or control, directly or indirectly, more than 5% voting position in the Company (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Company upon exercise or conversion of other securities held **(B)**	12,495,725	13,913,725	29.39%	20.74%
Total Public Float (A - B)	**30,017,147**	**53,177,496**	70.61%	79.26%
				Freely Tradable Float
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in shareholder agreement and securities held by control block holders **(C)**	32,989,365	35,052,664	77.59%	52.25%
Total Tradable Float (A - C)	9,523,507	32,038,557	22.41%	47.75%

(1) Figures are reported to the best of the knowledge of management of the Company.

Public Securityholders (Registered)

The following table sets forth information regarding the number of registered "public securityholders" of the Company, being persons other than persons enumerated in section (B) of the *Issued Capital* table above:

Size of Holding	Number of Holders	Total Number of Securities
1 - 99 securities	2	55
100 - 499 securities	3	745
500 - 999 securities	2	1,666
1,000 - 1,999 securities	8	11,806
2,000 - 2,999 securities	0	0
3,000 - 3,999 securities	3	9,854
4,000 - 4,999 securities	0	0
5,000 or more securities	82	29,126,321
TOTAL:		**29,150,447**

Public Securityholders (Beneficial)

The following table sets forth information regarding the number of beneficial "public securityholders" of the Company(1), being persons other than persons enumerated in section (B) of the *Issued Capital* table above who either: (i) hold securities in their own name as registered shareholders; or (ii) hold securities through an intermediary where the Company has been given written confirmation of shareholdings:

Size of Holding	Number of Holders	Total Number of Securities
1 - 99 securities	2,396	59,311
100 - 499 securities	402	90,842
500 - 999 securities	69	45,266
1,000 - 1,999 securities	40	55,240
2,000 - 2,999 securities	14	33,593
3,000 - 3,999 securities	3	9,998

4,000 - 4,999 securities	4	17,332
5,000 or more securities	27	555,118
TOTAL:	**3,056**	**866,700**

Non-Public Securityholders (Registered)

For the purposes of this chart, “non-public securityholders” are persons enumerated under (B) in the Issued Capital table above.

Size of Holding	Number of Holders	Total Number of Securities
1 - 99 securities	-	-
100 - 499 securities	0	0
500 - 999 securities	0	0
1,000 - 1,999 securities	0	0
2,000 - 2,999 securities	0	0
3,000 - 3,999 securities	0	0
4,000 - 4,999 securities	0	0
5,000 or more securities	7	12,495,725
TOTAL:	7	12,495,725

14.2 Convertible Securities

The following table summarizes the outstanding securities convertible into common shares in the Company’s authorized capital as of June 9, 2023.

Description of Security (include conversion/exercise terms, including conversion/exercise price)	Number of convertible/exchangeable securities outstanding	Number of listed securities issuable upon conversion/exercise
Options [1]	4,703,209	4,703,209

Warrants [2]	19,795,704	19,795,704
Convertible Debentures [3]	$994,400 debt	79,436

(1) Consists of 1,860,000 options convertible into Common Shares at an exercise price of $0.15 per share, 2,470,000 options convertible into Common Shares at an exercise price of $0.20 per share, 39,376 options convertible into Common Shares at an exercise price of $3.00 per share, 7,833 options convertible into Common Shares at an exercise price of $12.00 per share.

(2) Convertible into Common Shares at prices between $0.15 and $16.80 to March 31, 2026 and June 9, 2023. These numbers have been adjusted to reflect the Consolidations and the Forward Split.

(3) Consists of $994,400 of long-term debt plus 10% interest until the maturity date of December 2, 2024, of which $745,000 convertible at $14.4 per share and $249,400 convertible at $9.00 per share, at any time prior to the maturity date at the option of the holder.

15. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

In accordance with the requirements for new reporting issuers, this disclosure is intended to communicate the anticipated compensation to be provided to our directors and each executive officer who meets the definition of a "named executive officer" as set out in Form 51-102F6V – *Statement of Executive Compensation* (collectively, the "**NEOs**"). As of the date of this Listing Statement, our NEO's are Penny White, Rick Huang, and Heather Williamson. We rely on our Board to determine the executive compensation that is to be paid to our executives.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

Below is the compensation expected to be paid annually to each of the executive officers annually by the Issuer, excluding compensation securities.

Table of compensation excluding compensation securities (1)							
Name and Position	**Anticipated Annual Compensation**	**Salary, Consulting fee, Retainer or Commission ($)**	**Bonus ($)**	**Committee or Meeting fees ($)**	**Value of Perquisites ($)**	**Value of All Other Compensation ($)**	**Total Compensation ($)**

Penny White CEO and President	$144,000	$144,000	Nil	Nil	Nil	Nil	$144,000
Yucai (Rick) Huang CFO	$60,000	$60,000	Nil	Nil	Nil	Nil	$60,000
Heather Williamson Vice President Corporate Finance, Corporate Secretary	$80,000	$80,000	Nil	Nil	Nil	Nil	$80,000

"Perquisites" include perquisites provided to a NEO or director that are not generally available to all employees and that, in aggregate, are: (a) $15,000, if the NEO or director's total salary for the financial year is $150,000 or less, (b) 10% of the NEO or director's salary for the financial year if the NEO or director's total salary for the financial year is greater than $150,000 but less than $500,000, or (c) $50,000 if the NEO or director's total salary for the financial year is $500,000 or greater.

Exercise of Compensation Securities by Directors and NEOs

During the financial year ended November 30, 2022, no NEO or directors of the Company exercised compensation securities.

Equity Incentive Plans and Other Incentive Plans

Key terms of the Equity Incentive Plan

Employment, Consulting and Management Agreements

The Company has agreements with each of its directors and officers.

Management functions of the Company are not, to any substantial degree, performed other than by directors or NEOs of the Company.

Oversight and Description of Director and NEO Compensation

Compensation of Directors

Compensation of directors of the Company is reviewed annually and determined by the Board. The level of compensation for directors is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources. In the Board's view, there is, and has been, no need for the Company to design or implement a formal compensation program for directors.

While the Board considers Option grants to directors under the Equity Incentive Plan from time to time, the Board does not employ a prescribed methodology when determining the grant or allocation of Options. Other than the Equity Incentive Plan, as discussed above, the Company does not offer any long-term incentive plans, share compensation plans or any other such benefit programs for directors.

Compensation of NEOs

Compensation of NEOs is reviewed annually and determined by the Board. The level of compensation for NEOs is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources. In the Board's view, there is, and has been, no need for the Company to design or implement a formal compensation program for NEOs.

Elements of NEO Compensation

Salary

The Company's CEO and CFO are compensated pursuant to the terms of their agreements Management Agreements. The Board reviews salaries annually to ensure that they reflect each respective NEO's performance and experience in fulfilling his/her role. Due to the relatively small size of the Company, limited cash resources, and the early stage and scope of the Company's operations, NEOs receive limited salaries relative to industry standards. The Board does not currently have any plan in place to materially increase NEOs' salaries.

Equity Incentive Plan

The Company provides an Equity Incentive Plan to motivate NEOs by providing them with the opportunity, through Options, to acquire an interest in the Company and benefit from the Company's growth. The Board does not employ a prescribed methodology when determining the grant or allocation of Options to NEOs. Other than the Equity Incentive Plan, the Company does not offer any long-term incentive plans, share compensation plans, retirement plans, pension plans, or any other such benefit programs for NEOs.

Retirement, Pension or Similar Benefit Plans

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at the date of this Listing Statement.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

16.1 Aggregate Indebtedness

As at the date of this Listing Statement, no directors, executive officers or employees, and no former directors, executive officers or employees, are indebted to the Company as at the date of this Listing Statement or were indebted to the Company since the beginning of the most recently completed financial year of the Company.

17. RISK FACTORS

An investment in the Common Shares is considered to be speculative due to the nature of the Company's business and the present stage of its development. The following risk factors, as well as risks not currently known to the Company could materially adversely affect the Company's future business, operations and financial condition and could cause them to differ materially from estimates described in forward-looking statements relating to the Company. A prospective investor should carefully consider the risk factors set out below.

A purchase of any of the securities of the Company involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Company's securities prior to purchasing any of the securities.

The Company is in the business of mineral exploration, which is a highly speculative endeavor.

The following is a summary of risks and uncertainties that management believes to be material to the Company's business and therefore the value of the Common Shares. It is possible that other risks and uncertainties that affect the business of the Company will arise or become material from time to time.

Risks Related to the Business of the Company

Insufficient Capital

The Company does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Company will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Company will be successful in obtaining such additional financing; failure to do so could result in the loss or substantial dilution of the Company's interests in its Alkali Flat Lithium Project, as applicable. The Company's unallocated working capital may not suffice to fund its business goals and objects as stated elsewhere in the Listing Statement. See "*Narrative Description of Business – General – Business Objectives and Milestones*" for more information.

Limited Operating History

The Company is an early stage company and its mineral property is an exploration stage property. As such, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. Accordingly, the current state of the Alkali Flat Lithium Project, requires significant additional expenditures before any cash flow may be generated. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business.

Lack of Operating Cash Flow

The Company currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations. If the Company sustains losses over an extended period of time, it may be unable to continue its business. Further exploration and development of the Alkali Flat Lithium Project and other projects that may be acquired, will require the commitment of substantial financial resources. It may be several years before the Company may generate any revenues from operations, if at all. There can be no assurance that the Company will realize revenue or achieve profitability.

Resale of Common Shares

Our continued operation will be dependent upon our ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If we are unable to generate such revenues or obtain such additional financing, any investment in our stock may be lost. In such event, the probability of resale of the Common Shares purchased would be diminished.

Exploration of Mineral Property Interests

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The discovery of mineral deposits is dependent upon a number of factors. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which relate to particular attributes of the deposit, such as size, grade and proximity to infrastructure, and some of which are more general such as metal prices and government regulations, including environmental protection. Most of these factors are beyond our control. In addition, because of these risks, there is no certainty that the expenditures to be made by us on the exploration of its various mineral properties as described herein will result in the discovery of commercial quantities of ore. We have no history of operating earnings and the likelihood of success must be considered in light of problems, expenses, etc. which may be encountered in establishing a business. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The discovery of bodies of commercial mineralization is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. Most of the above factors are beyond our control.

Exploration, Development and Production Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in our resource base.

Our operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. In addition, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and our financial performance. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access of properties in which the Company has an interest will have an adverse effect on profitability as a result of higher infrastructure costs. There are also physical risks to the exploration personnel working in the terrain in which the Company's properties will be located, often in poor climate conditions.

The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its properties and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

Mineral Resources and Reserves

Because the Company has not defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

Unless otherwise indicated, mineralization figures presented in this Listing Statement are based upon estimates made by the Company, personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis which may prove to be unreliable. There can be no assurance that these estimates will be accurate; resource or other mineralization figures will be accurate; or such mineralization could be mined or processed profitably.

Obtaining and Renewing Licenses and Permits

The Company's operations, development projects and exploration activities are subject to receiving and maintaining licenses, permits and approvals, including regulatory relief or amendments, from appropriate governmental authorities. Before any development on any of its properties, the Company must receive numerous permits, and continued operations at the Company's properties, including the Marsh Rhodes Project, is also dependent on maintaining, complying with and renewing required permits or obtaining additional permits.

The Company may be unable to obtain on a timely basis or maintain in the future all necessary permits required to explore and develop its properties, commence construction or operation of facilities and properties or maintain continued operations. Delays may occur in connection with obtaining necessary renewals of permits for The Company's existing operations and activities, additional permits for existing or future operations or activities, or additional permits associated with new legislation. It is possible that previously issued permits may become suspended or revoked for a variety of reasons, including through government or court action.

No Assurances

There is no assurance that economic mineral deposits will ever be discovered, or if discovered, subsequently put into production. Most exploration activities do not result in the discovery of commercially mineable deposits. Mining exploration is highly speculative in nature, involves many risks and frequently is not productive. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any anticipated level of recovery of mineral reserves will be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. There can be no assurance that the Company's exploration efforts at the Alkali Flat Lithium Project will be successful.

Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Surveys have not been carried out on any of the Company's mineral properties, therefore, in accordance with the laws of the jurisdiction in which such properties are situated; their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Additional Funding Requirement

The exploration and development of the Alkali Flat Lithium Project will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favorable to the Company and might involve substantial dilution to existing shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to the interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets, the Company's operating history, the location of its mineral properties, the price of commodities and/or the loss of key management personnel.

Dilution

Shares, including rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board may determine. In addition, the Company may issue additional Common Shares from time to time pursuant to Common Share purchase warrants and the options to purchase Common Shares issued from time to time by the Board. The issuance of these Common Shares could result in dilution to holders of Common Shares.

Environmental Risks

All phases of mineral exploration and development businesses present environmental risks and hazards and are subject to environmental regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances used and or produced in association with natural resource exploration and production operations. The legislation also requires that facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures, and a breach may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Regulatory Requirements

Even if the Alkali Flat Lithium Project is proven to host economic reserves of precious or non-precious metals, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits. Exploration and mining activities may be affected in varying degrees by government policies and regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of such mineral properties, environmental legislation and mine safety.

Volatility of Mineral Prices

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices. In addition, currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in US dollars.

Infrastructure

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration on the Alkali Flat Lithium Project. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development will be commenced or completed on a timely basis on the Alkali Flat Lithium Project, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect our operations.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company may acquire mineral claims, material interests in other mineral claims, and companies that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired Company or mineral claims into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition.

Executive Employee Recruitment and Retention

The success of the Company will be dependent upon the performance of its management and key employees. The loss of any key executive or manager of the Company may have an adverse effect on the future of the Company's business. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, it will require additional key financial and administrative personnel as well as additional operations staff. There is no assurance that it will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Adverse General Economic Conditions

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mineral exploration sector, were impacted by these market conditions. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets, a lack of market liquidity, natural disasters, public health crisis (such as the ongoing dispute between the sovereign state of the Ukraine and Russia) and other events outside of the Company's control. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity, the volatility of mineral prices would impact the Company's prospects, volatile energy, commodity and consumables prices and currency exchange rates would impact costs and the devaluation and volatility of global stock markets would impact the valuation of its equity and other securities. These factors could have a material adverse effect on the Company's financial condition and results of operations.

In recent years, the securities markets in Canada, as well as in other countries around the world, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in developing assets, adding additional resources, establishing feasibility of deposits or creating revenues, cash flows or earnings. The value of securities will be affected by market volatility. An active public market for the Common Shares might not develop or be sustained. If an active public market for the Common Shares does not develop or continue, the liquidity of a shareholder's investment may be limited and the price of the Common Shares may decline.

Force Majeure

The Alkali Flat Lithium Project now or in the future may be adversely affected by risks outside the control of the Company, including the price of lithium in world markets, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions, including those related to the evolving COVID-19 pandemic.

Competition

All aspects of the Company's business will be subject to competition from other parties. Many of the Company's competitors for the acquisition, exploration, production and development of mineral properties, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them than the Company. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Dividends

To date, the Company has not paid any dividends on their outstanding shares. Any decision to pay dividends on the shares of the Company will be made by the Board on the basis of the Company's earnings, financial requirements and other conditions.

Reporting Issuer Status

As a reporting issuer, the Company will be subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations.

The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Management of the Company expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

Tax Issues

Income tax consequences in relation to the Common Shares will vary according to the circumstances by each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisors prior to subscribing for Common Shares.

Dividend Risk

Neither Lancaster Lithium nor the Company have paid dividends in the past, and the Company does not anticipate paying dividends in the near future. The Company expects to retain earnings to finance further growth and, where appropriate, retire debt.

Global Economic Risk

Adverse and uncertain economic conditions, including as a result of a global pandemic, may impact consumer demand for the Company's products. Consumers may shift purchases to lower-priced or other perceived value offerings during economic downturns. In particular, consumers may reduce the amount of plant-based food products that they purchase where there are conventional animal-based protein offerings, which generally have lower retail prices. In addition, consumers may choose to purchase private label products rather than branded products because they are generally less expensive. The Company's success depends upon, among other things, the Company's ability to maintain and increase sales volume with the Issuer's existing customers, the Company's ability to attract new consumers and the Company's ability to provide products that appeal to consumers at the right price.

18. PROMOTERS

Penny White is considered to be a "promoter" (as that term is defined in the Securities Act) of the Company, having taken initiative in founding the Company's business. She has not received value from us otherwise as set forth in this Listing Statement and in the Financial Statements and elsewhere in this Listing Statement. For more information, see "*Executive Compensation*", "*Principal Shareholders*", "*Directors and Executive Officers*", "*Interests of Management and Others in Material Transactions*" and "*Material Contracts*" for additional disclosure.

Ms. White is not, as at the date of this Listing Statement, nor has been, within ten years before the date hereof:

(i) a director, CEO or CFO of any Person that was subject to an order that was issued:

(a) while she was acting in the capacity as director, CEO or CFO, or

(b) after she ceased to be a director, CEO or CFO and which resulted from an event that occurred while she was acting in the capacity as director, CEO or CFO;

(ii) a director or executive officer of any Person that, while she was acting in that capacity, or within a year of him ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(iii) bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold her assets;

(iv) subject to any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement with a provincial and territorial securities regulatory authority; or

(v) subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

19. LEGAL PROCEEDINGS

There are no legal proceedings outstanding, threatened or pending as of the date of this Listing Statement by or against us or to which we are or were a party or our business or any of our assets is the subject of, nor to the knowledge of our directors and officers are any such legal proceedings contemplated which could become material to a purchaser of our securities.

There have not been any penalties or sanctions imposed against us by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against us, and we have not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below or elsewhere in this Listing Statement, none of our directors, executive officers or principal shareholders, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the preceding three years or in any proposed transaction that has materially affected or will materially affect us.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditor for Lancaster Lithium is Saturna Group Chartered Professional Accountants LLP. Such auditor is independent in accordance with the auditor's code of professional conduct of the Chartered Professional Accountants of British Columbia.

The auditor for the Company is Saturna Group Chartered Professional Accountants LLP. Such auditor is independent in accordance with the auditor's code of professional conduct of the Chartered Professional Accountants of British Columbia.

In connection with the Closing, the Company appointed Saturna Group Chartered Professional Accountants LLP as its auditor.

21.2 Transfer Agent and Registrar

Endeavor Trust Corporation, at its office located at Suite 702 - 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, is the transfer agent and registrar for the Common Shares.

22. MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company since April 1, 2021 to the date hereof which are currently in effect and considered to be currently material:

1. Option Agreement dated November 17, 2022, as amended, between Lancaster I and Majuba Mining Inc. See *"Narrative Description of Business - Alkali Flat Lithium Project"* for a description of the Option Agreement.

2. Merger Agreement dated March 21, 2023 between Lancaster II, the Company and Subco. See "3.2 Significant Acquisitions and Dispositions - the Transaction" for a description of the Merger Agreement.

3. Amalgamation Agreement dated May 15, 2023 between Lancaster II and Subco. See "3.2 Significant Acquisitions and Dispositions - the Transaction" for a description of the Amalgamation Agreement.

4. Private Merger Agreement between Lancaster I and Tevera dated February 15, 2023. See "3.2 Significant Acquisitions and Dispositions - Merger Between Tevera Energy and Lancaster" for a description of the Private Merger Agreement.

5. Private Amalgamation Agreement between Lancaster I and Tevera dated March 1, 2023. See "3.2 Significant Acquisitions and Dispositions - Merger Between Tevera Energy and Lancaster" for a description of the Private Amalgamation Agreement.

6. Escrow Agreement dated June 9, 2023 among the Company, Endeavor Trust Corporation and certain insiders of the Company. See "Escrowed Securities" for a description of the Escrow Agreement.

23. INTEREST OF EXPERTS

No person whose profession or business gives authority to a statement made by such person and who is named in this Listing Statement has received or will receive a direct or indirect interest in our property or any of our associates or affiliates. As at the date hereof, none of the aforementioned persons beneficially owns, directly or indirectly, securities of ours or our associates and affiliates. In addition, other than as disclosed above, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or is expected to be elected, appointed or employed as, a director, senior officer or employee of us or of any of our associates or affiliates, or as a promoter of ours or an associate or affiliate of ours.

Saturna Group Chartered Professional Accountants LLP is independent in accordance with the auditor's Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

24. OTHER MATERIAL FACTS

There are no further facts or particulars that are not already disclosed herein that are necessary to be disclosed for this Listing Statement to contain full, true and plain disclosure of all material facts relating to such facts.

25. FINANCIAL STATEMENTS

Financial Statements are included in this Listing Statement as follows:

The audited financial statements of the Company, with the accompanying notes, for the fiscal years ended November 20, 2022 and November 20, 2021 and the unaudited interim financial statements for the three-month period ended February 28, 2023 are attached hereto as Schedule C.

The audited financial statements of Lancaster Lithium I with the accompanying notes, for the fiscal years ended March 31, 2022 and March 31, 2021 and the unaudited interim financial statements for the nine-month period ended December 31, 2022 are attached hereto as Schedule E.

The audited financial statements of Tevera Energy with the accompanying notes, for the fiscal years ended March 31, 2022 and March 31, 2021 and the unaudited interim financial statements for the nine-month period ended December 31, 2022 are attached hereto as Schedule G.

The pro forma financial statements for the year ended March 31, 2022 and for the nine-month period ended December 31, 2022 are attached as Schedule I to this Listing Statement.

SCHEDULE A

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Lancaster Resources Inc., hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Lancaster Resources Inc. (currently named NeonMind Biosciences Inc.) It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, BC this 9th day of June, 2023.

/s/ "Penny White"	/s/ "Yucai (Rick) Huang"
Penny White President, Chief Executive Officer, and a Director and a Promoter	Yucai (Rick) Huang Chief Financial Officer
/s/ "Rob Tessarolo"	/s/ "Daniel Kang"
Rob Tessarolo Director	Daniel Kang Director

SCHEDULE B

CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to Lancaster Lithium Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, BC this 9th day of June, 2023.

/s/ "Penny White"	/s/ "Yucai (Rick) Huang"
Penny White President and Chief Executive Officer and Promoter	Yucai (Rick) Huang Chief Financial Officer
/s/ "Heather Williamson"	/s/ "Daniel Kang"
Heather Williamson Director	Daniel Kang Director

SCHEDULE C

FINANCIAL STATEMENTS OF THE COMPANY

[See Attached]

neon mind

BIOSCIENCES INC.

Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended November 30, 2022 and 2021

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NeonMind Biosciences Inc.

Opinion

We have audited the financial statements of NeonMind Biosciences Inc. (the "Company"), which comprise the statements of financial position as at November 30, 2022 and 2021, and the statements of operations and comprehensive loss, changes in shareholders' equity (deficit), and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company used cash of $1,080,848 for operating activities and incurred a net loss of $2,034,352 during the year ended November 30, 2022. As at November 30, 2022, the Company has a working capital deficit of $555,058 and an accumulated deficit of $15,123,243. These events or conditions, along with other matters as set forth in Note 1 of the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the 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 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, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

March 29, 2023

NEONMIND BIOSCIENCES INC.
Statements of Financial Position
(Expressed in Canadian Dollars)

	November 30, 2022	November 30, 2021
ASSETS		
Current assets		
Cash	$ 35,817	$ 773,525
Marketable securities (Note 3)	34,090	193,750
Amounts receivable	58,193	104,915
Prepaid expenses and deposits (Note 7)	1,330	206,741
Total current assets	129,430	1,278,931
Non-current assets		
Restricted cash (Note 4)	-	57,500
Computer equipment	-	2,693
Total non-current assets	-	60,193
Total assets	$ 129,430	$ 1,339,124
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 7)	$ 676,775	$ 581,872
Due to related party (Note 7)	7,713	16,948
Total current liabilities	684,488	598,820
Non-current liabilities		
Convertible debentures (Note 6)	846,937	450,009
Total liabilities	1,531,425	1,048,829
SHAREHOLDERS' EQUITY (DEFICIT)		
Share capital (Note 8)	8,379,697	7,800,880
Reserve for convertible debentures (Notes 6 and 8)	42,934	21,063
Equity reserves (Notes 8, 10, and 11)	5,298,617	5,557,243
Deficit	(15,123,243)	(13,088,891)
Total shareholders' equity (deficit)	(1,401,995)	290,295
Total liabilities and shareholders' equity (deficit)	$ 129,430	$ 1,339,124

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 17)

Approved and authorized for issuance on behalf of the Board of Directors on March 29, 2023:

/s/ "Rob Tessarolo" — Director

/s/ "Cole Drezdoff" — Director

(The accompanying notes are an integral part of these financial statements)

NEONMIND BIOSCIENCES INC.
Statements of Operations
(Expressed in Canadian Dollars)

	Year ended November 30, 2022	Year ended November 30, 2021
EXPENSES		
Consulting fees (Note 7)	$ 397,942	$ 216,788
Depreciation	1,127	688
Investor relations (Note 7)	112,094	442,550
Listing	6,000	19,785
Marketing, publicity, and digital media (Note 7)	320,162	1,786,672
Office and administrative (Note 7)	155,159	359,731
Pharmaceutical research and development (Note 7)	149,018	1,356,291
Professional fees (Note 7)	159,892	454,424
Share-based compensation (Notes 7, 10 and 11)	166,077	2,499,933
Wages (Note 7)	283,899	639,520
Total expenses	1,751,370	7,776,382
LOSS BEFORE OTHER ITEMS	(1,751,370)	(7,776,382)
OTHER ITEMS		
Accretion expense (Note 6)	(178,419)	(403)
Foreign exchange loss	(22,550)	(8,569)
Gain on extinguishment of debt (Note 7)	165,663	576,383
Gain on reclassification of investment (Note 5)	-	93,027
Gain on sale of investment (Note 3)	-	450,000
Interest expense (Note 6)	(101,090)	(33,034)
Loss on disposal of computer equipment	(1,566)	-
Loss on sale of marketable securities (Note 3)	(12,960)	-
Share of net loss of equity accounted investee (Note 5)	-	(54,212)
Unrealized gain(loss) on marketable securities (Note 3)	(132,060)	68,750
Total other items	(282,982)	1,091,942
NET LOSS FROM CONTINUING OPERATIONS	(2,034,352)	(6,684,440)
Net loss from discontinued operations (Note 15)	-	(523,067)
NET LOSS	$ (2,034,352)	$ (7,207,507)
LOSS PER SHARE, BASIC AND FULLY DILUTED		
- Continuing operations	$ (1.80)	$ (6.80)
- Discontinued operations	-	(0.53)
Weighted average shares outstanding	1,131,606	983,299

(The accompanying notes are an integral part of these financial statements)

NEONMIND BIOSCIENCES INC.
Statement of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian Dollars)

	Share capital					
	Number of shares	Amount	Reserve for convertible debentures	Equity reserves	Deficit	Total shareholders' equity (deficit)
BALANCE, NOVEMBER 30, 2020	553,588	$ 1,779,158	$ –	$ 3,324,813	$ (5,881,384)	$ (777,413)
Units issued for cash	383,333	4,600,000	–	–	–	4,600,000
Share issuance costs	–	(855,043)	–	280,473	–	(574,570)
Shares issued on exercise of stock options	9,250	221,562	–	(110,562)	–	111,000
Shares issued on exercise of warrants	62,741	1,292,286	–	(37,407)	–	1,254,879
Units issued on exercise of Agent's Options	18,657	436,716	–	(216,262)	–	220,454
Restricted share units issued for services	–	–	–	20,487	–	20,487
Restricted share units vested	30,486	326,201	–	(326,201)	–	–
Equity portion of convertible debentures	–	–	21,063	121,969	–	143,032
Fair value of share-based compensation	–	–	–	2,499,933	–	2,499,933
Net loss for the year	–	–	–	–	(7,207,507)	(7,207,507)
BALANCE, NOVEMBER 30, 2021	1,058,055	$ 7,800,880	$ 21,063	$ 5,557,243	$ (13,088,891)	$ 290,295
Restricted share units issued for services	–	–	–	14,703	–	14,703
Restricted share units vested	137,583	470,452	–	(470,452)	–	–
Shares issued upon conversion of debentures	11,111	108,365	(8,365)	–	–	100,000
Equity portion of convertible debentures	–	–	30,236	31,046	–	61,282
Fair value of share-based compensation	–	–	–	166,077	–	166,077
Net loss for the year	–	–	–	–	(2,034,352)	(2,034,352)
BALANCE, NOVEMBER 30, 2022	1,206,749	$ 8,379,697	$ 42,934	$ 5,298,617	$ (15,123,243)	$ (1,401,995)

(The accompanying notes are an integral part of these financial statements)

NEONMIND BIOSCIENCES INC.
Statement of Cash Flows
(Expressed in Canadian Dollars)

	Year ended November 30, 2022	2021
OPERATING ACTIVITIES		
Net loss from continuing operations	$ (2,034,352)	$ (6,684,440)
Items not involving cash:		
Accretion expense	178,419	403
Depreciation	1,127	689
Gain on extinguishment of debt	(165,663)	(576,383)
Gain on reclassification of investment	–	(93,027)
Gain on sale of investment	–	(450,000)
Interest accrued on convertible debentures	98,308	208
Loss on disposal of computer equipment	1,566	–
Loss on sale of marketable securities	12,960	–
Share of net loss of equity accounted investee	–	54,212
Share-based compensation	166,077	2,499,933
Unrealized loss (gain) on marketable securities	132,060	(68,750)
Changes in non-cash operating working capital:		
Amounts receivable	46,722	(86,941)
Prepaid expenses and deposits	205,411	(149,241)
Accounts payable and accrued liabilities	285,752	493,468
Due to related parties	(9,235)	(145,282)
Net cash used in operating activities – continuing operations	(1,080,848)	(5,205,151)
Net cash used in operating activities – discontinued operations (Note 15)	–	(615,805)
INVESTING ACTIVITIES		
Proceeds from sale of investment	–	450,000
Proceeds from sale of marketable securities	14,640	–
Purchase of computer equipment	–	(3,382)
Purchase of guaranteed investment certificate	–	(57,500)
Redemption of guaranteed investment certificate	57,500	–
Net cash provided by investing activities – continuing operations	72,140	389,118
FINANCING ACTIVITIES		
Proceeds from exercise of stock options	–	111,000
Proceeds from issuance of units (net of issuance costs)	–	4,600,000
Share issuance costs	–	(574,570)
Proceeds from exercise of warrants	–	1,254,879
Proceeds from exercise of Agent's Options	–	220,454
Proceeds from issuance of convertible debentures (net of issuance costs)	271,000	592,430
Net cash provided by financing activities – continuing operations	271,000	6,204,193
CHANGE IN CASH	(737,708)	772,355
Cash, beginning of year	773,525	1,170
CASH, END OF YEAR	$ 35,817	$ 773,525

Supplemental disclosures (Note 12)

(The accompanying notes are an integral part of these financial statements)

1. Nature of Operations and Continuance of Business

NeonMind Biosciences Inc. ("NeonMind" or the "Company") was incorporated under the laws of the province of British Columbia on September 18, 2019. On April 9, 2020, the Company changed its name to NeonMind Biosciences Inc. The Company is engaged in drug development research into potential therapeutic uses of psychedelic compounds. On December 29, 2020, the Company's common shares were listed on the Canadian Securities Exchange (the "Exchange") and were immediately halted pending the closing of its initial public offering ("IPO"). On December 30, 2020, the Company completed its IPO and on January 4, 2021 the Company's common shares resumed trading on the Exchange under the ticker symbol "NEON."

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company has incurred a net loss from continuing operations of $2,034,352 and used $1,080,848 of cash for operating activities from continuing operations during the year ended November 30, 2022. As of November 30, 2022, the Company had an accumulated deficit of $15,123,243 and working capital deficit of $555,058. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. As of November 30, 2022, the development of the Company's business was on hold pending additional funding required. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. The impact of these adjustments could be material.

The outbreak of the coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, and disruptions of financial markets. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company and is working on alternative measures and resources to minimize such impact. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

2. Significant Accounting Policies

Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee.

Basis of Presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

Significant Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the carrying value of marketable securities, fair value of convertible debentures and share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements include the factors that are used in determining whether the Company has significant influence over another entity, and the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the end of the reporting period.

The Company had previously determined that it had significant influence in Komo Plant Based Comfort Foods Inc. ("Komo Foods") despite holding less than 20% of the voting rights in Komo Foods due to the company sharing a common CFO, and the fact that the Company and Komo Foods entered into a license agreement that was a key component of Komo Food's business in prior periods. As a result, Komo Foods was considered an associate of the Company, and the investment in Komo Foods was accounted for using the equity method. The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's net assets, such as further investments or dividends. During the year ended November 30, 2021, Komo Foods entered into a merger agreement and management determined that significant influence in Komo Foods no longer existed (Note 5) and the Company reclassified its investment to fair value through profit and loss under IFRS 9, *Financial Instruments*.

Management also requires the use of judgment with respect to the assessment of fair value of investment in a private company. The fair value of common shares in a private company is determined by valuation techniques such as recent arm's length transactions, option pricing models, or other valuation techniques commonly used by market participants. The investment in common shares is measured at fair value through profit or loss and unrealized gains and losses are recorded in the statement of operations.

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Equipment

Equipment consists of computer equipment, and is recorded at cost. The Company depreciates the cost of equipment over the following useful lives:

Computer equipment – 3 years

Impairment of non-current assets

Non-current assets are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in the statement of operations by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Income (Loss) Per Share

Basic Income (loss) per common share is computed by dividing their respective net income (loss) by the weighted average number of common shares outstanding during the year. The computation of diluted income per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. The dilutive effect of convertible securities is reflected in the diluted income per share by application of the "if converted" method. The dilutive effect of outstanding incentive stock options and their equivalents is reflected in the diluted income per share by application of the treasury stock method. As at November 30, 2022, there were 416,634 (2021 – 1,347,095) potentially dilutive shares outstanding.

2. Significant Accounting Policies (continued)

Income Taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Investment in Associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The statement of operations reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the statement of changes in shareholders' equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Company's share of operating results of an associate is shown on the face of the statement of operations and represents net income or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within the statement of operations.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the statement of operations.

2. Significant Accounting Policies (continued)

Financial Instruments

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit and loss ("FVTPL").

The following is the Company's accounting policy for financial instruments under IFRS 9:

Financial instrument	Classification under IFRS 9
Cash	Amortized cost
Marketable securities	FVTPL
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible debentures	Amortized cost
Due to related parties	Amortized cost

Non-derivative financial assets:

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried in the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment:

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in the statement of operations for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

Non-derivative financial liabilities:

Financial liabilities, other than derivatives, are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon recognition as FVTPL. Fair value changes on these liabilities are recognized in the statement of operations. The Company has no hedging arrangements and does not apply hedge accounting.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

Compound Instruments – Convertible Debentures

The components of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the market interest rate then in effect for a similar instrument without a conversion feature. The amount is recorded as a liability at amortized cost, using the effective interest rate method until its expiry at the time of conversion or maturity of the instrument. The calculated liability component is deducted from the total fair value of the compound instrument, with the residual value assigned to the equity component.

Transaction costs related to the issuance of convertible debentures are allocated proportionately to the liability and equity components based on their initial carrying amounts. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the debenture using the effective interest method. Transaction costs relating to the equity component are recognized as a deduction from equity.

Revenue Recognition

Under IFRS 15, Revenue from Contracts with Customers, the Company uses the 5-step model for revenue recognition based on identifying the contract with the customer, identifying the performance obligations, determining the individual transaction price, and allocating the transaction price to the individual performance obligations making up the contract. Revenue is then recognized when or as the associated performance obligations are delivered and based on the expected consideration to be received. The Company expects to recognize future revenues in licensing and product sales, which are primarily derived from licensing and distribution fees from companies for the right to the Company's formulations and technology, or the right to manufacture and distribute the Company's proprietary products, and the sale of products on the Company's ecommerce website and through retail locations in Canada. The fees that are outlined in an agreement are recognized when the Company's obligations have been performed. For licenses with multiple performance obligations, the Company will identify specific distinct goods and services and will recognize income when the performance obligations for each distinct good or service has been performed.

	2022	2021
Revenues earned at a point in time	$ –	$ 16,075
Revenues earned over time	–	–
	$ –	$ 16,075

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as share-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

Future Accounting Pronouncements

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted. Management has assessed that there are no future accounting pronouncements that are expected to have a material impact on the Company in the current or future reporting periods.

3. Marketable Securities and Investments

Below is a summary of the Company's marketable securities as of November 30, 2022 and 2021:

	November 30, 2021 fair value	Additions	Proceeds from sale	Realized loss	Unrealized loss	November 30, 2022 fair value
KPBF Shares	$ 193,750	$ –	$ (14,640)	$ (12,960)	$ (132,060)	$ 34,090

	November 30, 2020 fair value	Additions	Proceeds from sale	Realized gain (loss)	Unrealized gain (loss)	November 30, 2021 fair value
KPBF Shares	$ –	$ 125,000	$ –	$ –	$ 68,750	$ 193,750
TLS Shares	–	–	(450,000)	450,000	–	–
Total	$ –	$ 125,000	$ (450,000)	$ 450,000	$ 68,750	$ 193,750

Marketable Securities

Komo Plant Based Foods Inc. (formerly Fasttask Technologies Inc.) ("KPBF")

On January 30, 2023, KPBF effected a 10:1 share consolidation. All share and per share amounts in these financial statements have been retroactively adjusted for the share consolidation.

3. Marketable Securities and Investments (continued)

Komo Plant Based Foods Inc. (formerly Fasttask Technologies Inc.) ("KPBF") (continued)

On May 31, 2021, Komo Foods entered into a merger agreement with KPBF whereby Komo Foods became a wholly owned subsidiary of KPBF and all Komo Foods shares were exchanged 1-to-1 for KPBF shares.

The Company's investment in Komo Foods was previously accounted for as an Investment in Associate (Note 5). As a result of the merger, the Company's holdings of 1,250,000 shares of Komo Foods were exchanged for 1,250,000 shares of KPBF. Management performed an analysis to determine whether significant influence over KPBF remained after the merger. Management concluded that the Company no longer has significant influence over KPBF as its ownership decreased to 1.5% of the outstanding shares at the date of the merger. In addition to the decreased ownership, the Company does not have any representation on the board of directors, having no common directors between the Company and KPBF.

As at November 30, 2022, the Company held 97,400 shares (2021 – 125,000) of KPBF.

<u>Investments</u>

Translational Life Sciences Inc. ("TLS")

On August 19, 2021, the Company entered into a share purchase agreement to sell the 7,285,000 common shares of TLS acquired during the year ended November 30, 2020 for consideration of $450,000. As the fair value of the shares was previously written down to $nil, the Company recorded a gain on sale of investment of $450,000 in the statement of operations.

4. Restricted Cash

During the year ended November 30, 2021, the Company invested in a variable rate guaranteed investment certificate ("GIC") in the principal amount of $57,500 as security for the credit card with the Company's banking institution. All renewals and replacements and all interest shall be held by the bank as continuing security. During the year ended November 30, 2022, the Company cancelled the credit card with the banking institution and redeemed the $57,500 GIC.

5. Investment in Associate

Komo Foods is a plant-based food company engaged in the development, production, marketing, and distribution of a variety of plant-based frozen meals. On December 1, 2020, Komo Foods entered into a 1-for-4 reverse stock split of its issued and outstanding common shares. All common share amounts have been retroactively restated for the reverse stock split. The Company held 1,250,000 common shares of Komo Foods, with a fair value of $415,000, representing a 4.05% ownership interest in Komo Foods, pursuant to their license agreement.

On May 31, 2021, Komo Foods entered into a merger agreement with KPBF. Prior to the merger, the Company had determined that it had significant influence in Komo Foods as it shared a common CFO, and there had been significant transactions including the licensing agreement entered into with Komo Foods. As a result of having significant influence in Komo Foods, the Company's investment in Komo Foods was accounted for as an investment in an associate using the equity method. The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's net assets, such as further investments or dividends.

(Expressed in Canadian Dollars)

5. Investment in Associate (continued)

Subsequent to the merger, the Company's shares of Komo Foods were exchanged 1-to-1 for KPBF shares, and it was determined that the Company no longer had significant influence over KPBF. As a result, the Company began accounting for the investment in Komo Foods at fair value through profit or loss (Note 3).

The carrying value of the Company's investment in Komo Foods as at May 31, 2021, time of the merger, was $31,973 prior to being reclassified as an investment recorded at fair value through profit and loss. The difference between the carrying value of $31,973 and the fair value of $125,000 was recorded as a gain on reclassification of investment of $93,027 in the statement of operations. During the year ended November 30, 2022, the Company recorded its proportionate loss from Komo Foods of $nil (2021 - $54,212).

The following table outlines the changes in investment in associate that are accounted for using the equity method for the six months ended May 31, 2021. As the Company does not have the same reporting date as its associate, the Company was provided with unaudited financial statements for the six months ended May 31, 2021, to calculate the portion of net loss attributable to the Company.

		From January 1, 2021 to May 31, 2021
Komo Foods net loss	$	(1,955,755)
% ownership		2.66%
Portion of net loss from investment in associate	$	(54,212)

Subsequent to May 31, 2021, the Company no longer recorded the investment in Komo Foods as an investment in associate using the equity method, therefore the net income subsequent to this period is not relevant to the measurement of the investment as it is recorded at fair value through profit and loss.

The following table outlines the carrying amount of the investment in Komo Foods as at May 31, 2021 prior to the merger:

		Investment in associate
Carrying value of investment, November 30, 2020	$	86,185
Loss from investment in associate		(54,212)
Carrying value of investment, May 31, 2021	$	31,973

The following table summarizes the financial information of Komo Foods as at May 31 prior to the merger, and for the period then ended:

		May 31, 2021
Cash	$	384,995
Current assets		474,505
Total assets		477,734
Current and total liabilities		18,790

(Expressed in Canadian Dollars)

6. Convertible Debentures

	November 29, 2021 issuance	April 8, 2022 issuance	Total
Proceeds from issue of convertible debentures	$ 750,000	$ –	$ 750,000
Transaction costs – cash	(157,570)	–	(157,570)
Net proceeds	592,430	–	592,430
Transaction costs – non-cash	(61,993)	–	(61,993)
Amount classified as equity	(21,063)	–	(21,063)
Fair value of warrants attached to units	(59,976)	–	(59,976)
Accrued interest	208	–	208
Accretion	403	–	403
Carrying amount of liability at November 30, 2021	$ 450,009	$ –	$ 450,009
Proceeds from issue of convertible debentures	–	285,000	285,000
Convertible debentures issued to settle payables	–	109,000	109,000
Transaction costs - cash	–	(14,000)	(14,000)
Net proceeds	–	380,000	380,000
Transaction costs – non-cash	–	(3,809)	(3,809)
Reclassification of accrued interest	(208)	–	(208)
Amount classified as equity	–	(30,236)	(30,236)
Fair value of warrants attached to units	–	(27,238)	(27,237)
Accretion	145,122	33,297	178,419
Conversion	–	(100,000)	(100,000)
Carrying amount of liability at November 30, 2022	$ 594,923	$ 252,014	$ 846,937

November 29, 2021 issuance

On November 29, 2021, the Company issued 750 convertible debenture units at a price of $1,000 per unit for gross proceeds of $750,000. Each unit consisted of a repayable note with a face value of $1,000 (the "Debentures") and 66 warrants to purchase common shares of the Company. The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year. The Company issued an aggregate of 50,000 warrants to the debenture holders.

The Debentures have a redemption date that is 24 months from the date of issuance and are convertible in full or in part, at the holders' option, into common shares of the Company at a price of $14.40 per common share, at any time prior to their redemption. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $16.80 per share for a period of 36 months from the date of issue.

In connection with the issuance of the Debentures, the Company paid broker fees of $82,570, commission fees of $75,000, and granted 5,208 agent's options (the "Agent's Options") with a fair value of $61,993 entitling the holder to purchase a unit of the Company (the "Agent's Option Unit") at $14.40 per Agent's Option until November 29, 2023. Each Agent's Option Unit consists of one common share of the Company (each, an "Agent's Option Share") and one share purchase warrant (each, an "Agent's Option Warrant"). Each Agent's Option Warrant further entitles the holder to purchase one additional common share of the Company at a price of $16.80 for a period of 36 months from the Agent's Options issue date of November 29, 2021. The estimated fair value associated with the Agent's Options granted was determined using the Black-Scholes Pricing model with the following assumptions: stock price at grant date of $16.92; annualized volatility of 132%; expected life of 2 years; dividend yield of 0%; expected forfeiture rate of 0%; and risk-free rate of 1.08%.

(Expressed in Canadian Dollars)

6. Convertible Debentures (continued)

During the year ended November 30, 2022, the Company accrued interest of $75,000 (2021 - $208) relating to the Debentures, which has been recorded in accounts payable and accrued liabilities.

April 8, 2022 issuance

On April 8, 2022, the Company issued 285 convertible debenture units at a price of $1,000 per unit for gross proceeds of $285,000, and 109 convertible debenture units at a price of $1,000 per unit to settle accounts payable of $109,000. Each unit consisted of a repayable note with a face value of $1,000 (the "Debentures") and 79 warrants to purchase common shares of the Company. The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year. The Company issued an aggregate of 31,192 warrants to the debenture holders.

The Debentures have a redemption date that is 24 months from the date of issuance and are convertible in full or in part, at the holders' option, into common shares of the Company at a price of $9.00 per common share, at any time prior to their redemption. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $9.60 per share for a period of 36 months from the date of issue.

In connection with the issuance of the Debentures, the Company paid broker fees of $14,000 and granted 1,108 agent's options (the "Agent's Options") with a fair value of $3,809 entitling the holder to purchase a unit of the Company (the "Agent's Option Unit") at $9.00 per Agent's Option until April 8, 2024. Each Agent's Option Unit consists of one common share of the Company (each, an "Agent's Option Share") and one share purchase warrant (each, an "Agent's Option Warrant"). Each Agent's Option Warrant further entitles the holder to purchase one additional common share of the Company at a price of $9.60 for a period of 36 months from the Agent's Options issue date of April 8, 2022. The estimated fair value associated with the Agent's Options granted was determined using the Black-Scholes Pricing model with the following assumptions: stock price at grant date of $6.00; annualized volatility of 129%; expected life of 2 years; dividend yield of 0%; expected forfeiture rate of 0%; and risk-free rate of 2.42%.

During the year ended November 30, 2022, the Company accrued interest of $23,308 (2021 - $nil) relating to the Debentures, which has been recorded in accounts payable and accrued liabilities and $100,000 (2021 - $nil) of the Debentures were converted into 11,111 common shares of the Company (Note 8(b)).

7. Related Party Transactions

During the years ended November 30, 2022 and 2021, compensation of key management personnel and related parties were as follows:

	Year ended November 30, 2022	Year ended November 30, 2021
Consulting fees	$ 356,088	$ 216,788
Share-based compensation	167,662	2,171,336
Wages	268,333	615,799
	$ 792,083	$ 3,003,923

As at November 30, 2022, Better Plant Sciences Inc. ("Better Plant"), a company with common officers and directors, held a deposit of $nil (2021 - $10,000) from the Company, which was included in prepaid expenses and deposits. As at November 30, 2022, the Company owed $7,713 (2021 - $16,948) to Better Plant, which is included in due to related party. The balance is unsecured, non-interest bearing, and due on demand.

7. Related Party Transactions (continued)

During the year ended November 30, 2022, the Company incurred marketing expenses of $2,693 (2021 - $59,719), investor relations expenses of $30,000 (2021 - $53,639), professional fees of $54,211 (2021 - $138,307), office and administrative expenses of $18,299 (2021 - $62,121), and pharmaceutical research and development expenses of $nil (2021 - $65,140) from Better Plant. Better Plant provided such services to the Company pursuant to an operating agreement dated August 30, 2020.

On September 10, 2021, the Company entered into an agreement with Better Plant for the sale of functional food assets related to the Company's consumer division. The following assets were transferred by the Company to Better Plant: four mushroom coffee products being sold in Canada at the time of sale and four mushroom coffee dietary products, including existing inventory, raw materials and packaging for all eight products, social media accounts related to the products, a domain neonmind.com and the neonmind.com Shopify-enabled website in Canada and the US, as well as associated marketing materials and a license to use the brand NeonMind in association with the products.

As consideration for the assets, Better Plant paid $645,000 including taxes, which was offset by the balance due on a promissory note of a remaining balance of $645,000 owed by the Company to Better Plant. The fair value of the assets sold was determined to be $68,617, resulting in a gain on extinguishment of debt of $576,383. In addition, a 3% royalty of net product sales for a term of 25 years will be payable to the Company after the Better Plant reaches cumulative net product sales of over $1,000,000. For the year ended November 30, 2022 and 2021, the Company did not earn any royalty revenues from Better Plant.

During the year ended November 30, 2022, the Company entered into debt settlement agreements with various related parties, in order to settle outstanding accounts payable and accrued liabilities with a fair value of $165,663 (2021 - $nil) for a nominal amount, resulting in a gain on extinguishment of debt on the statement of operations.

During the year ended November 30, 2022, the Company issued 129,166 common shares to directors and officers of the Company with fair value of $382,500, pursuant to pursuant to the conversion of fully vested restricted share units.

As at November 30, 2022, the Company owed $4,750 (2021 - $nil) to a company controlled by the CFO of the Company, which is included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing, and due on demand.

As at November 30, 2022, the Company owed $20,000 (2021 - $nil) to a director of the Company, which is included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing, and due on demand.

8. Share Capital

Authorized: unlimited number of common shares without par value.

On April 18, 2022, the Company effected a 4:1 share consolidation and on January 24, 2023, the Company effected a 30:1 share consolidation. All share and per share amounts in these financial statements have been retroactively adjusted for the share consolidations.

During the year ended November 30, 2022, the Company completed the following transactions:

(a) The Company issued 137,583 common shares pursuant to the conversion of fully vested restricted share units. The fair value of the restricted share units of $470,452 was transferred from equity reserves to share capital upon conversion, of which $382,500 pertains to directors and officers of the Company.

8. Share Capital (continued)

(b) On September 15, 2022, the Company issued 11,111 common shares pursuant to the conversion of $100,000 of convertible debentures. Convertible debenture reserve of $8,365 were transferred to share capital as part of the conversion.

During the year ended November 30, 2021, the Company completed the following transactions:

(c) On December 30, 2020, the Company completed its IPO of 383,333 units at $12.00 per unit for proceeds of $4,600,000. Each unit consisted of one common share and one share purchase warrant exercisable at $24.00 per share until December 30, 2021. In connection with the IPO, the Company paid broker fees of $45,000, commission fees of $460,000, due diligence fees of $69,570, and issued 38,333 agents' options (the "Agents' Options") with a fair value of $280,473, entitling the holder to purchase a unit of the Company (the "Agent's Option Unit") at $12.00 per Agent's Option Unit until December 30, 2022. Each Agent's Option Unit consisted of one common share of the Company (each, an "Agent's Option Share") and one share purchase warrant (each, an "Agent's Option Warrant"). Each Agent's Option Warrant further entitles the holder to purchase one additional common share of the Company for a period of 24 months from the IPO closing date on December 30, 2020. The estimated fair value associated with the Agent's Options granted was determined using the Black-Scholes Pricing model with the following assumptions: stock price at grant date of $12.00; an annualized volatility of 121%; an expected life of 2 years; a dividend yield of 0%; a forfeiture rate of 0% and a risk-free rate of 0.20%.

(d) The Company issued 9,250 common shares for proceeds of $111,000 pursuant to the exercise of stock options. The fair value of the stock options of $110,562 was transferred from equity reserves to share capital upon exercise.

(e) The Company issued 62,741 common shares for proceeds of $1,254,879 pursuant to the exercise of warrants. The fair value of the warrants of $37,407 was transferred from equity reserves to share capital upon exercise.

(f) The Company issued 17,229 Agent's Option Shares and 17,229 Agent's Option Warrants pursuant to the exercise of Agent's Options for proceeds of $206,750. Each Agent's Option Warrant entitles the holder to purchase one additional common share of the Company at $24.00 per common share for a period of 24 months from the IPO closing date on December 30, 2020. The fair value of the Agent's Option Warrants of $207,060 was transferred from equity reserves to share capital upon exercise.

(g) The Company issued 30,486 common shares pursuant to the conversion of fully vested restricted share units. The fair value of the restricted share units of $326,201 was transferred from equity reserves to share capital upon conversion, all of which pertains to directors and officers of the Company.

(h) The Company issued 1,428 Agent's Option Shares and 1,428 Agent's Option Warrants pursuant to the exercise of Agent's' Options for proceeds of $13,704. Each Agent's Option Warrant entitles the holder to purchase one additional common share of the Company at $18.00 per common share until May 14, 2021. The fair value of the Agent's Option Warrants of $9,201 was transferred from equity reserves to share capital upon exercise.

(Expressed in Canadian Dollars)

9. Share Purchase Warrants

On April 18, 2022, the Company effected a 4:1 share consolidation and on January 24, 2023, the Company effected a 30:1 share consolidation. Figures in the tables below have been retroactively adjusted for the share consolidation.

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price
Balance, November 30, 2020	734,608	$ 36.00
Issued	495,532	22.80
Exercised	(81,398)	18.00
Expired	(17,917)	60.00
Balance, November 30, 2021	1,130,825	$ 30.00
Issued	32,300	9.60
Expired	(1,037,283)	29.70
Balance, November 30, 2022	125,842	$ 15.00

As at November 30, 2022, the following share purchase warrants were outstanding:

Number of warrants	Exercise price	Expiry date
21,104	$ 12.00	December 30, 2022
17,230	$ 24.00	December 30, 2022
5,208	$ 16.80	November 29, 2023
1,108	$ 9.60	April 8, 2024
50,000	$ 16.80	November 29, 2024
31,192	$ 9.60	April 8, 2025
125,842		

10. Stock Options

On January 13, 2020, the Company adopted an incentive stock option plan, which was replaced by an amended and restated incentive stock option plan on September 9, 2020. Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees, and consultants of the Company. The terms of the granted stock options as well as the vesting conditions are at the sole discretion of the directors.

On April 18, 2022, the Company effected a 4:1 share consolidation and on January 24, 2023, the Company effected a 30:1 share consolidation. Figures in the tables below have been retroactively adjusted for the share consolidation.

(Expressed in Canadian Dollars)

10. Stock Options (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price
Outstanding, November 30, 2020	52,416	$ 12.00
Granted	124,625	27.60
Exercised	(9,250)	12.00
Expired/cancelled	(5,688)	12.00
Outstanding, November 30, 2021	162,103	$ 24.00
Granted	169,959	3.04
Expired/cancelled	(134,353)	25.41
Outstanding, November 30, 2022	197,709	$ 5.55
Exercisable, November 30, 2022	139,126	$ 5.88

Additional information regarding stock options outstanding and exercisable as at November 30, 2022, is as follows:

Range of exercise prices	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
$3.00 - $11.70	164,126	112,501	3.79
$12.00 - $18.00	26,750	19,917	0.42
$30.00 - $34.80	6,833	6,708	0.14
	197,709	139,126	4.35

Share-based compensation expense related to stock options was determined using the Black-Scholes option pricing model. During the year ended November 30, 2022, the Company recognized share-based compensation recovery relating to stock options of $29,133 (2021 – expense of $2,176,213) in equity reserves as a result of accounting for stock options cancelled during the period, of which an expense of $29,139 (2021 - $1,884,006) pertains to directors and officers of the Company. The weighted average fair value of options granted during the year ended November 30, 2022, was $1.20 (2021 - $21.60) per option. The weighted average share price on the date of stock options exercised during the year ended November 30, 2021 was $21.60. Weighted average assumptions used in calculating the fair value of share-based compensation expense, including no expected dividends or forfeitures, are as follows:

	2022	2021
Risk-free interest rate	2.67%	0.70%
Expected volatility	123%	123%
Expected life (years)	4.54	4.88

As at November 30, 2022, there was $37,295 (2021 - $589,721) of unrecognized share-based compensation related to unvested stock options.

(Expressed in Canadian Dollars)

11. Restricted Share Units

On April 16, 2020, the Company adopted a restricted share unit plan, which was replaced by an amended and restated restricted share unit plan on April 27, 2020, September 9, 2020 and November 3, 2020. Pursuant to the Company's restricted share unit plan, directors may, from time to time, authorize the issuance of restricted share units to directors, officers, employees, and consultants of the Company. The terms of the granted restricted share units as well as the vesting conditions are at the sole discretion of the directors.

On April 18, 2022, the Company effected a 4:1 share consolidation and on January 24, 2023, the Company effected a 30:1 share consolidation. Figures in the tables below have been retroactively adjusted for the share consolidation.

	Number of Restricted share units
Balance, November 30, 2020	76,641
Granted	13,491
Cancelled	(5,479)
Vested	(30,486)
Balance, November 30, 2021	54,167
Granted	121,750
Cancelled	(30,000)
Vested	(137,583)
Balance, November 30, 2022	8,334

Share-based compensation expense relating to restricted share units was determined using the fair value of common shares of the Company on the date of grant. For restricted share units issued prior to the IPO on December 30, 2020, the fair value was determined based on previous private placements with third parties. For restricted share units issued subsequent to the IPO, the fair value was determined using the market price of the Company's common shares. During the year ended November 30, 2022, the Company recognized share-based compensation expense relating to restricted share units of $195,210 (2021 - $323,720) in equity reserves, $61,488 (2021 - $287,330) of which pertains to directors and officers of the Company. During the year ended November 30, 2022, the Company granted restricted share units with a fair value of $14,702 (2021 - $20,487) in exchange for consulting services. During the year ended November 30, 2022, the Company cancelled 30,000 (2021 – 5,479) unvested restricted share units with a fair value of $288,000 (2021 - $159,538). The weighted average fair value of restricted share units granted during the year ended November 30, 2022, was $2.40 (2021 - $21.60) per share.

As at November 30, 2022, there was $13,333 (2021 - $183,567) of unrecognized share-based compensation related to unvested restricted share units.

(Expressed in Canadian Dollars)

12. Supplemental Disclosures

	Year ended November 30, 2022	2021
Non-cash investing and financing activities:		
Restricted share units issued for services	$ 14,702	$ 20,847
Transfer of fair value of options to share capital upon exercise	–	110,562
Transfer of fair value of warrants to share capital upon exercise	–	37,407
Transfer of fair value of Agent's Options to share capital upon exercise	–	216,262
Equity portion of convertible debentures and warrants issued	61,283	143,032
Fair value of Agent's Options issued as finder's fees	–	280,473
Fair value of brokers' warrants issued as finders' fees	3,809	61,993
Fair value of restricted share units converted	470,452	326,201
Fair value of convertible debentures to settle accounts payable	109,000	–
Common shares issued for the conversion of debentures	108,365	–

13. Capital Management

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position and share capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

14. Financial Instruments and Risk Management

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the statement of financial position as at November 30, 2022, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance, November 30, 2022
Marketable securities	$ 34,090	$ –	$ –	$ 34,090
Convertible debentures	–	846,937	–	846,937
	$ 34,090	$ 846,937	$ –	$ 881,027

The fair values of other financial instruments, including cash, accounts payable and accrued liabilities, and amount due to related party approximate their carrying values due to the relatively short-term maturity of these instruments.

14. Financial Instruments and Risk Management (continued)

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company's credit risk is primarily attributable to cash. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and has no other significant concentration of credit risk arising from operations. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

Price Risk

The Company is exposed to price risk with respect to its marketable securities, which consists of common shares held in publicly-traded companies and is dependent upon the market price or the fair value of the common shares for those companies. The market price or the fair value of the common shares of those companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

15. Discontinued Operations

The Company entered into an Asset Purchase Agreement dated September 10, 2021 with Better Plant in which the Company agreed to sell certain assets in consideration for $645,000. The following assets were transferred by the Company to Better Plant: four mushroom coffee products being sold in Canada at the time of sale and four mushroom coffee dietary products, including existing inventory, raw materials and packaging for all eight products, social media accounts related to the products, a domain neonmind.com and the neonmind.com Shopify-enabled website in Canada and the US, as well as associated marketing materials and a license to use the brand NeonMind in association with the products.

As a result of the sale of the assets pertaining to the functional mushroom coffee consumer products (the "Consumer Products Division"), as well as management's decision to no longer pursue this retail division, the Consumer Products Division meets the criteria to be classified as discontinued operations as of September 10, 2021, and therefore the results of operations of the Consumer Products Division for all periods have been classified as discontinued operations on the statements of operations.

(Expressed in Canadian Dollars)

15. Discontinued Operations (continued)

Net Loss from Discontinued Operations

Consumer Products Division	Year ended November 30, 2022	2021
REVENUE		
Product sales	$ -	$ 16,013
Cost of sales	-	5,154
Gross profit	-	10,859
EXPENSES		
Amortization	-	3,148
Information systems	-	1,980
Office and administrative	-	5,610
Marketing, publicity, and digital media	-	308,163
Research and development – consumer products	-	133,973
Professional fees	-	55,850
Total expenses	-	508,724
LOSS BEFORE OTHER ITEMS	-	(497,865)
OTHER ITEMS		
Impairment of intangible assets	-	(25,202)
NET LOSS	$ -	$ (523,067)

Cash Flows from Discontinued Operations

Consumer Products Division	Year ended November 30, 2022	2021
OPERATING ACTIVITIES		
Net loss	$ -	$ (523,067)
Items not involving cash		
Amortization	-	3,148
Impairment of intangible assets	-	25,202
Changes in non-cash operating working capital		
Accounts receivable	-	1,565
Inventory	-	(51,462)
Accounts payable and accrued liabilities	-	(70,971)
Deferred revenue	-	(220)
Net cash used in operating activities	$ -	$ (615,805)

(Expressed in Canadian Dollars)

16. Income Taxes

The Company is subject to Canadian federal and provincial tax at the rate of 27%. The tax effect of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

		2022		2021
Net loss	$	(2,034,352)	$	(7,207,507)
Statutory income tax rate		27%		27%
Income tax provision at statutory rate		(549,275)		(1,946,027)
Tax effect of:				
Permanent differences and other		223,610		323,172
Change in unrecognized deferred income tax assets		325,665		1,622,855
Income tax provision	$	–	$	–

The significant components of deferred income tax assets and liabilities are as follows:

		2022		2021
Deferred income tax assets (liabilities)				
Non-capital losses carried forward	$	2,231,379	$	1,797,666
Capital losses carried forward		40,500		40,500
Marketable securities		17,094		(18,563)
Investment in associate		-		112,050
Intangible assets		453,558		479,166
Share issuance costs		128,742		134,789
Total gross deferred income tax assets		2,871,273		2,545,608
Unrecognized deferred income tax assets		(2,871,273)		(2,545,608)
Net deferred income tax assets	$	–	$	–

As at November 30, 2022, the Company has non-capital losses carried forward of $8,264,368, which are available to offset future years' taxable income. These losses expire as follows:

Year of expiry		
2039	$	71,412
2040		681,274
2041		5,768,108
2042		1,743,574
	$	8,264,368

17. Subsequent Events

On December 14, 2022, the Company signed a binding letter agreement with Lancaster Lithium Inc. ("Lancaster Lithium") whereby the parties have agreed to complete a reverse merger transaction that will result in Lancaster Lithium becoming a wholly-owned subsidiary of the Company (the "Transaction").

Lancaster Lithium is a private company which is committed to powering the transition to a low carbon economy through the acquisition, exploration and development of properties that are prospective for Lithium. It has the right to acquire 100% of the Alkali Flat Lithium Project - a lithium brine exploration project located in southwestern New Mexico, USA (the "Property").

17. Subsequent Events (continued)

Prior to the closing of the Transaction, the Company is obligated to complete the consolidation of shares at the ratio of one new share for every thirty existing shares (the "Consolidation") (completed on January 24, 2023). At the closing of the Transaction (the "Closing") the Company will acquire 100% of the outstanding securities in Lancaster Lithium in exchange for the issuance of post-Consolidation shares of the Company on a 1:1 basis.

Prior to the Closing, Lancaster Lithium may complete a financing at a price of $0.20 per unit to raise gross proceeds of up to $1,000,000, with each unit to consist of one common share and one warrant to purchase a common share at $0.40 per share for a period of 36 months (the "Lancaster Financing"). Prior to the Closing, the Company may complete a private placement at a price of $0.20 per unit to raise gross proceeds of up to $400,000 on terms similar to the Lancaster Financing.

The completion of the Transaction is subject to the satisfaction of various conditions that are customary for a transaction of this nature, including but not limited to (i) the delivery by Lancaster Lithium to the Company of a technical report on the Property substantially in compliance with the requirements of National Instrument 43-101 Standards of Disclosure for Mineral Projects; (ii) the Company having entered into amending agreements with the holders of certain convertible debentures; (iii) the completion of the Consolidation; (iv) all related party debt of the Company being forgiven for nominal consideration, with the exception of $40,000, which may be converted into units; (v) the Company and Lancaster Lithium obtaining all required director and shareholder approvals; and (vi) the receipt of all requisite regulatory, stock exchange or governmental authorizations and consents, including the authorization and consent of the CSE.

Subsequent to November 30, 2022, in preparation for the Transaction with Lancaster Lithium, the Company cancelled an aggregate of 124,747 stock options, 7,500 restricted share units, and 83,333 issued common shares, previously granted to certain directors and officers pursuant to the company's stock plan and the Company's RSU plan.

Subsequent to November 30, 2022, the Company settled accounts payable of $400,745 (US$296,672) for consideration of $27,032 (US$20,000).

On March 13, 2023, the Company incorporated a fully owned subsidiary, 1405306 B.C. Ltd. ("Subco").

On March 21, 2023, the Company signed a definitive merger agreement with Lancaster Lithium for a reverse merger transaction (the "Transaction"). After obtaining all necessary approvals, the Transaction will be completed via a three-cornered amalgamation between the Company, Lancaster Lithium, and Subco. In this process, the Company will acquire 100% of the issued and outstanding Lancaster Lithium common shares in exchange for common shares of the Company on a 1:1 basis. The outstanding warrants and options of Lancaster Lithium will be exchanged into warrants and options of the Company on an identical basis. Upon closing the Transaction, the company resulting from the amalgamation of Lancaster Lithium and Subco will become a wholly-owned subsidiary of the Company, and the Company will change its name to Lancaster Lithium Inc. and continue to advance the Lancaster Lithium exploration and development strategy.

The closing of the Transaction is contingent upon several conditions, including approval from a special majority of Lancaster Lithium shareholders and approval from the Canadian Securities Exchange.

NEON MIND BIOSCIENCES INC.

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three Months ended February 28, 2023 and 2022

(Unaudited)

NEONMIND BIOSCIENCES INC.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	February 28, 2023 (Unaudited) (Restated – Note 15)	November 30, 2022
ASSETS		
Current assets		
Cash	$ 5,008	$ 35,817
Marketable securities (Note 3)	19,480	34,090
Amounts receivable	60,710	58,193
Prepaid expenses and deposits	-	1,330
Total assets	$ 85,198	$ 129,430
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4 and 5)	$ 279,387	$ 676,775
Due to related parties (Note 5)	49,188	7,713
Convertible debentures (Note 4)	633,800	-
Total current liabilities	962,375	684,488
Non-current liabilities		
Convertible debentures (Note 4)	259,004	846,937
Total liabilities	1,221,379	1,531,425
SHAREHOLDERS' DEFICIT		
Share capital (Note 6)	8,379,697	8,379,697
Subscriptions received in advance	6,781	-
Reserve for convertible debentures (Note 4)	42,934	42,934
Equity reserves (Notes 6, 8, and 9)	5,338,943	5,298,617
Deficit	(14,904,536)	(15,123,243)
Total shareholders' deficit	(1,136,181)	(1,401,995)
Total liabilities and shareholders' deficit	$ 85,198	$ 129,430

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 16)

Approved and authorized for issuance on behalf of the Board of Directors on May 9, 2023:

/s/ "Rob Tessarolo"
Director

/s/ "Cole Drezdoff"
Director

(The accompanying notes are an integral part of these condensed interim financial statements)

NEONMIND BIOSCIENCES INC.
Condensed Interim Statements of Operations
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended February 28, 2023	Three months ended February 28, 2022
EXPENSES		
Consulting fees (Note 5)	$ 45,000	$ 62,499
Depreciation	-	278
Investor relations (Note 5)	11,250	42,893
Listing	-	3,000
Marketing, publicity, and digital media (Note 5)	-	164,743
Office and administrative (Note 5)	4,299	70,847
Pharmaceutical research and development (Note 5)	-	79,117
Professional fees (Note 5)	28,300	67,110
Share-based compensation (Notes 5, 8 and 9)	40,326	119,981
Wages (Note 5)	1,063	176,368
Total expenses	130,238	786,836
LOSS BEFORE OTHER ITEMS	(130,238)	(786,836)
OTHER ITEMS		
Accretion expense (Note 4)	(45,867)	(36,273)
Foreign exchange gain (loss)	(548)	4,055
Gain on extinguishment of debt (Notes 5 and 10)	436,070	-
Interest expense (Note 4)	(26,100)	(18,750)
Unrealized gain(loss) on marketable securities (Note 3)	(14,610)	(43,750)
Total other items	348,945	(94,718)
NET INCOME (LOSS)	$ 218,707	$ (881,554)
Earnings (loss) per share,		
- Basic	$ 0.19	$ (0.83)
- Diluted	$ 0.16	$ (0.83)
Weighted average shares outstanding – Basic (Note 11)	1,123,419	1,060,037
Weighted average shares outstanding – Diluted (Note 11)	1,367,646	1,060,037

(The accompanying notes are an integral part of these condensed interim financial statements)

NEONMIND BIOSCIENCES INC.
Condensed Interim Statement of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital						
	Number of shares	Amount	Subscriptions received in advance	Reserve for convertible debentures	Equity reserves	Deficit	Total shareholders' equity (deficit)
BALANCE, NOVEMBER 30, 2021	1,058,055	$ 7,800,880	$ -	$ 21,063	$ 5,557,243	$ (13,088,891)	$ 290,295
Restricted share units issued for services	-	-	-	-	14,702	-	14,702
Restricted share units vested	13,416	134,702	-	-	(134,702)	-	-
Fair value of share-based compensation	-	-	-	-	55,618	-	55,618
Fair value of restricted share units granted	-	-	-	-	64,363	-	64,363
Net loss for the period	-	-	-	-	-	(881,554)	(881,554)
BALANCE, FEBRUARY 28, 2022	1,071,472	$ 7,935,582	$ -	$ 21,063	$ 5,557,224	$ (13,970,445)	$ (456,576)
BALANCE, NOVEMBER 30, 2022	1,206,749	$ 8,379,697	$ -	$ 42,934	$ 5,298,617	$ (15,123,243)	$ (1,401,995)
Cancellation of common shares	(83,330)	-	-	-	-	-	-
Subscriptions received in advance	-	-	6,781	-	-	-	6,781
Fair value of share-based compensation	-	-	-	-	40,326	-	40,326
Net income for the period	-	-	-	-	-	218,707	218,707
BALANCE, FEBRUARY 28, 2023	1,123,419	$ 8,379,697	$ 6,781	$ 42,934	$ 5,338,943	$ (14,904,536)	$ (1,136,181)

(The accompanying notes are an integral part of these condensed interim financial statements)

NEONMIND BIOSCIENCES INC.
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended February 28, 2023	Three months ended February 28, 2022
OPERATING ACTIVITIES		
Net income (loss)	$ 218,707	$ (881,554)
Items not involving cash:		
Accretion expense	45,867	36,273
Depreciation	-	278
Gain on extinguishment of debt	(436,070)	-
Interest accrued on convertible debentures	25,599	18,750
Share-based compensation	40,326	119,981
Unrealized loss (gain) on marketable securities	14,610	43,750
Changes in non-cash operating working capital:		
Amounts receivable	(2,517)	(8,571)
Prepaid expenses and deposits	1,330	1,850
Accounts payable and accrued liabilities	19,864	41,427
Due to related parties	41,475	(8,537)
Net cash used in operating activities	(30,809)	(636,353)
CHANGE IN CASH	(30,809)	(636,353)
Cash, beginning of period	35,817	773,525
CASH, END OF PERIOD	$ 5,008	$ 137,172

Supplemental disclosures (Note 12)

(The accompanying notes are an integral part of these condensed interim financial statements)

1. Nature of Operations and Continuance of Business

NeonMind Biosciences Inc. ("NeonMind" or the "Company") was incorporated under the laws of the province of British Columbia on September 18, 2019. On April 9, 2020, the Company changed its name to NeonMind Biosciences Inc. The Company is engaged in drug development research into potential therapeutic uses of psychedelic compounds. On December 29, 2020, the Company's common shares were listed on the Canadian Securities Exchange (the "Exchange") and were immediately halted pending the closing of its initial public offering ("IPO"). On December 30, 2020, the Company completed its IPO and on January 4, 2021 the Company's common shares resumed trading on the Exchange under the ticker symbol "NEON."

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company has incurred net income of $218,707 and used $30,809 of cash for operating activities during the period ended February 28, 2023. As of February 28, 2023, the Company had an accumulated deficit of $14,904,536 and working capital deficit of $877,177. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. As of February 28, 2023, the development of the Company's business was on hold pending additional funding required. These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. The impact of these adjustments could be material.

The outbreak of the coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, and disruptions of financial markets. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company and is working on alternative measures and resources to minimize such impact. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

2. Significant Accounting Policies

Statement of Compliance

These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, and based on the principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended November 30, 2022, which include the Company's significant accounting policies, and have been prepared in accordance with the same methods of application.

Basis of Presentation

These condensed interim financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

Significant Accounting Estimates and Judgments

The preparation of these condensed interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the carrying value of marketable securities, fair value of convertible debentures and share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements include the factors that are used in determining whether the Company has significant influence over another entity, and the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the end of the reporting period.

Future Accounting Pronouncements

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted. Management has assessed that there are no future accounting pronouncements that are expected to have a material impact on the Company in the current or future reporting periods.

(Expressed in Canadian Dollars)

3. Marketable Securities and Investments

Below is a summary of the Company's marketable securities as of February 28, 2023 and 2022:

	November 30, 2022 fair value	Unrealized loss	February 28, 2023 fair value
KPBF Shares	$ 34,090	$ (14,610)	$ 19,480

	November 30, 2021 fair value	Unrealized loss	February 28, 2022 fair value
KPBF Shares	$ 193,750	$ (43,750)	$ 150,000

<u>*Marketable Securities*</u>

Komo Plant Based Foods Inc. ("KPBF")

On January 30, 2023, KPBF effected a 10:1 share consolidation. All share and per share amounts in these financial statements have been retroactively adjusted for the share consolidation.

As at February 28, 2023, the Company held 97,400 shares (November 30, 2022 – 97,400) of KPBF.

4. Convertible Debentures

	November 29, 2021 issuance	April 8, 2022 issuance	Total
Carrying amount of liability at November 30, 2021	$ 450,009	$ –	$ 450,009
Accretion	36,273	-	36,273
Carrying amount of liability at February 28, 2022	505,032	$ –	505,032
Carrying amount of liability at November 30, 2022	$ 594,923	$ 252,014	$ 846,937
Accretion	38,877	6,990	45,867
Carrying amount of liability at February 28, 2023	$ 633,800	$ 259,004	$ 892,804
Current portion	633,800	-	633,800
Non-current portion	-	259,044	259,044

<u>November 29, 2021 issuance (the "2021 Debentures")</u>

On November 29, 2021, the Company issued 750 convertible debenture units at a price of $1,000 per unit for gross proceeds of $750,000. Each unit consisted of a repayable note with a face value of $1,000 (the "Debentures") and 66 warrants to purchase common shares of the Company. The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year. The Company issued an aggregate of 50,000 warrants to the debenture holders.

The Debentures have a redemption date that is 24 months from the date of issuance and are convertible in full or in part, at the holders' option, into common shares of the Company at a price of $14.40 per common share, at any time prior to their redemption. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $16.80 per share for a period of 36 months from the date of issue.

4. Convertible Debentures (continued)

In connection with the issuance of the Debentures, the Company paid broker fees of $82,570, commission fees of $75,000, and granted 5,208 agent's options (the "Agent's Options") with a fair value of $61,993 entitling the holder to purchase a unit of the Company (the "Agent's Option Unit") at $14.40 per Agent's Option until November 29, 2023. Each Agent's Option Unit consists of one common share of the Company (each, an "Agent's Option Share") and one share purchase warrant (each, an "Agent's Option Warrant"). Each Agent's Option Warrant further entitles the holder to purchase one additional common share of the Company at a price of $16.80 for a period of 36 months from the Agent's Options issue date of November 29, 2021. The estimated fair value associated with the Agent's Options granted was determined using the Black-Scholes Pricing model with the following assumptions: stock price at grant date of $16.92; annualized volatility of 132%; expected life of 2 years; dividend yield of 0%; expected forfeiture rate of 0%; and risk-free rate of 1.08%.

During the three months ended February 28, 2023, the Company accrued interest of $18,750 (2022 - $18,750) relating to the Debentures, which has been recorded in accounts payable and accrued liabilities.

April 8, 2022 issuance (the "2022 Debentures")

On April 8, 2022, the Company issued 285 convertible debenture units at a price of $1,000 per unit for gross proceeds of $285,000, and 109 convertible debenture units at a price of $1,000 per unit to settle accounts payable of $109,000. Each unit consisted of a repayable note with a face value of $1,000 (the "Debentures") and 79 warrants to purchase common shares of the Company. The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year. The Company issued an aggregate of 31,192 warrants to the debenture holders. The Debentures have a redemption date that is 24 months from the date of issuance and are convertible in full or in part, at the holders' option, into common shares of the Company at a price of $9.00 per common share, at any time prior to their redemption. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $9.60 per share for a period of 36 months from the date of issue.

In connection with the issuance of the Debentures, the Company paid broker fees of $14,000 and granted 1,108 agent's options (the "Agent's Options") with a fair value of $3,809 entitling the holder to purchase a unit of the Company (the "Agent's Option Unit") at $9.00 per Agent's Option until April 8, 2024. Each Agent's Option Unit consists of one common share of the Company (each, an "Agent's Option Share") and one share purchase warrant (each, an "Agent's Option Warrant"). Each Agent's Option Warrant further entitles the holder to purchase one additional common share of the Company at a price of $9.60 for a period of 36 months from the Agent's Options issue date of April 8, 2022. The estimated fair value associated with the Agent's Options granted was determined using the Black-Scholes Pricing model with the following assumptions: stock price at grant date of $6.00; annualized volatility of 129%; expected life of 2 years; dividend yield of 0%; expected forfeiture rate of 0%; and risk-free rate of 2.42%.

During the three months ended February 28, 2023, the Company accrued interest of $7,350 (2022 - $nil) relating to the Debentures, which has been recorded in accounts payable and accrued liabilities.

On April 27, 2023, the holders of the 2021 Debentures and 2022 Debentures agreed to modify the maturity dates to December 4, 2024. Refer to Note 16.

(Expressed in Canadian Dollars)

5. Related Party Transactions

The compensation of key management personnel and related parties were as follows:

	Three months ended February 28,			
		2023		2022
Consulting fees	$	45,000	$	59,124
Share-based compensation		39,764		170,697
Wages		-		167,500
	$	84,764	$	397,321

As at February 28, 2023, the Company owed $21,188 (November 30, 2022 - $7,713) to Better Plant Sciences Inc. ("Better Plant"), a company with common officers and directors, which is included in due to related parties. The balance is unsecured, non-interest bearing, and due on demand.

During the three months ended February 28, 2023, the Company incurred no related party marketing expenses (2022 - $1,693), no related party investor relations expenses (2022 - $13,594), professional fees of $9,800 (2022 - $21,139), office and administrative expenses of $2,450 (2022 - $9,220) from Better Plant. Better Plant provided such services to the Company pursuant to an operating agreement dated August 30, 2020.

As at February 28, 2023, the Company owed $28,000 (November 30, 2022 - $nil) to a company which shares a CFO with the Company, which is included in due to related parties. The amount owing is unsecured, non-interest bearing, and due on demand.

As at February 28, 2023, the Company owed $15,000 (November 30, 2022 - $4,750) to a company controlled by the CFO of the Company, which is included in accounts payable and accrued liabilities. During the period ended February 28, 2023, the Company settled $20,000 of amounts owing to a company controlled by the CFO for $15,000, resulting in a gain on settlement of debt of $5,000. The amounts owing are unsecured, non-interest bearing, and due on demand.

As at February 28, 2023, the Company owed $20,000 (November 30, 2022 - $20,000) to the CEO of the Company, which is included in accounts payable and accrued liabilities. During the period ended February 28, 2023, the Company settled $35,000 of amounts owing to the CEO for $20,000, resulting in a gain on settlement of debt of $15,000. The amounts owing are unsecured, non-interest bearing, and due on demand.

During the period ended February 28, 2023, the Company settled $15,000 of amounts owing to a director of the Company for $nil, resulting in a gain on settlement of debt of $15,000.

6. Share Capital

Authorized: unlimited number of common shares without par value.

On April 18, 2022, the Company effected a 4:1 share consolidation and on January 24, 2023, the Company effected a 30:1 share consolidation. All share and per share amounts in these condensed interim financial statements have been retroactively adjusted for the share consolidations.

During the three months ended February 28, 2023, the Company completed the following transactions:

(a) The Company cancelled 83,330 common shares which were previously issued to an officer of the Company pursuant to the Company's RSU plan.

(Expressed in Canadian Dollars)

6. Share Capital (continued)

During the three months ended February 28, 2022, the Company completed the following transactions:

(b) The Company issued 13,416 common shares pursuant to the conversion of fully vested restricted share units. The fair value of the restricted share units of $134,702 was transferred from equity reserves to share capital upon conversion.

7. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price
Balance, November 30, 2021	1,130,825	$ 30.00
Issued	32,300	9.60
Expired	(1,037,283)	29.70
Balance, November 30, 2022	125,842	$ 15.00
Expired	(38,324)	17.39
Balance, February 28, 2023	87,518	$ 14.14

As at February 28, 2023, the following share purchase warrants were outstanding:

Number of warrants	Exercise price	Expiry date
5,209	$ 16.80	November 29, 2023
1,108	$ 9.60	April 8, 2024
50,004	$ 16.80	November 29, 2024
31,197	$ 9.60	April 8, 2025
87,518		

8. Stock Options

On January 13, 2020, the Company adopted an incentive stock option plan, which was replaced by an amended and restated incentive stock option plan on September 9, 2020. Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees, and consultants of the Company. The terms of the granted stock options as well as the vesting conditions are at the sole discretion of the directors.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price
Outstanding, November 30, 2021	162,103	$ 24.00
Granted	169,959	3.04
Expired/cancelled	(134,353)	25.41
Outstanding, November 30, 2022	197,709	$ 5.55
Expired/cancelled	(125,750)	3.16
Outstanding, February 28, 2023	71,959	$ 9.73
Exercisable, February 28, 2023	64,022	$ 9.51

(Expressed in Canadian Dollars)

8. Stock Options (continued)

Additional information regarding stock options outstanding and exercisable as at February 28, 2023, is as follows:

Range of exercise prices	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
\$3.00 - \$11.70	39,376	36,043	2.41
\$12.00 - \$18.00	25,917	21,417	1.05
\$30.00 - \$34.80	6,666	6,562	0.27
	71,959	64,022	3.72

Share-based compensation expense related to stock options was determined using the Black-Scholes option pricing model. During the three months ended February 28, 2023, the Company recognized share-based compensation expense relating to stock options of \$26,992 (2022 –\$55,618) in equity reserves, of which \$27,314 (2022 - \$131,411) pertains to directors and officers of the Company. The expense pertaining to directors and officers of the Company for the three months ended February 28, 2022 is larger than the overall expense as a result of accounting for stock options cancelled during the period. The weighted average fair value of options granted during the three months ended February 28, 2023, was \$nil (2022 - \$5.98) per option. Weighted average assumptions used in calculating the fair value of share-based compensation expense, including no expected dividends or forfeitures, are as follows:

	2023	2022
Risk-free interest rate	3.48%	1.64%
Expected volatility	200%	124%
Expected life (years)	4.41	4.52

As at February 28, 2023, there was \$1,145 (November 30, 2022 - \$37,295) of unrecognized share-based compensation related to unvested stock options.

9. Restricted Share Units

On April 16, 2020, the Company adopted a restricted share unit plan, which was replaced by an amended and restated restricted share unit plan on April 27, 2020, September 9, 2020, and November 3, 2020. Pursuant to the Company's restricted share unit plan, directors may, from time to time, authorize the issuance of restricted share units to directors, officers, employees, and consultants of the Company. The terms of the granted restricted share units as well as the vesting conditions are at the sole discretion of the directors.

On April 18, 2022, the Company effected a 4:1 share consolidation and on January 24, 2023, the Company effected a 30:1 share consolidation. Figures in the tables below have been retroactively adjusted for the share consolidation.

	Number of Restricted share units
Balance, November 30, 2021	54,167
Granted	121,750
Cancelled	(30,000)
Vested	(137,583)
Balance, November 30, 2022	8,334
Cancelled	(8,334)
Balance, February 28, 2023	-

(Expressed in Canadian Dollars)

9. Restricted Share Units (continued)

Share-based compensation expense relating to restricted share units was determined using the fair value of common shares of the Company on the date of grant. During the three months ended February 28, 2023, the Company recognized share-based compensation expense relating to restricted share units of $13,333 (2022 - $64,363) in equity reserves, $12,450 (2022 - $39,286) of which pertains to directors and officers of the Company. During the three months ended February 28, 2023, the Company granted restricted share units with a fair value of $nil (2022 - $14,702) in exchange for consulting services. During the three months ended February 28, 2023, the Company cancelled 8,334 (2022 – nil) unvested restricted share units with a fair value of $13,333 (2022 - $nil). The weighted average fair value of restricted share units granted during the three months ended February 28, 2023, was $nil (2022 - $8.40) per share.

As at February 28, 2023, there was $nil (November 30, 2022 - $13,333) of unrecognized share-based compensation related to unvested restricted share units.

10. Debt Settlements

During the period ended February 28, 2023, the Company paid $27,032 (US$20,000) to settle accounts payable owed to a non-related party of $400,982 (US$296,672), resulting in a gain on settlement of debt of $373,950 and settled $33,900 of amounts owed to a former employee of the Company for $6,780, which will be settled with common shares of the Company, resulting in a gain on settlement of debt of $27,120.

11. Earnings (Loss) Per Share

a) Basic

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

	Three months ended February 28, 2023	Three months ended February 28, 2022
Net income (loss)	$ 218,707	$ (881,554)
Weighted average number of shares outstanding during the period	1,123,419	1,060,037
Basic net income (loss) per share	$ 0.19	$ (0.83)

b) Diluted

Net income (loss) per diluted share is calculated by dividing the net income (loss) by the weighted average number of shares outstanding during the period adjusted for the effects of potentially dilutive stock options and warrants. For the three months ended February 28, 2022, there was a net loss. Accordingly, all share options and warrants would be considered anti-dilutive and have been excluded from the calculation of diluted earnings (loss) per share for this period. The weighted average shares outstanding and weighted average diluted shares outstanding are therefore the same.

	Three months ended February 28, 2023	Three months ended February 28, 2022
Net income (loss)	$ 218,707	$ (881,554)
Weighted average number of shares for net income per diluted share	1,367,646	1,060,037
Diluted net income (loss) per share	$ 0.16	$ (0.83)

(Expressed in Canadian Dollars)

12. Supplemental Disclosures

	Three months ended February 28, 2023	2022
Non-cash investing and financing activities:		
Restricted share units issued for services	$ -	$ 14,702
Subscriptions received for debt settlement	6,781	-
Fair value of restricted share units converted	-	134,702

13. Capital Management

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position and share capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

14. Financial Instruments and Risk Management

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the statement of financial position as at February 28, 2023, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance, February 28, 2023
Marketable securities	$ 19,480	$ –	$ –	$ 19,480

The fair values of other financial instruments, including cash, accounts payable and accrued liabilities, and amount due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company’s credit risk is primarily attributable to cash. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and has no other significant concentration of credit risk arising from operations. The carrying amount of financial assets represents the maximum credit exposure.

(Expressed in Canadian Dollars)

14. Financial Instruments and Risk Management (continued)

Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

Price Risk

The Company is exposed to price risk with respect to its marketable securities, which consists of common shares held in publicly-traded companies and is dependent upon the market price or the fair value of the common shares for those companies. The market price or the fair value of the common shares of those companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

15. Restatement

The condensed interim financial statements as at February 28, 2023 and for the three months ended February 28, 2023 and 2022 have been restated to properly reclassify the 2021 Debentures from a non-current liability to a current liability given the maturity date of the debentures are within 12 months of the period end date. The impact of the restatement resulted in an increase in the working capital deficit of the Company of $633,800. There was no impact to the Company's condensed interim statements of operations, changes in shareholders' equity, or cash flows.

The impact of the restatement on the condensed interim statement of financial position is as follows:

	Previously Reported	Adjustment	Restated
Current Liabilities			
Convertible debentures	-	633,800	633,800
Total Current Liabilities	328,575	633,800	962,375
Non-Current Liabilities			
Convertible debentures	892,804	(633,800)	259,004

16. Subsequent Events

On March 13, 2023, the Company incorporated a fully owned subsidiary, 1405306 B.C. Ltd. (“Subco").

On March 21, 2023, the Company signed a definitive merger agreement with Lancaster Lithium Inc. (“Lancaster Lithium”) for a reverse merger transaction (the “Transaction”). Lancaster Lithium is a private company which is committed to powering the transition to a low carbon economy through the acquisition, exploration and development of properties that are prospective for Lithium. It has the right to acquire 100% of the Alkali Flat Lithium Project - a lithium brine exploration project located in southwestern New Mexico, USA (the “Property”).

After obtaining all necessary approvals, the Transaction will be completed via a three-cornered amalgamation between the Company, Lancaster Lithium, and Subco. In this process, the Company will acquire 100% of the issued and outstanding Lancaster Lithium common shares in exchange for common shares of the Company on a 1:1 basis. The outstanding warrants and options of Lancaster Lithium will be exchanged into warrants and options of the Company on an identical basis. Upon closing the Transaction, the company resulting from the amalgamation of Lancaster Lithium and Subco will become a wholly-owned subsidiary of the Company, and the Company will change its name to Lancaster Lithium Inc. and continue to advance the Lancaster Lithium exploration and development strategy.

The closing of the Transaction is contingent upon several conditions, including approval from a special majority of Lancaster Lithium shareholders and approval from the Canadian Securities Exchange.

On April 27, 2023, the Company reached the following agreements with the registered holders of the 2021 Debentures and the 2022 Debentures:

(a) Conversion of principal amount of $49,600 and accrued interest of $129,196 into units of the Company, through a non-brokered private placement, at $0.20 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable at $0.40 per share for a period of 36 months from the time of issuance.

(b) The maturity date of the remaining principal balance of the 2021 Debentures and 2022 Debentures in the total amount of $994,400 was extended to December 4, 2024. Interest will continue to accrue at 10% per annum and will be payable on the maturity date. All other terms of the convertible debentures remain unchanged.

SCHEDULE D

MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY

[See Attached]

neon mind

BIOSCIENCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended November 30, 2022 and 2021

March 29, 2023

This Management's Discussion and Analysis ("MD&A") relates to the financial position and financial performance of NeonMind Biosciences Inc. ("NeonMind" and the "Company") for the years ended November 30, 2022 and 2021. All references to "us" "we" and "our" refer to NeonMind.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our audited financial statements for the years ended November 30, 2022 and 2021 (referred to as the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that we will continue as a going concern, which assumes that we will be able to realize our assets and satisfy our liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon our ability to continue as a going concern.

The Company has incurred a net loss from continuing operations of $2,034,352 and used $1,080,848 of cash for operating activities from continuing operations during the year ended November 30, 2022. As of November 30, 2022, the Company had an accumulated deficit of $15,123,243 and working capital deficit of $555,058. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. As of November 30, 2022, the development of the Company's business was on hold pending additional funding required. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. The impact of these adjustments could be material.

The outbreak of the coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company and is working on alternative measures and resources to minimize such impact. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

Except where otherwise indicated, all financial information is expressed in Canadian dollars.

As at the date of the MD&A, further development of operations and continuation of our normal business activities requires securing additional funding.

CORPORATE OVERVIEW

We were incorporated under the laws of the province of British Columbia, Canada on September 18, 2019 and are extra provincially registered in Ontario. We were developing two divisions, (i) a pharmaceutical division engaged in drug development of psychedelic compounds, and (ii) a medical services division, which is in the development stage.

In our pharmaceutical division, we were developing two distinct psilocybin drug development programs targeting obesity. Psilocybin is a complex organic compound found naturally in a wide range of different species of mushrooms, known as psychedelic mushrooms ("psilocybin"). Psychedelics are a hallucinogenic class of psychoactive drugs whose primary action is to trigger psychedelic experiences via serotonin 2A receptor agonism, causing specific psychological, visual and auditory changes, and altered states of consciousness. Our first drug candidate aimed to use synthetic psilocybin to enhance a patient's ability to adopt behaviours that cause weight loss and maintain that loss through psychedelic-assisted cognitive therapy. The second drug candidate proposed low dose synthetic psilocybin as a treatment to suppress appetite.

DEVELOPMENT OF BUSINESS

We completed our IPO, which was oversubscribed, and the broker exercised their full over-allotment issuance, and our common shares were listed on the Canadian Securities Exchange under the ticker symbol "NEON". We raised funds from the IPO in the gross amount of $4,600,000.

On January 18, 2021, our common shares were listed on the Frankfurt Stock Exchange and on May 28, 2021, our common shares began trading on the OTCQB under the ticker symbol “NMDBF”.

On March 2, 2021, announced proprietary data from our initial Preclinical Trial at UBC demonstrating that both low and high dose psilocybin successfully reduced weight gain within 5 days in an animal model.

From January to March 2021, we added significantly to our drug development team with six expert consultants across North America experienced in the areas of therapeutic drug development, psilocybin research, eating disorders and obesity research and treatment, drug manufacturing, business development and product development.

In February 2021, we purchased an initial order of GMP (good manufacturing practices as mandated by Canadian regulations) grade psilocybin from Psygen Labs Inc. for our planned phase 2 human clinical trial expected to begin in Q2 2022.

In March 2021 we engaged Certara, a global leader in model-informed drug development, to provide strategic integrated drug development support for the investigation of our psilocybin based drug candidates for the treatment of obesity and to provide us with an integrated development plan.

In April, we announced a New Specialty Clinics Division for the delivery of evidence-backed innovative treatments for a variety of mental health needs. This will include psychedelic modalities and other newer treatments for mood disorders such as depression.

We appointed Ernie Ho, VP, Corporate Development with his initial focus to be the development of the team to build out medical services as well as to identify and assess partnership and acquisition targets.

In May 2021, we formed a Specialty Medical Clinic Advisory Board to guide the planning and operation of NeonMind branded clinics across Canada. Members of the advisory board will be composed of experts on provincial and local health care access and advocacy, ketamine treatment and psychotherapy protocols, and clinical operations, strategy, and growth.

In June 2021, we finalized target product profiles, establishing optimal and minimally acceptable profiles for a successful program considering medical needs, differentiation strategy, target use and access to medicine strategy. Dr. Panenka also ceased to be a member of the Advisory Board.

In July 2021, Trevor Millar resigned as Chief Psychedelic Officer. Mr. Millar and Dr. Sagar Parikh were both appointed to the Advisory Board, and in September 2021, Dr. Roumen Milev and Dr. Gustavo Vazquez were appointed to the Advisory Board.

In August 2021, we reorganized our Pharmaceutical Division to accelerate the execution of our Integrated Drug Development Plan for NEO-001 to treat obesity and established an R&D Advisory Board. As part of the reorganization, Philippe Martin was appointed Chairman of the Company’s R&D Advisory Board.

In September 2021, we completed a strategic review of our long-term strategy, while electing to focus on our core competencies of drug development and deployment of medical services we identified non-core assets for divestiture including our Consumer Products Division and our financial position in TLS

On September 16, 2021, a Type B pre-IND Meeting Request was submitted to the DDLO at the Food and Drug Administration (FDA) in support of our lead drug candidate NEO-001.

On September 22, 2021, we appointed Dr. Gustavo Vazques, MD, PhD, a Professor of Psychiatry at Queen’s University in Kingston, Ontario, and a noted expert in mood disorders and ketamine utilization, to our Specialty Clinics Advisory Board.

In November 2021, we formed a strategic alliance with SRx Health Solutions ("SRx"), a leading Canadian specialty healthcare services and medical treatment provider, to establish and operate a network of NeonMind-branded specialty clinics to deliver evidence-backed innovative treatments for a variety of mental health needs. We will leverage SRx's nationwide network of over 70 clinics, as well as its operational capabilities, to bring our unique treatment protocols to underserved populations in Canada.

On November 23, 2021, we successfully completed pre-IND consultation with the FDA, regarding proposed clinical trials for our lead obesity drug candidate, NEO-001. The Company expects to initiate a Phase 1/2 clinical study in 2022.

On January 13, 2022, we appointed Dr. Daniel Bainbridge, MD, FRCPC, past President of the Canadian Anesthesiologists Society, Professor from the Department of Anesthesia and Perioperative Medicine at the University of Western Ontario, and Anesthesia Consultant at London Health Sciences Centre, to our Specialty Clinics Advisory Board.

On February 17, 2022, we signed an agreement with SRx Health Solutions ("SRx") to open the Company's inaugural NeonMind specialty mental health clinic, located at the Queensway Professional Medical Centre in Mississauga, Ontario. The Mississauga location is the first in NeonMind's initiative to establish a national network of NeonMind-branded specialty clinics. These clinics will focus on delivering high-demand mental health treatments to underserved areas of Canada. The specialty services to be offered will incorporate innovative, evidence-based interventional psychiatric treatments for a variety of mood and anxiety disorders. The Mississauga clinic is expected to start seeing patients in the second half of 2022

On February 23, 2022, we announced the appointment of Dr. Dinesh Bhayana, MD, CCFP (EM), as Site Medical Director for our previously announced clinic location in Mississauga, Ontario. Dr. Bhayana is highly qualified in the treatments NeonMind seeks to provide, holding positions as Chief Medical Officer of Centre for Compassionate Care (C3) and Emergency and Addiction medicine physician with hospital privileges from Emergency Medicine and Psychiatry departments. Dr. Bhayana's scope of practice includes provision of low dose intravenous ketamine in an outpatient clinic granted by the College of Physicians and Surgeons of Ontario.

On March 3, 2022, we expanded our clinic infrastructure network by forming an additional strategic alliance with another leading Canadian specialty healthcare services and medical treatment provider, BioScript Solutions ("BioScript"). We will leverage BioScript's nationwide network of over 100 clinics, as well as its operational capabilities, to bring our unique treatment protocols to underserved populations in Canada.

On March 22, 2022, we filed a new patent application with the United States Patent and Trademark Office related to a novel mechanism of weight loss targeted to specific fat subtypes.

On March 23, 2022, we released preclinical data demonstrating the efficacy of psilocybin in reducing weight gain in obese subjects. In previous preclinical studies, we have shown efficacy in reducing weight gain in healthy subjects with normal weight. This latest study suggests a broader therapeutic potential of psilocybin in weight management and supports the current development track of our drug candidates.

On March 23, 2022, we announced we were setting up to offer low dose intravenous ketamine therapy for mood and anxiety disorders (IV-Ket) as an initial treatment at its recently announced, inaugural specialty mental health clinic location in Mississauga, Ontario, pending clinic licensing.

On April 8, 2022, we closed a convertible debenture private placement offering (the "Offering"). Pursuant to the Offering, the Company issued 285 units at a price of $1,000 per unit (the "Units") for gross proceeds of $285,000, and 109 units at a price of $1,000 per unit to settle accounts payable of $109,000. Each Unit consists of one unsecured convertible debenture in the principal amount of $1,000 and 2,375 warrants to purchase common shares of the Company.

On April 18, 2022, we completed a consolidation of our issued and outstanding common shares of the Company on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common shares. All share and per share amounts in this MD&A have been retroactively adjusted for the share consolidation.

During the year ended November 30, 2022, we implemented changes to our Board of Directors and senior management. Effective May 30, 2022, Rob Tessarolo was appointed as Chairman of the Board of NeonMind and resigned from his role as President and Chief Executive Officer. Penny White was appointed as Chief Executive Officer of NeonMind. Ms. White continues as a member of the Board of Directors and is no longer Executive Chairman of the Board. Also on May 30, 2022, Kari Richardson and Jeff B Smith resigned as Directors of the Board of Directors. Kari Richardson was appointed to serve on the Company's advisory board. Cole Drezdoff was appointed to the Board of Directors. On December 7, 2022, Rob Tessarolo was reappointed to the position of the President and the Chief Executive Officer.

On December 14, 2022, we announced that it had signed a binding letter agreement dated December 14, 2022 (the "Letter Agreement") with Lancaster Lithium Inc. ("Lancaster Lithium") whereby the parties have agreed to complete a reverse merger transaction that will result in Lancaster Lithium becoming a wholly-owned subsidiary of the Company. Lancaster Lithium is a private company which is committed to powering the transition to a low carbon economy through the acquisition, exploration and development of properties that are prospective for Lithium. It has the right to acquire 100% of the Alkali Flat Lithium Project - a lithium brine exploration project located in southwestern New Mexico, USA. Subsequent to the year end, on March 21, 2023 we entered into a definitive merger agreement with Lancaster Lithium and our wholly owned subsidiary, 1405306 B.C. Ltd. to replace the Letter Agreement.

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings or loss per share. The following information was derived from our financial statements for the years ended November 30, 2022 and 2021.

	2022	2021
Revenues	$ -	$ -
Loss before other items	(1,751,370)	(7,776,382)
Net Loss from continuing operations	(2,034,352)	(6,684,440)
Basic and diluted loss per shares from continuing operations	(1.80)	(6.80)
Total Assets	129,430	1,339,124
Dividends declared and paid out in cash	-	-

OVERALL PERFORMANCE

For the years ended November 30, 2022 and 2021, we did not recognize any revenue. Our Pharmaceutical Drug Development Division and Medical Services Division are in a research and development stage and did not generate any revenue. In September 2021, we disposed of our consumer product assets as we determined such business did not fit our long-term strategies and the consumer product business was classified as discontinued operations.

For the years ended November 30, 2022 and 2021, we incurred a net loss from continuing operations of $2,034,352 and $6,684,440 respectively. The losses were primarily driven by investment in research and development and ongoing operating expenses in preparation of launching medical clinics and administrative expenses.

Due to limitations in funding, further development of our assets and business initiatives are on hold pending additional funding. We are actively seeking refinancing opportunities to resume our normal business activities.

DISCUSSION ON OPERATIONS

<u>Revenue</u>

We did not generate any revenue from continuing operations for the years ended November 30, 2022 and 2021. We disposed of our assets in the consumer products division in the prior year and business was discontinued. Our medical services division is actively preparing for the opening of our first specialty clinic located in Mississauga, Ontario, which is scheduled to receive patients in the second half of 2022.

<u>Consulting fees</u>

We engage consultants and contractors regularly to obtain expertise in various business areas. For the year ended November 30, 2022, we incurred consulting fees of $397,942 as compared to $216,788 in the prior year. The increase in consulting fees was driven by increased research and development activities during the year.

Depreciation

For the year ended November 30, 2022, we incurred depreciation expense of $1,127, as compared to $688 in the prior year. Depreciation expenses were related to office equipment assets.

Investor relations

For the year ended November 30, 2022, we incurred investor relations expenses of $112,094 as compared to $442,550 the prior year. We reduced activities in investor relations to reserve working capital.

Listing expenses

Listing fees were related to the application and ongoing fees for the listing of our common shares on the Canadian Securities Exchanges (CSE). For the year ended November 30, 2022, we incurred listing fees of $6,000 as compared to $19,785 for the prior year.

Marketing, publicity and digital media

Marketing, publicity and digital media expenses included advertising media spent to promote our corporate brand. For the year ended November 30, 2022, we recorded marketing, publicity and digital media expenses of $320,162 as compared to $1,786,672 in the prior year. The decrease in marketing, publicity and digital media expenses are due to cost saving measures to reserve working capital.

Office and administrative expenses

Office and administrative expenses primarily included insurance fees, broker and filing fees, and other general office expenses. For the year ended November 30, 2022, we recorded office and administration expenses of $155,159 as compared to $359,731 in the prior year. The decrease in office and administrative expenses was due to cost saving measures.

Pharmaceutical research and development

Pharmaceutical research and development expenses included costs of our medical research and our preclinical trials. For the year ended November 30, 2022, we incurred pharmaceutical research and development costs of $149,018 as compared to $1,356,291 in the prior year. We have obtained positive pre-clinical results and are preparing to submit an IND to the FDA in support of advancing the development of NEO-001 into human trials.

Professional fees

Professional fees include legal, recruitment, accounting, audit and taxation fees. For the year ended November 30, 2022, we incurred professional fees of $159,892 as compared to $454,424 in the prior year. The decrease was primarily driven by legal and accounting fees related to the IPO process, as well as recruitment fees to expand the team in the prior year.

Share-based compensation

As at November 30, 2022, we had 197,709 stock options (November 30, 2021 – 162,013) and 8,334 restricted share units (November 30, 2021 – 54,167) outstanding for our directors, officers, employees and consultants, and we recorded share-based compensation expense of $166,077 for the year ended November 30, 2022, as compared to expenses of $2,499,933 in the prior year. We expect to continue to utilize stock options, and other forms of equity instruments, to incentivize our teams.

Wages

Wages for the year ended November 30, 2022 were $283,899, as compared to $639,520 in the prior year. The decrease in wages was driven by downsizing of the team to reserve working capital.

Other Items

During the year ended November 30, 2022, we incurred other expense of $282,982 as compared to other income of $1,091,942 for the prior year. Below is a list of other items for the year ended November 30, 2022 and 2021.

	Year ended November 30,	
	2022	2021
Accretion	(178,419)	(403)
Foreign exchange loss	(22,550)	(8,569)
Gain on extinguishment of debt	165,663	576,383
Gain on reclassification of investment	-	93,027
Gain sale of investment	-	450,000
Loss on sale of marketable securities	(12,960)	-
Interest expense	(101,090)	(33,034)
Loss on disposal of equipment	(1,566)	-
Share of net loss of equity accounted investee	-	(54,212)
Unrealized loss on marketable securities	(132,060)	-
Total other items	(282,982)	1,091,942

Net loss from continuing operations

We incurred a net loss from continuing operations of $2,034,352 for the year ended November 30, 2022, as compared to $6,684,440 in the prior year. Loss per share from continuing operations on a basic and fully diluted basis was $1.80 for the year ended November 30, 2022, compared to $6.80 for the prior year.

Discontinued operations

During the year ended November 30, 2021, we divested our consumer product business, and it was considered as discontinued operations. We did not incur any loss from discontinued operations during the year ended November 30, 2022. We incurred a net loss from discontinued operations of $523,067 in the prior year.

Dividends

No dividends were declared or paid for the years ended November 30, 2022 and 2021.

SUMMARY OF QUARTERLY RESULTS

The summary of our quarterly results are as follows:

For the quarters ended:

	Nov 30, 2022	Aug 31, 2022	May 31, 2022	Feb 28, 2022
Net loss from continuing operations	$ 178,614	$ 74,066	$ 900,118	$ 881,554
Net loss from discontinued operations	-	-	-	-
Net loss	178,614	74,066	900,118	881,554
Basic and diluted loss per share from continuing operations	0.15	0.06	0.80	0.79
Basic and diluted loss per share from discontinued operations	0.00	0.00	0.00	0.00

	Nov 30, 2021	Aug 31, 2021	May 31, 2021	Feb 28, 2021
Net loss from continuing operations	$ 595,101	$ 1,259,203	$ 2,487,608	$ 2,342,528
Net loss from discontinued operations	55,001	174,234	156,305	137,527
Net loss	650,102	1,433,437	2,643,913	2,480,055
Basic and diluted loss per share from continuing operations	0.57	1.21	2.26	2.76
Basic and diluted loss per share from discontinued operations	0.05	0.17	0.15	0.16

LIQUIDITY

	November 30, 2022	November 30, 2021
Current ratio(1)	0.2	2.2
Cash	$ 35,817	$ 773,525
Working capital surplus (deficit) (2)	$ (555,018)	$ 737,611
Debt (3)	$ 846,937	450,009
Equity (Deficit)	$ (1,401,995)	$ 290,295

(1) Current ratio is current assets divided by current liabilities.
(2) Working capital is current assets minus current liabilities.
(3) Debt consisted of the fair value of convertible debentures.

Cash Position

As at November 30, 2022, we had $35,817 in cash. During the year ended November 30, 2022, we spent $1,080,848 of cash in operating activities from continuing operations primarily to finance operating expenses including research and development, marketing, publicity and digital media, and wages. Cash used in operating activities from continuing operations for the prior year was $5,205,151. The decrease in cash used in operating activities was driven by cost saving and cost reduction initiatives and the delay of business initiatives awaiting new capital. Cash provided by investing activities was $72,140 for the year ended November 30, 2022 through sales of marketable securities and redemption of GIC, as compared to cash provided by investing activities of $389,118 for the prior year mostly generated from disposal of marketable securities offset by investment in GIC. Cash provided by financing activities was $271,000 for the year ended November 30, 2022 from issuance of additional convertible debentures as compared to $6,204,193 for the prior year, primarily from IPO fund raising.

Working Capital

We had a working capital deficit of $555,018 as at November 30, 2022, which primarily consisted of cash, marketable securities, taxes receivable and prepaid expenses and deposits, offset by accounts payable. We had working capital of $737,611 as at November 30, 2021. The increase in working capital deficit was primarily driven by decrease in cash balances spent on operating expenses.

As at the date of the MD&A, we are experiencing difficulties in obtaining sufficient working capital, and further development of our assets is on hold pending additional funding required. We are actively seeking refinancing opportunities to resume our normal business activities.

RESULTS OF THE FOURTH QUARTER

	Three months ended Nov 30, 2022
Net loss from continuing operations	$ 178,614
Net loss from discontinued operations	-
Net loss	178,614
Basic and diluted loss per share from continuing operations	0.15
Basic and diluted loss per share from discontinued operations	0.00

CAPITAL RESOURCES AND MANAGEMENT

As at November 30, 2022, we had $35,817 in cash. We are authorized to issue an unlimited number of common shares. As at November 30, 2022, there were 1,206,749 common shares issued and outstanding. We had 125,842 share purchase warrants outstanding with weighted average exercise price of $15.0 per share. We had 197,709 stock options outstanding with weighted average exercise price of $5.55 per share. We also had 8,334 restricted share units outstanding.

Convertible debentures

- On November 29, 2021, we issued convertible debentures in an aggregated amount of $750,000. The convertible debentures carry an annual coupon rate of 10% payable semi-annually and matures in two years. The debentures are convertible into the company's common shares at $14.40 per share anytime before or when they mature. Along with the convertible debentures, the Company issued 50,000 warrants to the debenture holders. Each warrant can be exercised to purchase one additional common share at $16.80 per shares for a period of 36 months.

- On April 8, 2022, we issued 285 convertible debenture units at a price of $1,000 per unit for gross proceeds of $285,000, and 109 convertible debentures units at a price of $1,000 per unit to settle accounts payable of $109,000. The convertible debentures carry an annual coupon rate of 10% payable semi-annually and matures in two years. The debentures are convertible into the company's common shares at $9.00 per share anytime before or when they mature. Along with the convertible debentures, we issued 31,192 warrants to the debenture holders. Each warrant can be exercised to purchase one additional common share at $9.60 per shares for a period of 36 months.

Our objective is to maintain a capital base to support the development of the business through equity issuance and strategic alliances. As at the date of this MD&A, we are experiencing difficulties in obtaining sufficient funding to support our business activities due to unfavourable market conditions. Further development of our assets and business initiatives is pending additional funding required. We are actively seeking alternate value creation strategies which could include refinancing opportunities, divestiture opportunities, and/or merger options.

OFF-BALANCE SHEET ARRANGEMENTS

As at November 30, 2022 and 2021, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the years ended November 30, 2022 and 2021, compensation of key management personnel and related parties were as follows:

	Year ended November 30, 2022	2021
Consulting fees	$ 356,088	$ 216,788
Share-based compensation	167,662	2,171,336
Wages	268,333	615,799
	$ 792,083	$ 3,003,923

As at November 30, 2022, Better Plant Sciences Inc. ("Better Plant"), a company with common officers and directors, held a deposit of $nil (2021 - $10,000) from the Company, which was included in prepaid expenses and deposits. As at November 30, 2022, the Company owed $7,713 (2021 - $16,948) to Better Plant, which is included in due to related party. The balance is unsecured, non-interest bearing, and due on demand.

During the year ended November 30, 2022, the Company incurred marketing expenses of $2,693 (2021 - $59,719), investor relations expenses of $30,000 (2021 - $53,639), professional fees of $54,211 (2021 - $138,307), office and administrative expenses of $18,299 (2021 - $62,121), and pharmaceutical research and development expenses of $nil (2021 - $65,140) from Better Plant. Better Plant provided such services to the Company pursuant to an operating agreement dated August 30, 2020.

On September 10, 2021, the Company entered into an agreement with Better Plant for the sale of functional food assets related to the Company's consumer division. The following assets were transferred by the Company to Better Plant: four mushroom coffee products being sold in Canada at the time of sale and four mushroom coffee dietary products, including existing inventory, raw materials and packaging for all eight products, social media accounts related to the products, a domain neonmind.com and the neonmind.com Shopify-enabled website in Canada and the US, as well as associated marketing materials and a license to use the brand NeonMind in association with the products.

As consideration for the assets, Better Plant paid $645,000 including taxes, which was offset by the balance due on a promissory note of a remaining balance of $645,000 owed by the Company to Better Plant. The fair value of the assets sold was determined to be $68,617, resulting in a gain on extinguishment of debt of $576,383. In addition, a 3% royalty of net product sales for a term of 25 years will be payable to the Company after the Better Plant reaches cumulative net product sales of over $1,000,000. For the year ended November 30, 2022 and 2021, the Company did not earn any royalty revenues from Better Plant.

During the year ended November 30, 2022, the Company entered into debt settlement agreements with various related parties, in order to settle outstanding accounts payable and accrued liabilities with a fair value of $165,663 (2021 - $nil) for a nominal amount, resulting in a gain on extinguishment of debt on the statement of operations.

During the year ended November 30, 2022, the Company issued 129,166 common shares to directors and officers of the Company with fair value of $382,500, pursuant to pursuant to the conversion of fully vested restricted share units.

As at November 30, 2022, the Company owed $4,750 (2021 - $nil) to a company controlled by the CFO of the Company, which is included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing, and due on demand.

As at November 30, 2022, the Company owed $20,000 (2021 - $nil) to a director of the Company, Rob Tessarolo, which is included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing, and due on demand.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the useful life and carrying value of property and equipment, fair value of convertible debentures and share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the condensed interim financial statements include the factors that are used in determining whether the Company has significant influence over another entity, and the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the end of the reporting period.

We had previously determined that it had significant influence in Komo Foods despite holding less than 20% of the voting rights in Komo Foods because we share a common CFO, and the fact that we and Komo Foods entered into a license agreement that was a key component of Komo Food's business in prior periods. As a result, Komo Foods was considered an associate of the Company, and the investment in Komo Foods was accounted for using the equity method. The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for our proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's net assets, such as further investments or dividends. During the year ended November 30, 2021, Komo Foods entered into a merger agreement and management determined that significant influence in Komo Foods no longer existed and we reclassified its investment to fair value through profit and loss under IFRS 9, Financial Instruments.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted. Management has assessed that there are no future accounting pronouncements that are expected to have a material impact on the Company in the current or future reporting periods.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the statement of financial position as at November 30, 2022, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance, November 30, 2022
Marketable securities	$ 34,090	$ –	$ –	$ 34,090
Convertible debentures	–	846,937	–	846,937
	$ 34,090	$ 846,937	$ –	$ 881,027

The fair values of other financial instruments, including cash, accounts payable and accrued liabilities, and amount due to related party approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company's credit risk is primarily attributable to cash. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and has no other significant concentration of credit risk arising from operations. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

Price Risk

The Company is exposed to price risk with respect to its marketable securities, which consists of common shares held in publicly-traded companies and is dependent upon the market price or the fair value of the common shares for those companies. The market price or the fair value of the common shares of those companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to NeonMind, including our consolidated subsidiaries, is made known to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting ("ICOFR")

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of NeonMind;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICOFR

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

SUBSEQUENT EVENTS

On December 14, 2022, the Company signed a binding letter agreement with Lancaster Lithium Inc. ("Lancaster Lithium") whereby the parties have agreed to complete a reverse merger transaction that will result in Lancaster Lithium becoming a wholly-owned subsidiary of the Company (the "Transaction").

Lancaster Lithium is a private company which is committed to powering the transition to a low carbon economy through the acquisition, exploration and development of properties that are prospective for Lithium. It has the right to acquire 100% of the Alkali Flat Lithium Project - a lithium brine exploration project located in southwestern New Mexico, USA (the "Property").

Prior to the closing of the Transaction, the Company is obligated to complete the consolidation of shares at the ratio of one new share for every thirty existing shares (the "Consolidation") (completed on January 24, 2023). At the closing of the Transaction (the "Closing") the Company will acquire 100% of the outstanding securities in Lancaster Lithium in exchange for the issuance of post-Consolidation shares of the Company on a 1:1 basis.

Prior to the Closing, Lancaster Lithium may complete a financing at a price of $0.20 per unit to raise gross proceeds of up to $1,000,000, with each unit to consist of one common share and one warrant to purchase a common share at $0.40 per share for a period of 36 months (the "Lancaster Financing"). Prior to the Closing, the Company may complete a private placement at a price of $0.20 per unit to raise gross proceeds of up to $400,000 on terms similar to the Lancaster Financing.

The completion of the Transaction is subject to the satisfaction of various conditions that are customary for a transaction of this nature, including but not limited to (i) the delivery by Lancaster Lithium to the Company of a technical report on the Property substantially in compliance with the requirements of National Instrument 43-101 Standards of Disclosure for Mineral Projects; (ii) the Company having entered into amending agreements with the holders of certain convertible debentures; (iii) the completion of the Consolidation; (iv) all related party debt of the Company being forgiven for nominal consideration, with the exception of $40,000, which may be converted into units; (v) the Company and Lancaster Lithium obtaining all required director and shareholder approvals; and (vi) the receipt of all requisite regulatory, stock exchange or governmental authorizations and consents, including the authorization and consent of the CSE.

Subsequent to November 30, 2022, in preparation for the Transaction with Lancaster Lithium, the Company cancelled an aggregate of 124,747 stock options, 7,500 restricted share units, and 83,333 issued common shares, previously granted to certain directors and officers pursuant to the company's stock plan and the Company's RSU plan.

Subsequent to November 30, 2022, the Company settled accounts payable of $400,745 (US$296,672) for consideration of $27,032 (US$20,000).

On March 13, 2023, the Company incorporated a fully owned subsidiary, 1405306 B.C. Ltd. ("Subco").

On March 21, 2023, the Company signed a definitive merger agreement with Lancaster Lithium for a reverse merger transaction (the "Transaction"). After obtaining all necessary approvals, the Transaction will be completed via a three cornered amalgamation between the Company, Lancaster Lithium, and Subco. In this process, the Company will acquire 100% of the issued and outstanding Lancaster Lithium common shares in exchange for common shares of the Company on a 1:1 basis. The outstanding warrants and options of Lancaster Lithium will be exchanged into warrants and options of the Company on an identical basis. Upon closing the Transaction, the company resulting from the amalgamation of Lancaster Lithium and Subco will become a wholly-owned subsidiary of the Company, and the Company will change its name to Lancaster Lithium Inc. and continue to advance the Lancaster Lithium exploration and development strategy.

The closing of the Transaction is contingent upon several conditions, including approval from a special majority of Lancaster Lithium shareholders and approval from the Canadian Securities Exchange.

neon mind
BIOSCIENCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended February 28, 2023 and 2022

May 8, 2023

This Management's Discussion and Analysis ("MD&A") relates to the financial position and financial performance of NeonMind Biosciences Inc. ("NeonMind" and the "Company") as at February 28, 2023 and for the three months ended February 28, 2023 and 2022. All references to "us" "we" and "our" refer to NeonMind.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our audited financial statements for year ended November 30, 2022 and condensed interim financial statements for the three months ended February 28, 2023 and 2022 (referred to as the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that we will continue as a going concern, which assumes that we will be able to realize our assets and satisfy our liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon our ability to continue as a going concern.

The Company has incurred net income of $218,707 and used $30,809 of cash for operating activities during the period ended February 28, 2023. As of February 28, 2023, the Company had an accumulated deficit of $14,904,536 and working capital deficit of $877,177. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. As of February 28, 2023, the development of the Company's business was on hold pending additional funding required. These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. The impact of these adjustments could be material.

The outbreak of the coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company and is working on alternative measures and resources to minimize such impact. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

Except where otherwise indicated, all financial information is expressed in Canadian dollars.

As at the date of the MD&A, further development of operations and continuation of our normal business activities requires securing additional funding.

CORPORATE OVERVIEW

We were incorporated under the laws of the province of British Columbia, Canada on September 18, 2019 and are extra provincially registered in Ontario. We were developing two divisions, (i) a pharmaceutical division engaged in drug development of psychedelic compounds, and (ii) a medical services division, which is in the development stage.

In our pharmaceutical division, we were developing two distinct psilocybin drug development programs targeting obesity. Psilocybin is a complex organic compound found naturally in a wide range of different species of mushrooms, known as psychedelic mushrooms ("psilocybin"). Psychedelics are a hallucinogenic class of psychoactive drugs whose primary action is to trigger psychedelic experiences via serotonin 2A receptor agonism, causing specific psychological, visual and auditory changes, and altered states of consciousness. Our first drug candidate aimed to use synthetic psilocybin to enhance a patient's ability to adopt behaviours that cause weight loss and maintain that loss through psychedelic-assisted cognitive therapy. The second drug candidate proposed low dose synthetic psilocybin as a treatment to suppress appetite.

DEVELOPMENT OF BUSINESS

We completed our IPO, which was oversubscribed, and the broker exercised their full over-allotment issuance, and our common shares were listed on the Canadian Securities Exchange under the ticker symbol "NEON". We raised funds from the IPO in the gross amount of $4,600,000.

On January 18, 2022, our common shares were listed on the Frankfurt Stock Exchange and on May 28, 2022, our common shares began trading on the OTCQB under the ticker symbol “NMDBF”.

From January to March 2022, we added significantly to our drug development team with six expert consultants across North America experienced in the areas of therapeutic drug development, psilocybin research, eating disorders and obesity research and treatment, drug manufacturing, business development and product development.

In February 2022, we purchased an initial order of GMP (good manufacturing practices as mandated by Canadian regulations) grade psilocybin from Psygen Labs Inc. for our planned phase 2 human clinical trial expected to begin in Q2 2022.

On March 2, 2022, announced proprietary data from our initial Preclinical Trial at UBC demonstrating that both low and high dose psilocybin successfully reduced weight gain within 5 days in an animal model.

In March 2022 we engaged Certara, a global leader in model-informed drug development, to provide strategic integrated drug development support for the investigation of our psilocybin based drug candidates for the treatment of obesity and to provide us with an integrated development plan.

In April, we announced a New Specialty Clinics Division for the delivery of evidence-backed innovative treatments for a variety of mental health needs. This will include psychedelic modalities and other newer treatments for mood disorders such as depression.

We appointed Ernie Ho, VP, Corporate Development with his initial focus to be the development of the team to build out medical services as well as to identify and assess partnership and acquisition targets.

In May 2022, we formed a Specialty Medical Clinic Advisory Board to guide the planning and operation of NeonMind branded clinics across Canada. Members of the advisory board will be composed of experts on provincial and local health care access and advocacy, ketamine treatment and psychotherapy protocols, and clinical operations, strategy, and growth.

In June 2022, we finalized target product profiles, establishing optimal and minimally acceptable profiles for a successful program considering medical needs, differentiation strategy, target use and access to medicine strategy. Dr. Panenka also ceased to be a member of the Advisory Board.

In July 2022, Trevor Millar resigned as Chief Psychedelic Officer. Mr. Millar and Dr. Sagar Parikh were both appointed to the Advisory Board, and in September 2022, Dr. Roumen Milev and Dr. Gustavo Vazquez were appointed to the Advisory Board.

In August 2022, we reorganized our Pharmaceutical Division to accelerate the execution of our Integrated Drug Development Plan for NEO-001 to treat obesity and established an R&D Advisory Board. As part of the reorganization, Philippe Martin was appointed Chairman of the Company’s R&D Advisory Board.

In September 2022, we completed a strategic review of our long-term strategy, while electing to focus on our core competencies of drug development and deployment of medical services we identified non-core assets for divestiture including our Consumer Products Division and our financial position in TLS

On September 16, 2022, a Type B pre-IND Meeting Request was submitted to the DDLO at the Food and Drug Administration (FDA) in support of our lead drug candidate NEO-001.

On September 22, 2022, we appointed Dr. Gustavo Vazques, MD, PhD, a Professor of Psychiatry at Queen’s University in Kingston, Ontario, and a noted expert in mood disorders and ketamine utilization, to our Specialty Clinics Advisory Board.

In November 2022, we formed a strategic alliance with SRx Health Solutions ("SRx"), a leading Canadian specialty healthcare services and medical treatment provider, to establish and operate a network of NeonMind-branded specialty clinics to deliver evidence-backed innovative treatments for a variety of mental health needs. We will leverage SRx's nationwide network of over 70 clinics, as well as its operational capabilities, to bring our unique treatment protocols to underserved populations in Canada.

On November 23, 2022, we successfully completed pre-IND consultation with the FDA, regarding proposed clinical trials for our lead obesity drug candidate, NEO-001. The Company expects to initiate a Phase 1/2 clinical study in 2022.

On January 13, 2022, we appointed Dr. Daniel Bainbridge, MD, FRCPC, past President of the Canadian Anesthesiologists Society, Professor from the Department of Anesthesia and Perioperative Medicine at the University of Western Ontario, and Anesthesia Consultant at London Health Sciences Centre, to our Specialty Clinics Advisory Board.

On February 17, 2022, we signed an agreement with SRx Health Solutions ("SRx") to open the Company's inaugural NeonMind specialty mental health clinic, located at the Queensway Professional Medical Centre in Mississauga, Ontario. The Mississauga location is the first in NeonMind's initiative to establish a national network of NeonMind-branded specialty clinics. These clinics will focus on delivering high-demand mental health treatments to underserved areas of Canada. The specialty services to be offered will incorporate innovative, evidence-based interventional psychiatric treatments for a variety of mood and anxiety disorders. The Mississauga clinic is expected to start seeing patients in the second half of 2022

On February 23, 2022, we announced the appointment of Dr. Dinesh Bhayana, MD, CCFP (EM), as Site Medical Director for our previously announced clinic location in Mississauga, Ontario. Dr. Bhayana is highly qualified in the treatments NeonMind seeks to provide, holding positions as Chief Medical Officer of Centre for Compassionate Care (C3) and Emergency and Addiction medicine physician with hospital privileges from Emergency Medicine and Psychiatry departments. Dr. Bhayana's scope of practice includes provision of low dose intravenous ketamine in an outpatient clinic granted by the College of Physicians and Surgeons of Ontario.

On March 3, 2022, we expanded our clinic infrastructure network by forming an additional strategic alliance with another leading Canadian specialty healthcare services and medical treatment provider, BioScript Solutions ("BioScript"). We will leverage BioScript's nationwide network of over 100 clinics, as well as its operational capabilities, to bring our unique treatment protocols to underserved populations in Canada.

On March 22, 2022, we filed a new patent application with the United States Patent and Trademark Office related to a novel mechanism of weight loss targeted to specific fat subtypes.

On March 23, 2022, we released preclinical data demonstrating the efficacy of psilocybin in reducing weight gain in obese subjects. In previous preclinical studies, we have shown efficacy in reducing weight gain in healthy subjects with normal weight. This latest study suggests a broader therapeutic potential of psilocybin in weight management and supports the current development track of our drug candidates.

On March 23, 2022, we announced we were setting up to offer low dose intravenous ketamine therapy for mood and anxiety disorders (IV-Ket) as an initial treatment at its recently announced, inaugural specialty mental health clinic location in Mississauga, Ontario, pending clinic licensing.

On April 8, 2022, we closed a convertible debenture private placement offering (the "Offering"). Pursuant to the Offering, the Company issued 285 units at a price of $1,000 per unit (the "Units") for gross proceeds of $285,000, and 109 units at a price of $1,000 per unit to settle accounts payable of $109,000. Each Unit consists of one unsecured convertible debenture in the principal amount of $1,000 and 2,375 warrants to purchase common shares of the Company.

On April 18, 2022, we completed a consolidation of our issued and outstanding common shares of the Company on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common shares. All share and per share amounts in this MD&A have been retroactively adjusted for the share consolidation.

During the year ended November 30, 2022, we implemented changes to our Board of Directors and senior management. Effective May 30, 2022, Rob Tessarolo was appointed as Chairman of the Board of NeonMind and resigned from his role as President and Chief Executive Officer. Penny White was appointed as Chief Executive Officer of NeonMind. Ms. White continues as a member of the Board of Directors and is no longer Executive Chairman of the Board. Also on May 30, 2022, Kari Richardson and Jeff B Smith resigned as Directors of the Board of Directors. Kari Richardson was appointed to serve on the Company's advisory board. Cole Drezdoff was appointed to the Board of Directors. On December 7, 2022, Rob Tessarolo was reappointed to the position of the President and the Chief Executive Officer.

On December 14, 2022, we announced that we had signed a binding letter agreement dated December 14, 2022 (the "Letter Agreement") with Lancaster Critical Resources Inc. ("Lancaster Critical Resources") whereby the parties have agreed on a proposed reverse merger transaction that will result in Lancaster Critical Resources becoming a wholly-owned subsidiary of the Company. Lancaster Critical Resources is a private company which is committed to powering the transition to a low carbon economy through the acquisition, exploration and development of properties that are prospective for Lithium. It has the right to acquire 100% of the Alkali Flat Lithium Project - a lithium brine exploration project located in southwestern New Mexico, USA. Subsequent to the year end, on March 21, 2023 we entered into a definitive merger agreement with Lancaster Critical Resources and our wholly owned subsidiary, 1405306 B.C. Ltd. to replace the Letter Agreement.

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings or loss per share. The following information was derived from our audited financial statements for the years ended November 30, 2022 and 2021.

	2022	2021
Revenues	$ -	$ -
Loss before other items	(1,751,370)	(7,776,382)
Net loss from continuing operations	(2,034,352)	(6,684,440)
Basic and diluted loss per shares from continuing operations	(1.80)	(6.80)
Total assets	129,430	1,339,124
Dividends declared and paid out in cash	-	-

OVERALL PERFORMANCE

For the three months ended February 28, 2023 and 2022, we did not recognize any revenue.

For the three months ended February 28, 2023 and 2022, we had net income of $218,707, primarily driven by gains from settlement of debts of $436,070, offset by operating expenses and other items of $217,363. We had a net loss of $881,554 in the same period of the prior year driven by operating expenses. The decrease in operating expenses in the current period is due to the fact that we had significant fewer operating transactions in the current period, including decreases in marketing, publicity and digital media expenses of $164,743, investor relations of $31,643, office and administration of $66,548, pharmaceutical research and development of $79,117, share-based compensation expense of $79,655, and wages of $175,305.

DISCUSSION ON OPERATIONS

Revenue

We did not generate any revenue for the three months ended February 28, 2023 and 2022. We disposed of our assets in the consumer products division in the prior year and business was discontinued. We placed our pharmaceutical research business on hold pending a contemplated merger with Lancaster Critical Resources, which was finalized on March 21, 2023.

Consulting fees

We engage consultants and contractors regularly to obtain expertise in various business areas. For three months ended February 28, 2023, we incurred consulting fees of $45,000 as compared to $62,499 of the same period in the prior year. The decrease in consulting fees was due to reduced business activities.

Depreciation

For the three months ended February 28, 2023, we did not incur depreciation expense as compared to $278 for the same period in the prior year. Depreciation expenses were related to office equipment assets.

Investor relations

For the three months ended February 28, 2023, we incurred investor relations expenses of $11,250 as compared to $42,893 for the same period in the prior year. We reduced activities in investor relations to reserve working capital.

Listing expenses

Listing fees were related to the application and ongoing fees for the listing of our common shares on the Canadian Securities Exchanges (CSE). For the three months ended February 28, 2023, we did not record listing fees as compared to $3,000 for the same period in the prior year.

Marketing, publicity and digital media

Marketing, publicity and digital media expenses included advertising media spent to promote our corporate brand. For the three months ended February 28, 2023, we did not record any marketing, publicity and digital media expenses as compared to $164,743 for the same period in the prior year. The decrease in marketing, publicity and digital media expenses are due to cost saving measures to reserve working capital.

Office and administrative expenses

Office and administrative expenses primarily included insurance fees, broker and filing fees, and other general office expenses. For the three months ended February 28, 2023, we recorded office and administration expenses of $4,299 as compared to $70,847 for the same period in the prior year. The decrease in office and administrative expenses was due to cost saving measures.

Pharmaceutical research and development

Pharmaceutical research and development expenses included costs of our medical research and our preclinical trials. For the three months ended February 28, 2023, we did not incur any pharmaceutical research and development costs as compared to $79,117 for the same period in the prior year. We have placed our research projects on hold.

Professional fees

Professional fees include legal, recruitment, accounting, audit and taxation fees. For the three months ended February 28, 2023, we incurred professional fees of $28,300 as compared to $67,110 for the same period in the prior year. The decrease was primarily driven by reduced business activities.

Share-based compensation

Share-based compensation costs are related to stock options granted to our directors, officers, employees and consultants. For the three months ended February 28, 2023, we recorded share-based compensation expense of $40,326 as compared to expenses of $119,981 for the same period in the prior year.

Wages

Wages for the three months ended February 28, 2023 were $1,063, as compared to $176,368 for the same period in the prior year. The decrease in wages was driven by downsizing of the team to reserve working capital.

Other Items

During the three months ended February 28, 2023, we recorded other income of $348,945 as compared to other expense of $94,718 for the same period of the prior year.

Below is a list of other items for the three months ended February 28, 2023 and 2022.

	Three months ended February 28,	
	2023	2022
	$	$
Accretion expense	(45,867)	(36,273)
Foreign exchange gain (loss)	(548)	4,055
Gain on extinguishment of debt	436,070	-
Interest expense	(26,100)	(18,750)
Unrealized gain(loss) on marketable securities	(14,610)	(43,750)
Total other items	348,945	(94,718)

During the three months ended February 28, 2023, the Company paid US$20,000 ($27,032) to settle a debt owed to Cetara USA Inc. in the amount of US$296,672 ($400,982) resulting in a gain of $373,950.

During the three months ended February 28, 2023, certain directors, officers and a former employee of the Company reached debt forgiveness agreements with the Company whereas an aggregated amount of $62,120 of debt owed to these directors, officers and employee was forgiven.

Net income (loss)

For the three months ended February 28, 2023, we recorded a net income of $218,707 driven by gains from settlement of debts as compared to net loss of $881,554 for the same period of the prior year which was mostly consisted of operating expenses.

Dividends

No dividends were declared or paid for the three months ended February 28, 2023 and 2022.

SUMMARY OF QUARTERLY RESULTS

The summary of our quarterly results are as follows. For the quarters ended:

	Feb. 28, 2023 $	Nov. 30, 2022 $	Aug. 31, 2022 $	May 31, 2022 $
Revenue	-	-	-	-
Net Income (loss)	218,707	(178,614)	(74,066)	(900,118)
Basic earnings (loss) per share	0.19	(0.15)	(0.06)	(0.80)
Diluted earnings (loss) per share	0.16	(0.15)	(0.06)	(0.80)
	Feb. 28, 2022 $	Nov. 30, 2021 $	Aug. 31, 2021 $	May 31, 2022 $
Revenue	-	-	-	-
Net Income (loss)	(881,554)	(650,102)	(1,433,437)	(2,643,913)
Basic and diluted loss per share	(0.79)	(0.62)	(1.38)	(2.41)
Diluted earnings (loss) per share	(0.79)	(0.62)	(1.38)	(2.41)

LIQUIDITY

	February 28, 2023	November 30, 2022
Current ratio[1]	0.1	0.2
Cash	$ 5,008	$ 35,817

Working capital surplus (deficit) (2)	$ (877,177)	$ (555,018)
Debt (3)	$ 892,804	$ 846,937
Equity (Deficit)	$ (1,205,081)	$ (1,401,995)

(1) Current ratio is current assets divided by current liabilities.
(2) Working capital is current assets minus current liabilities.
(3) Debt consisted of the fair value of convertible debentures, both current and non-current.

Cash Position

As at February 28, 2023, we had $5,008 in cash. During the three months ended February 28, 2023, we spent $30,809 of cash in operating activities to finance operating expenses. We did not incur and cash transactions from financing and investing activities for the three months ended February 28, 2023 and 2022.

Working Capital

We had a working capital deficit of $877,177 as at February 28, 2023, which primarily consisted of cash, marketable securities, GST receivable, and prepaid expenses and deposits, offset by accounts payable and accrued liabilities and the current portion of convertible debentures that are due within 12 months. We had a working capital deficit of $555,058 as at November 30, 2022. The decrease in working capital deficit was primarily driven by settlement of debt with gain.

As at the date of the MD&A, we are experiencing difficulties in obtaining sufficient working capital, and further development of our assets is on hold pending additional funding required. We are actively seeking refinancing opportunities to resume our normal business activities.

CAPITAL RESOURCES AND MANAGEMENT

As at February 28, 2023, we had $5,008 in cash. We are authorized to issue an unlimited number of common shares. As at February 28, 2023, there were 1,123,419 common shares issued and outstanding. We had 87,518 share purchase warrants outstanding with weighted average exercise price of $14.14 per share. We had 71,959 stock options outstanding with weighted average exercise price of $9.73 per share.

Convertible debentures

- On November 29, 2022, we issued convertible debentures in an aggregated amount of $750,000. The convertible debentures carry an annual coupon rate of 10% payable semi-annually and matures in two years. The debentures are convertible into the company's common shares at $14.40 per share anytime before or when they mature. Along with the convertible debentures, the Company issued 50,000 warrants to the debenture holders. Each warrant can be exercised to purchase one additional common share at $16.80 per shares for a period of 36 months.

- On April 8, 2022, we issued 285 convertible debenture units at a price of $1,000 per unit for gross proceeds of $285,000, and 109 convertible debentures units at a price of $1,000 per unit to settle accounts payable of $109,000. The convertible debentures carry an annual coupon rate of 10% payable semi-annually and matures in two years. The debentures are convertible into the company's common shares at $9.00 per share anytime before or when they mature. Along with the convertible debentures, we issued 31,192 warrants to the debenture holders. Each warrant can be exercised to purchase one additional common share at $9.60 per share for a period of 36 months.

On April 27, 2023, the holders of the 2021 Debentures and 2022 Debentures agreed to modify the maturity dates to December 4, 2024 (refer to "Subsequent Events").

Our objective is to maintain a capital base to support the development of the business through equity issuance and strategic alliances. As at the date of this MD&A, we are experiencing difficulties in obtaining sufficient funding to support our business activities due to unfavourable market conditions. Further development of our assets and business initiatives is pending additional funding required. We are actively seeking alternate value creation strategies which could include refinancing opportunities, divestiture opportunities, and/or merger options.

OFF-BALANCE SHEET ARRANGEMENTS

As at February 28, 2023, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the three months ended February 28, 2023 and 2022, compensation of key management personnel and related parties were as follows:

	Three months ended February 28,	
	2023	2022
Consulting fees	$ 45,000	$ 59,124
Share-based compensation	39,764	170,697
Wages	-	167,500
	$ 84,764	$ 397,321

As at February 28, 2023, we owed $21,188 (November 30, 2022 - $7,713) to Better Plant Sciences Inc. ("Better Plant"), a company with common officers and directors, which is included in due to related parties. The balance is unsecured, non-interest bearing, and due on demand.

During the three months ended February 28, 2023, we incurred no related party marketing expenses (2022 - $1,693), no related party investor relations expenses (2022 - $13,594), professional fees of $9,800 (2022 - $21,139), office and administrative expenses of $2,450 (2022 - $9,220) from Better Plant. Better Plant provided such services to the Company pursuant to an operating agreement dated August 30, 2020.

As at February 28, 2023, we owed $28,000 (November 30, 2022 - $nil) to a company which shares a CFO, Rick Huang, with the Company, which is included in due to related parties. The amount owing is unsecured, non-interest bearing, and due on demand.

As at February 28, 2023, we owed $15,000 (November 30, 2022 - $4,750) to a company controlled by the CFO, Rick Huang, of the Company, which is included in accounts payable and accrued liabilities. During the period ended February 28, 2023, we settled $20,000 of amounts owing to a company controlled by the CFO for $15,000, resulting in a gain on settlement of debt of $5,000. The amounts owing are unsecured, non-interest bearing, and due on demand.

As at February 28, 2023, we owed $20,000 (November 30, 2022 - $20,000) to the CEO of the Company, Rob Tessarolo, which is included in accounts payable and accrued liabilities. During the period ended February 28, 2023, we settled $35,000 of amounts owing to the CEO for $20,000, resulting in a gain on settlement of debt of $15,000. The amounts owing are unsecured, non-interest bearing, and due on demand.

During the period ended February 28, 2023, we settled $15,000 of amounts owing to a director of the Company, Penny White, for $nil, resulting in a gain on settlement of debt of $15,000.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the useful life and carrying value of property and equipment, fair value of convertible debentures and share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the condensed interim financial statements include the factors that are used in determining whether the Company has significant influence over another entity, and the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the end of the reporting period.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted. Management has assessed that there are no future accounting pronouncements that are expected to have a material impact on the Company in the current or future reporting periods.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the statement of financial position as at February 28, 2023, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance, February 28, 2023
Marketable securities	$ 19,480	$ –	$ –	$ 19,480

The fair values of other financial instruments, including cash, accounts payable and accrued liabilities, amount due to related parties, and convertible debentures approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company's credit risk is primarily attributable to cash. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and has no other significant concentration of credit risk arising from operations. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

We are exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. We manage liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

Price Risk

We are exposed to price risk with respect to its marketable securities, which consists of common shares held in publicly-traded companies and is dependent upon the market price or the fair value of the common shares for those companies. The market price or the fair value of the common shares of those companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to NeonMind, including our consolidated subsidiaries, is made known to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting ("ICOFR")

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of NeonMind;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICOFR

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

SUBSEQUENT EVENTS

On March 13, 2023, we incorporated a fully owned subsidiary, 1405306 B.C. Ltd. ("Subco").

On March 21, 2023, we signed a definitive merger agreement with Lancaster Critical Resources Inc. ("Lancaster") for a reverse merger transaction (the "Transaction"). Lancaster is a private company which is committed to powering the transition to a low carbon economy through the acquisition, exploration and development of properties that are prospective for Lithium. It has the right to acquire 100% of the Alkali Flat Lithium Project - a lithium brine exploration project located in southwestern New Mexico, USA (the "Property").

After obtaining all necessary approvals, the Transaction will be completed via a three-cornered amalgamation between the Company, Lancaster Lithium, and Subco. In this process, we will acquire 100% of the issued and outstanding Lancaster Lithium common shares in exchange for common shares of the Company on a 1:1 basis. The outstanding warrants and options of Lancaster will be exchanged into warrants and options of the Company on an identical basis. Upon closing the Transaction, the company resulting from the amalgamation of Lancaster and Subco will become a wholly-owned subsidiary of the Company, and the Company will change its name to Lancaster Critical Resource Inc. and continue to advance the Lancaster exploration and development strategy.

The closing of the Transaction is contingent upon several conditions, including approval from a special majority of Lancaster shareholders and approval from the Canadian Securities Exchange.

On April 27, 2023, we reached the following agreements with the registered holders of the 2021 Debentures and the 2022 Debentures:

(a) Conversion of principal amount of $49,600 and accrued interest of $129,196 into units of the Company, through a non-brokered private placement, at $0.20 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable at $0.40 per share for a period of 36 months from the time of issuance.

(b) The maturity date of the remaining principal balance of the 2021 Debentures and 2022 Debentures in the total amount of $994,400 was extended to December 4, 2024. Interest will continue to accrue at 10% per annum and will be payable on the maturity date. All other terms of the convertible debentures remain unchanged.

SCHEDULE E

FINANCIAL STATEMENTS OF LANCASTER LITHIUM INC.

[See Attached]

Lancaster Minerals Inc.

(formerly The Mylk Cart Corporation)

Financial Statements

For the Years Ended March 31, 2022 and 2021

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lancaster Minerals Inc. (formerly The Mylk Cart Corporation)

Opinion

We have audited the financial statements of Lancaster Minerals Inc. (formerly The Mylk Cart Corporation) (the "Company"), which comprise the statements of financial position as at March 31, 2022 and 2021, and the statements of operations and comprehensive loss, changes in shareholder's equity (deficit), and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company had no revenues and incurred a net loss of $628,475 during the year ended March 31, 2022 and, as of that date, the Company had an accumulated deficit of $649,019. These events or conditions, along with other matters as set forth in Note 1 of the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Prospectus.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

The Prospectus is expected to be made available to us after the date of the auditor's report. If, based on the work we have performed on this information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

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

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

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

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

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

October 5, 2022

Lancaster Minerals Inc.
(formerly The Mylk Cart Corporation)
Statements of Financial Position
Expressed in Canadian Dollars

	March 31, 2022	March 31, 2021
	$	$
Assets:		
Cash	289,452	234
Marketable securities (Note 3)	114,286	-
Amounts receivable	12,371	-
Prepaid expenses and deposits (Note 5)	69,723	-
Total assets	485,832	234
Liabilities:		
Accounts payable and accrued liabilities (Note 6)	34,798	18,900
Due to shareholders (Note 6)	-	1,877
Total liabilities	34,798	20,777
Shareholders' equity (deficit):		
Share capital (Note 7)	900,723	1
Share-based equity reserves (Notes 8 and 9)	199,330	-
Deficit	(649,019)	(20,544)
Total shareholders' equity (deficit)	451,034	(20,543)
Total liabilities and shareholders' equity (deficit)	485,832	234

Nature of operations and continuance of business (Note 1)
Subsequent event (Note 15)

Approved and authorized for issuance on behalf of the Board of Directors on October 5, 2022:

/s/ "Daniel Kang"
Director

/s/ "Angelo Rajasooriar"
Director

(The accompanying notes are an integral part of these financial statements)

Expressed in Canadian Dollars

	For the years ended March 31, 2022	2021
	$	$
Expenses:		
Consulting fees (Note 6)	163,100	18,900
Formulas (Notes 6 and 13)	59,500	-
Marketing, publicity, and digital media (Note 6)	38,792	-
Office and administrative (Note 6)	24,411	524
Professional fees (Note 6)	25,782	-
Research and development (Note 6)	31,570	-
Share-based compensation (Notes 6 and 9)	135,052	-
Wages (Note 6)	67,784	-
Total expenses	545,991	19,424
Net loss before other items	(545,991)	(19,424)
Other items		
Interest income (Note 4)	3,230	-
Unrealized loss on marketable securities (Note 3)	(85,714)	-
Total other items	(82,484)	-
Net loss and comprehensive loss	(628,475)	(19,424)
Loss per share, basic and diluted	(0.05)	(194.24)
Weighted average shares outstanding	13,852,155	100

(The accompanying notes are an integral part of these financial statements)

Lancaster Minerals Inc.
(formerly The Mylk Cart Corporation)
Statements of Changes in Shareholder's Equity (Deficit)
Expressed in Canadian Dollars

	Share capital		Share-based		Total
	Number of shares	Amount	equity reserves	Deficit	shareholders' equity (deficit)
		$	$	$	$
Balance, March 31, 2020	100	1	-	(1,120)	(1,119)
Net loss for the year	-	-	-	(19,424)	(19,424)
Balance, March 31, 2021	100	1	-	(20,544)	(20,543)
Units issued for cash	6,000,000	900,000	-	-	900,000
Share issuance costs	-	(154,278)	64,278	-	(90,000)
Shares issued for cash	6,000,000	120,000	-	-	120,000
Shares issued for debt settlement	7,000,000	35,000	-	-	35,000
Fair value of stock options granted	-	-	135,052	-	135,052
Net loss for the year	-	-	-	(628,475)	(628,475)
Balance, March 31, 2022	19,000,100	900,723	199,330	(649,019)	451,034

(The accompanying notes are an integral part of these financial statements)

Lancaster Minerals Inc.
(formerly The Mylk Cart Corporation)
Statements of Cash Flows
Expressed in Canadian Dollars

	For the year ended March 31, 2022	2021
	$	$
Operating activities:		
Net loss for the year	(628,475)	(19,424)
Items not involving cash:		
Share-based compensation	135,052	-
Unrealized loss on marketable securities	85,714	-
Changes in non-cash working capital		
Amounts receivable	(12,371)	-
Prepaid expenses and deposits	(69,723)	-
Accounts payable and accrued liabilities	49,021	18,900
Net cash used in operating activities	(440,782)	(524)
Investing activities		
Purchase of marketable securities	(200,000)	-
Advance for promissory note receivable	(200,000)	-
Proceeds from repayment of promissory note receivable	200,000	-
Net cash used in investing activities	(200,000)	-
Financing activities		
Proceeds from issuance of units	900,000	-
Proceeds from issuance of shares	120,000	-
Share issuance costs	(90,000)	-
Shareholder advances	-	751
Net cash provided by financing activities	930,000	751
Change in cash	289,218	227
Cash, beginning of the year	234	7
Cash, end of the year	289,452	234

Supplemental disclosures (Note 10)

(The accompanying notes are an integral part of these financial statements)

1. Nature of Operations and Continuance of Business

Lancaster Minerals Inc. (“Lancaster” or the “Company”) was incorporated under the laws of the province of British Columbia, Canada, on July 12, 2019 (“Date of Incorporation”) under the name Mad Hatter Medical Labs Inc. On October 19, 2021, the Company changed its name to The Mylk Cart Corporation. On August 10, 2022, the Company changed its name to Lancaster Minerals Inc. The Company’s principal business is to acquire, explore, and develop mineral properties and ultimately seek earnings by exploiting mineral claims. Currently, the Company is evaluating and reviewing potential resource properties and other business opportunities as possible options or joint ventures.

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The Company has no revenues and incurred a net loss of $628,475 during the year ended March 31, 2022. As at March 31, 2022, the Company has an accumulated deficit of $649,019. The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

The COVID-19 pandemic has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and creates uncertainty regarding potential impacts to the Company’s development. The COVID-19 pandemic may impact the Company’s operations and the operations of the Company’s suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company’s business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company’s suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

2. Significant Accounting Policies

Statement of Compliance

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company is the Canadian dollar. In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

Significant Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Significant areas requiring the use of estimates include the fair value of share-based compensation, and measurement of unrecognized deferred income tax assets. Actual results may differ from these estimates.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements include the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt up9on the Company's ability to continue as a going concern.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Marketable Securities

Marketable securities consist of common shares of a publicly-traded company. The fair value of common shares has been determined by reference to public price quotations in an active market. The investment in common shares is a financial instrument under IFRS 9 and is classified as fair value through profit or loss, with unrealized gains and losses recorded in the statement of operations.

2. Significant Accounting Policies (continued)

Loss Per Share

Basic loss per common share is computed by dividing their respective net income (loss) by the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share, where all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, the basic and diluted loss per share is considered anti-dilutive.

Financial Instruments

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit and loss ("FVTPL").

The following is the Company's accounting policy for financial instruments under IFRS 9:

Financial instrument	Classification under IFRS 9
Cash	Amortized cost
Marketable securities	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

Financial Assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are 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 financial asset (unless it is a trade receivable without a significant financing component that

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial Assets (continued)

is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Financial assets at amortized cost are non-derivative financial assets which are 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 financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Subsequent to initial recognition, financial liabilities are measured at amortized cost unless designated as fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Share-based Payments

The share option plan allows Company employees and consultants to acquire shares of the Company. The grant date fair value of share options granted to employees is recognized as share-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the share options. The amount recognized as an expense is adjusted to reflect the number of share options for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of share options that do meet the related service and non-market performance conditions at the vesting date. For share options with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

2. Significant Accounting Policies (continued)

Share-based Payments (continued)

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based equity reserve is credited to share capital, adjusted for any consideration paid.

Income Taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. Management has determined that the Company shall not recognize any deferred income tax assets due to the early stage of the business and the uncertainty regarding the future of the ability to generate income.

Future Accounting Pronouncements

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted. Management has assessed that there are no future accounting pronouncements that are expected to have a material impact on the Company in the current or future reporting periods.

Expressed in Canadian Dollars

3. Marketable Securities

	March 31, 2020 and 2021 fair value	Additions	Unrealized loss	March 31, 2022 fair value
	$	$	$	$
Komo YUM	-	200,000	(85,714)	114,286

During the year ended March 31, 2022, the Company acquired 1,428,571 shares of Komo Plant Based Foods Inc. ("Komo YUM"), a public company listed on the Canadian Securities Exchange, at $0.14 per share for $200,000. As at March 31, 2022, the Company holds 1,428,571 (2021 – nil) shares of Komo YUM with a fair value of $114,286 (2021 - $nil). During the year ended March 31, 2022, the Company recorded an unrealized loss of $85,714 (2021 - $nil) related to Komo YUM shares.

4. Promissory Notes Receivable

On December 6, 2021, the Company entered into a promissory note, whereby it agreed to lend $75,000 to Komo YUM, which is unsecured, bears interest at a rate of 12% per annum, and is repayable on demand. On December 17, 2021, the Company entered into another promissory note with Komo YUM for $125,000, which is unsecured, bears interest at a rate of 12% per annum, is and repayable on demand.

During the year ended March 31, 2022, the Company recognized interest income of $3,230 (2021 - $nil) on the promissory notes due from Komo YUM. On January 31, 2022, Komo YUM repaid $203,230, comprising principal repayments of $200,000 and accrued interest of $3,230 on the outstanding promissory notes.

5. Prepaid Expenses and Deposits

	March 31, 2022	2021
	$	$
Prepaid services	3,800	-
Related party deposits (Note 6)	65,923	-
	69,723	-

Expressed in Canadian Dollars

6. Related Party Transactions

During the years ended March 31, 2022 and 2021, compensation of key management personnel and related parties were as follows:

	Year ended March 31, 2022	2021
	$	$
Consulting fees	123,100	18,900
Share-based compensation	120,635	-
Wages	63,000	-
	306,735	18,900

As at March 31, 2022, Better Plant Sciences Inc. ("Better Plant") held a $65,923 (2021 - $nil) deposit from the Company, which is included in prepaid expense and deposits. The Company's President and CEO is an officer of Better Plant, and the two companies share a common corporate secretary. During the year ended March 31, 2022, the Company incurred operating expenses of $143,565 (2021 - $nil) to Better Plant under an operating agreement for services including marketing, publicity and digital media, office and administration, accounting, and paralegal, research and development, etc.

Additionally, the Company entered into a licensing agreement with Jusu Bars Corp. ("Jusu Bars"), a wholly owned subsidiary of Better Plant, for $59,500 (2021 - $nil) for nut milk product formulations (Note 13), which has recorded in the statement of operations and comprehensive loss as the Company does not intend to move forward with the nut milk production formulations.

As at March 31, 2022, the Company owed $28,971 (2021 - $18,900) to officers and directors of the Conmpany, which is included in accounts payable and accrued liabilities. These amounts are unsecured and non-interest bearing.

7. Share Capital

Authorized: unlimited number of common shares without par value.

During the year ended March 31, 2022, the Company completed the following transactions:

On June 1, 2021, the Company issued 7,000,000 common shares with a fair value of $35,000 to settle accounts payable due to a related party.

On October 21, 2021, the Company issued 6,000,000 common shares at $0.02 for proceeds of $120,000.

Expressed in Canadian Dollars

7. Share Capital (continued)

On November 16, 2021, the Company issued 6,000,000 units at $0.15 per unit for gross proceeds of $900,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each common share purchase warrant entitles the holder thereof to purchase one common share at $0.30 per share for a period of 24 months from the date of issuance. In connection with the private placement, the Company paid finders' fees of $90,000 and issued 600,000 finders' warrants with a fair value of $64,278. Each finders' warrant entitles the holder thereof to purchase one common share at $0.15 per share for a period of 24 months from the date of issuance. The estimated fair value associated with the finders' warrants was determined using the Black-Scholes pricing model with the following assumptions: an annualized volatility of 150%; an expected life of 2 years; a dividend yield of 0%; a forfeiture rate of 0%, and a risk-free rate of 1.06%.

8. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price
		$
Balance, March 31, 2020 and 2021	-	-
Issued	6,600,000	0.29
Balance, March 31, 2022	6,600,000	0.29

As at March 31, 2022, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise Price	Expiry date
	$	
600,000	0.15	November 16, 2023
6,000,000	0.30	November 16, 2023
6,600,000		

9. Stock Options

On October 26, 2021, the Company adopted an incentive stock option plan. Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees, and consultants of the Company. The terms of the granted stock options as well as the vesting conditions are at the sole discretion of the directors.

Expressed in Canadian Dollars

9. Stock Options (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price
		$
Outstanding and exercisable, March 31, 2020 and 2021	-	-
Granted	2,752,000	0.15
Outstanding, March 31, 2022	2,752,000	0.15
Exercisable, March 31, 2022	100,000	0.15

Additional information regarding stock options outstanding and exercisable at March 31, 2022 is as follows:

Exercise price $	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
0.15	2,752,000	100,000	4.65

Share-based compensation expense related to stock options was determined using the Black-Scholes option pricing model. During the year ended March 31, 2022, the Company recognized share-based compensation expense of $135,052 (2021 - $nil) relating to granting of stock options with a corresponding entry to share-based equity reserves, of which $120,635 (2021 - $nil) pertains to directors and officers of the Company. The weighted average fair value of options granted during the year ended March 31, 2022, was $0.14 (2021 - $nil) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense, assuming no expected dividends or forfeitures, are as follows:

	2022	2021
Risk-free interest rate	1.62%	-
Dividend yield	0%	-
Expected volatility	150%	-
Expected life (years)	5	-

As at March 31, 2022, there was $240,220 (2021 - $nil) of unrecognized share-based compensation related to unvested stock options.

Expressed in Canadian Dollars

10. Supplemental Disclosures

	Year ended March 31, 2022	2021
	$	$
Non-cash investing and financing activities:		
Fair value of brokers' warrants issued as finders' fees	64,278	-
Shares issued to settle related party payables	35,000	-

11. Capital Management

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position and share capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

12. Financial Instruments and Risk Management

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the statement of financial position as at March 31, 2022, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance, March 31, 2022
	$	$	$	$
Marketable securities	114,286	-	-	114,286

The fair values of other financial instruments, including cash, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

12. Financial Instruments and Risk Management (continued)

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company's credit risk is primarily attributable to cash. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and has no other significant concentration of credit risk arising from operations. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

13. Asset Purchase Agreement

On October 22, 2021, the Company entered into an asset purchase agreement with Jusu Bars, whereby Jusu Bars agreed to sell and transfer to the Company ten formulas for nut mylk beverages for consideration of $59,500. Jusu Bars is a wholly owned subsidiary of Better Plant, a related company (Note 6). At the time of purchase, it was not probable that the expected future economic benefits associated with the formulas would flow to the Company as the Company did not have active plans to develop finished goods using these assets. Therefore, the asset purchase did not meet the recognition criteria of IAS 38 Intangible Assets, and has been recorded as an expense on the statement of operations.

Expressed in Canadian Dollars

14. Income Taxes

The Company is subject to Canadian federal and provincial tax at the rate of 11%. The tax effect of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2022	2021
	$	$
Net loss	(628,475)	(19,424)
Statutory income tax rate	11%	11%
Income tax provision at statutory rate	(69,132)	(2,137)
Tax effect of:		
Permanent differences and other	4,955	-
Change in unrecognized deferred income tax assets	64,177	2,137
Income tax provision	-	-

The significant components of deferred income tax assets and liabilities are as follows:

	2022	2021
	$	$
Deferred income tax assets		
Non-capital losses carried forward	49,088	2,260
Marketable securities	9,429	-
Share issuance costs	7,920	-
Unrecognized deferred income tax assets	(66,437)	(2,260)
Net deferred income tax assets	-	-

As of March 31, 2022, the Company has Canadian non-capital losses carried forward of $446,253 (2021 - $20,544), which are available to offset future years' taxable income. These losses expire as follows:

	$
2040	1,120
2041	19,424
2042	425,709
	446,253

15. Subsequent Event

Subsequent to March 31, 2022, the Company cancelled 400,000 stock options previously granted to a director of the Company.

Lancaster Lithium Inc.

(formerly The Mylk Cart Corporation)

Condensed Interim Financial Statements

For the Three and Nine Months Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)
(unaudited)

Lancaster Lithium Inc.
(formerly The Mylk Cart Corporation)
Condensed Statements of Financial Position
Expressed in Canadian Dollars

	December 31, 2022	March 31, 2022
	$	$
	(unaudited)	
Assets:		
Current assets		
Cash	**35,031**	289,452
Marketable securities (Note 3)	**42,857**	114,286
GST receivable	**19,336**	12,371
Prepaid expenses and deposits (Notes 4 and 6)	**61,721**	69,723
Total current assets	**158,945**	485,832
Non-current assets		
Mineral property (Note 5)	**37,562**	-
Total assets	**196,507**	485,832
Liabilities:		
Current liabilities		
Accounts payable and accrued liabilities	**122,476**	34,798
Due to related parties	**22,000**	-
Total current liabilities	**144,476**	34,798
Shareholders' equity:		
Share capital	**900,723**	900,723
Equity reserves	**416,155**	199,330
Deficit	**(1,264,847)**	(649,019)
Total shareholders' equity	**52,031**	451,034
Total liabilities and shareholders' equity	**196,507**	485,832

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 14)

Approved and authorized for issuance on behalf of the Board of Directors on March 1, 2023:

/s/ "Daniel Kang"
Director

/s/ "Angelo Rajasooriar"
Director

(The accompanying notes are an integral part of these condensed interim financial statements)

Lancaster Lithium Inc.
(formerly The Mylk Cart Corporation)
Condensed Statements of Operations
Expressed in Canadian Dollars
(unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2022	2021	**2022**	2021
Expenses:	**$**	$	**$**	$
Consulting fees (Note 6)	**18,425**	94,000	**41,425**	112,900
Marketing, publicity, and digital media (Note 6)	**1,750**	4,090	**1,750**	4,090
Office and administrative (Note 6)	**8,092**	3,153	**17,286**	3,460
Professional fees (Note 6)	**22,011**	18,207	**80,952**	20,130
Share-based compensation (Notes 6 and 9)	**169,278**	45,251	**216,825**	45,251
Wages (Note 6)	**62,922**	18,263	**181,461**	18,263
Total expenses	**282,478**	182,964	**539,699**	204,094
Loss before other items	**(282,478)**	(182,964)	**(539,699)**	(204,094)
Other items				
Unrealized loss on marketable securities (Note 3)	**(28,572)**	-	**(71,429)**	-
Net loss from continuing operations	**(311,050)**	(182,964)	**(611,128)**	(204,094)
Loss from discontinued operations (Note 12)	**(2,450)**	(119,346)	**(4,700)**	(119,346)
Net loss	**(313,500)**	(302,310)	**(615,828)**	(323,440)
Loss per share, basic and fully diluted				
Continuing operations	**(0.02)**	(0.01)	**(0.03)**	(0.02)
Discontinued operations	**(0.00)**	(0.01)	**(0.00)**	(0.02)
Weighted average shares outstanding	**19,000,10**	14,565,317	**19,000,100**	10,219,726

(The accompanying notes are an integral part of these condensed interim financial statements)

Lancaster Lithium Inc.
(formerly The Mylk Cart Corporation)
Condensed Statements of Changes in Shareholders' Equity
Expressed in Canadian Dollars
(unaudited)

	Share capital				Total shareholders' equity (deficit)
	Number of shares	Amount	Equity reserves	Deficit	
		$	$	$	$
Balance, March 31, 2021	100	1	-	(20,544)	(20,543)
Units issued for cash	6,000,000	900,000	-	-	900,000
Share issuance costs	-	(154,278)	64,278	-	(90,000)
Shares issued for cash	6,000,000	120,000	-	-	120,000
Shares issued for debt settlement	7,000,000	35,000	-	-	35,000
Fair value of stock options granted	-	-	45,251	-	45,251
Net loss for the period	-	-	-	(323,440)	(323,440)
Balance, December 31, 2021	19,000,100	900,723	109,529	(343,984)	(666,268)
Balance, March 31, 2022	19,000,100	900,723	199,330	(649,019)	451,034
Fair value of stock options granted	-	-	216,825	-	216,825
Net loss for the period	-	-	-	(615,828)	(615,828)
Balance, December 31, 2022	19,000,100	900,723	416,155	(1,264,847)	52,031

(The accompanying notes are an integral part of these condensed interim financial statements)

Lancaster Lithium Inc.
(formerly The Mylk Cart Corporation)
Condensed Statements of Cash Flows
Expressed in Canadian Dollars
(unaudited)

	For the nine months ended December 31,	
	2022	2021
	$	$
Operating activities:		
Net loss from continuing operations	**(611,128)**	(204,094)
Items not involving cash:		
Share-based compensation	**216,825**	45,251
Unrealized loss on marketable securities	**71,429**	-
Changes in non-cash working capital		
Amounts receivable	**(6,965)**	(8,432)
Prepaid expenses and deposits	**8,002**	(55,990)
Accounts payable and accrued liabilities	**87,678**	46,756
Due to related parties	**22,000**	(200,000)
Net cash used in operating activities – continuing operations	**(212,159)**	(376,509)
Net cash used in operating activities – discontinued operations	**(4,700)**	(119,346)
Investing activities:		
Mineral property option payment	**(37,562)**	-
Net cash used in investing activities	**(37,562)**	-
Financing activities:		
Proceeds from issuance of units, net of issuance costs	**-**	810,000
Proceeds from issuance of shares	**-**	120,000
Net cash provided by financing activities	**-**	930,000
Change in cash	**(254,421)**	434,145
Cash, beginning of the period	**289,452**	234
Cash, end of the period	**35,031**	434,379

Supplemental disclosures (Note 11)

(The accompanying notes are an integral part of these condensed interim financial statements)

1. Nature of Operations and Continuance of Business

Lancaster Lithium Inc. ("Lancaster" or the "Company") was incorporated under the laws of the province of British Columbia, Canada, on July 12, 2019 ("Date of Incorporation") under the name Mad Hatter Medical Labs Inc. On October 19, 2021, the Company changed its name to The Mylk Cart Corporation. On August 10, 2022, the Company changed its name to Lancaster Minerals Inc. On November 15, 2022, the Company changed its name to Lancaster Lithium Inc. The Company's principal business is to acquire, explore, and develop mineral properties and ultimately seek earnings by exploiting mineral claims. Currently, the Company is evaluating and reviewing potential resource properties and other business opportunities as possible options or joint ventures.

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company incurred a net loss of $615,828 and used cash of $212,159 for continuing operations during the nine months ended December 31, 2022. As at December 31, 2022, the Company has an accumulated deficit of $1,264,847. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

The COVID-19 pandemic has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and creates uncertainty regarding potential impacts to the Company's development. The COVID-19 pandemic may impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

2. Significant Accounting Policies

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, and based on the principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended March 31, 2022, which include the Company's significant accounting policies, and have been prepared in accordance with the same methods of application.

Basis of Presentation

These condensed interim financial statements have been prepared on a historical cost basis. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company is the Canadian dollar. In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

Significant Accounting Estimates and Judgments

The preparation of condensed interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the recoverability of mineral property assets, fair value of share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the condensed interim financial statements include:

- the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the end of the reporting period; and
- judgment in determining whether it is likely that the future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Future Accounting Pronouncements

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted. Management has assessed that there are no future accounting pronouncements that are expected to have a material impact on the Company in the current or future reporting periods.

Expressed in Canadian Dollars

3. Marketable Securities

As at December 31, 2022, the Company holds 142,857 (March 31, 2022 – 142,857) shares of Komo Plant Based Foods Inc. ("KPBF"). During the nine months ended December 31, 2022, the Company recorded an unrealized loss of $71,429 (2021 - $nil) based on the market price adjustment of the KPBF common shares.

	March 31, 2022 fair value	Additions	Unrealized loss	December 31, 2022 fair value
	$	$	$	$
KPBF Shares	114,286	-	(71,429)	42,857

4. Prepaid Expenses and Deposits

	December 31, 2022	March 31, 2022
	$	$
Prepaid services	10,855	3,800
Deposits (Note 7)	50,866	65,923
	61,721	69,723

5. Mineral Property

	Alkali Flat Lithium Project
	$
Acquisition costs:	
Balance, March 31, 2022	-
Acquisition of property	33,762
Balance, December 31, 2022	33,762
Exploration costs:	
Balance, March 31, 2022	-
Exploration costs	3,800
Balance, December 31, 2022	3,800
Balance, March 31, 2022	-
Balance, December 31, 2022	37,562

Expressed in Canadian Dollars

5. **Mineral Property** (continued)

On November 17, 2022 (the "Execution Date"), the Company entered into an option purchase agreement (the "Option Agreement") with Majuba Mining Ltd. ("Majuba"), pursuant to which the Company was granted the exclusive right and option (the "Option") to acquire, subject to the reservation of 1.5% net production royalty, a 100% interest in the Alkali Flat Lithium Project located near Lordsburg in Hidalgo County, New Mexico (the "Property").

In order for the Company to exercise the Option pursuant to the terms of the Option Agreement, the Company must pay an aggregate of US$2,975,000 to Majuba as follows:

- US$25,000 within 18 business days of the Execution Date (paid);
- US$50,000 within 90 calendar days of the Execution Date (paid subsequent to period end);
- US$150,000 on or before the second anniversary of the Execution Date;
- US$1,000,000 on or before the third anniversary of the Execution Date; and
- US$1,750,000 on or before the fourth anniversary of the Execution Date

6. **Related Party Transactions**

During the three and nine months ended December 31, 2022 and 2021 compensation of key management personnel and related parties were as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2022	2021	2022	2021
	$	$	$	$
Consulting fees	18,000	81,000	36,000	99,900
Professional fees	15,000	13,000	60,000	13,000
Share-based compensation	6,903	45,251	58,689	45,251
Wages	62,000	17,000	175,333	17,000
	101,903	156,251	330,022	175,151

As at December 31, 2022, Better Plant Sciences Inc. ("Better Plant") held a $50,866 (March 31, 2022 - $65,923) deposit from the Company, which is included in prepaid expense and deposits (Note 5). The Company's has operating agreement with Better Plant, and the two companies share a common CFO and corporate secretary. During the three and nine months ended December 31, 2022, the Company incurred operating expenses of $22,500 and $62,813 respectively (2021 - $52,099 and $52,099) to Better Plant.

As at December 31, 2022, the Company owed $34,998 (March 31, 2022 - $28,971) to officers and directors and $2,800 to a former officer, which is included in accounts payable and accrued liabilities. These amounts are unsecured and non-interest bearing.

During the nine months ended December 31, 2021, the Company entered into a licensing agreement with Jusu Bars Corp. ("Jusu Bars"), a wholly owned subsidiary of Better Plant, for $59,500 for nut milk product formulations, which has been included as an expense in discontinued operations (Note 14) as the Company does not intend to move forward with the nut milk product formulations.

Expressed in Canadian Dollars

7. Share Capital

Authorized: unlimited number of common shares without par value.

The Company incurred no share capital transactions for the period ended December 31, 2022.

During the nine months ended December 31, 2021, the Company completed the following transactions:

On June 1, 2021, the Company issued 7,000,000 common shares with a fair value of $35,000 to settle accounts payable due to a related party.

On October 21, 2021, the Company issued 6,000,000 common shares at $0.02 per share for proceeds of $120,000.

On November 16, 2021, the Company issued 6,000,000 units at $0.15 per unit for gross proceeds of $900,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each common share purchase warrant entitles the holder thereof to purchase one common share at $0.30 per share for a period of 24 months from the date of issuance. In connection with the private placement, the Company paid finders' fees of $90,000 and issued 600,000 finders' warrants with a fair value of $64,278. Each finders' warrant entitles the holder thereof to purchase one common share at $0.15 per share for a period of 24 months from the date of issuance. The estimated fair value associated with the finders' warrants was determined using the Black-Scholes pricing model with the following assumptions: an annualized volatility of 150%; an expected life of 2 years; a dividend yield of 0%; a forfeiture rate of 0%, and a risk-free rate of 1.06%.

8. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price
		$
Balance, March 31 2021	-	-
Issued	6,600,000	0.29
Balance, March 31, 2022 and December 31, 2022	6,600,000	0.29

As at December 31, 2022, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise Price	Expiry date
	$	
600,000	0.15	November 16, 2023
6,000,000	0.30	November 16, 2023
6,600,000		

Expressed in Canadian Dollars

9. Stock Options

On October 16, 2021, the Company adopted an incentive stock option plan. Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees, and consultants of the Company. The terms of the granted stock options as well as the vesting conditions are at the sole discretion of the directors.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price
		$
Outstanding, March 31, 2021	-	-
Granted	2,752,000	0.15
Outstanding, March 31, 2022	2,752,000	0.15
Granted	1,250,000	0.20
Cancelled / Expired	(1,426,000)	0.15
Outstanding, December 31, 2022	2,576,000	0.17
Exercisable, December 31, 2022	1,840,400	0.18

Additional information regarding stock options outstanding and exercisable at December 31, 2022 is as follows:

Exercise price	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
$			
0.15 – 0.20	2,576,000	1,840,400	4.38

Share-based compensation expense related to stock options was determined using the Black-Scholes option pricing model. During the nine months ended December 31, 2022, the Company recognized share-based compensation expense relating to stock options of $216,825 (2021 - $45,251) in equity reserves, of which $58,689 (2021 - $45,251) relates to directors and officers of the Company. The weighted average fair value of options granted during the nine months ended December 31, 2022, was $0.13 (2021 - $0.14) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense, including no expected dividends or forfeitures, are as follows:

	2022	2021
Risk-free interest rate	3.01	1.62
Dividend yield	0%	0%
Expected volatility	150%	150%
Expected life (years)	5.00	5.00

As at December 31, 2022, there was $38,620 (December 31, 2021- $330,021) of unrecognized share-based compensation related to unvested stock options.

Expressed in Canadian Dollars

10. Supplemental Disclosures

	Nine months ended December 31, 2022	Nine months ended December 31, 2021
	$	$
Non-cash financing activities:		
Fair value of brokers' warrants issued as finders' fees	-	64,278
Shares issued to settle accounts payable	-	35,000

11. Capital Management

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position and share capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

12. Financial Instruments and Risk Management

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the statement of financial position as at December 31, 2022, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance, December 31, 2022
	$	$	$	$
Marketable securities	42,857	-	-	42,857

The fair values of other financial instruments, including cash, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

Expressed in Canadian Dollars

12. Financial Instruments and Risk Management (continued)

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company's credit risk is primarily attributable to cash. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and has no other significant concentration of credit risk arising from operations. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

13. Discontinued Operations

During the nine months ended December 31, 2022, management made the decision to cease the development of nut milk products as the Company's principal business changed to acquire, explore and develop mineral properties. As a result, the nut milk development operating unit met the criteria to be classified as discontinued operations as of August 10, 2022, the date on which the Company changed its name to Lancaster Minerals Inc., and therefore, the results of operations of this unit have been classified as discontinued operations on the statements of operations.

Net loss from discontinued operations

	Nine months ended December 31,		Three months ended December 31,	
	2022	2021	2022	2021
Expenses:	$	$	$	$
Consulting fees	-	10,000	-	10,000
Formulas	-	59,500	-	59,500
Marketing, publicity, and digital media	2,250	26,302	-	26,302
Office and administrative	2,450	-	2,450	-
Professional fees	-	3,700	-	3,700
Research and development	-	19,844	-	19,844
Total expenses	4,700	119,346	2,450	119,346
Net loss from discontinued operations	(4,700)	(119,346)	(2,450)	(119,346)

Expressed in Canadian Dollars

13. Discontinued Operations (continued)

Cash flows from discontinued operations

	For the nine months ended December 31,	
	2022	2021
	$	$
Operating activities:		
Net loss for the from discontinued operations	(4,700)	(119,346)
Net cash used in operating activities – discontinued operations	(4,700)	(119,346)

14. Subsequent Events

On February 6, 2023, the Company issued 1,525,000 common shares at $0.20 per unit for gross proceeds of $305,000 pursuant a private placement. Each unit is comprised of one common share and one share purchase warrant that has an exercise price of $0.40 per warrant share for a period of 36 months from issuance date. The Company paid $24,400 finders' cash and issued 122,000 finders' warrants in connection with the private placement.

On February 15, 2023, the Company entered into a Merger Agreement with Tevera Energy Corp. ("Tevera") whereby Tevera will acquire all of the issued and outstanding shares of Lancaster through amalgamation of Tevera and Lancaster.

SCHEDULE F

MANAGEMENT DISCUSSION AND ANALYSIS OF LANCASTER LITHIUM INC.

[See Attached]

LANCASTER MINERALS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended March 31, 2022 and 2021

October 5, 2022

This Management's Discussion and Analysis ("MD&A") relates to the financial position and financial performance of Lancaster Minerals Inc. ("Lancaster") for the years ended March 31, 2022 and 2021. All references to "us", "we", the "Company", and "our" refer to Lancaster.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our audited financial statements for the years ended March 31, 2022 and 2021 (referred to as the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that we will continue as a going concern, which assumes that we will be able to realize our assets and satisfy our liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon our ability to continue as a going concern.

We have no revenues and incurred a net loss of $628,475 during the year ended March 31, 2022. As at March 31, 2022, we have an accumulated deficit of $649,019. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

The COVID-19 pandemic has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and creates uncertainty regarding potential impacts to the Company's development. The COVID-19 pandemic may impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

Except where otherwise indicated, all financial information is expressed in Canadian dollars.

CORPORATE OVERVIEW

We were incorporated under the laws of the province of British Columbia, Canada on July 12, 2019 ("Date of Incorporation") under the name Mad Hatter Medical Labs Inc. On October 19, 2021, we changed our name to The Mylk Cart Corporation. On August 10, 2022, we changed our name to Lancaster Minerals Inc. Our business is in the development stage and has not earned any revenues since its inception. Our principal business is to acquire, explore, and develop mineral properties and ultimately seek earnings by exploiting mineral claims. Currently, we are evaluating and reviewing potential resource properties and other business opportunities as possible options or joint ventures.

Since inception, we have raised gross proceeds of $1,020,000 in cash as general working capital and corporate development activities. On October 21, 2021, we issued 6,000,000 common shares at $0.02 per share for proceeds of $120,000. On November 16, 2021, we issued 6,000,000 units at $0.15 per unit for proceeds of $900,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each common share purchase warrant entitles the holder thereof to purchase one common share at $0.30 per share for a period of 24 months from the date of issuance. In connection with the private placement, we paid finders' fees of $90,000 and issued 600,000 finders' warrants with a fair value of $64,278. Each finders' warrant entitles the holder thereof to purchase one common share at $0.15 per share for a period of 24 months from the date of issuance. The estimated fair value associated with the finders' warrants was determined using the Black-Scholes Pricing model with the following assumptions: an annualized volatility of 150%; an expected life of 2 years; a dividend yield of 0%; a forfeiture rate of 0% and a risk-free rate of 1.06%.

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings or loss per share. The following information was derived from our financial statements for the years ended March 31, 2022 and 2021.

	2022	2021
	$	$
Revenues	-	-
Net Loss and Comprehensive Loss	(628,475)	(19,424)
Basic and diluted loss per shares from continuing operations	(0.05)	(194.24)
Total Assets	485,832	234
Dividends declared and paid out in cash	-	-

OVERALL PERFORMANCE

For the years ended March 31, 2022 and 2021, we did not recognize any revenue. Our business is in development.

For the year ended March 31, 2022 and 2021, we incurred a net loss of $628,475 and $19,424 respectively. The losses were development and operating expenses and share-based compensation expenses.

DISCUSSION ON OPERATIONS

EXPENSES:

Consulting fees

We are an emerging business which engages consultants and contractors regularly to obtain expertise in various business areas. For the year ended March 31, 2022, we incurred consulting fees of $163,100, as compared to $18,900 for the prior year. The increase in consulting fees was driven by increased corporate development activities.

Formulas

We entered into a licensing agreement with Jusu Bars Corp. ("Jusu Bars") for $59,500 (2021 - $nil) for nut milk product formulations, targeting at developing nut milk products for commercialization. We have subsequently decided not to move forward with the nut milk business.

Marketing, publicity and digital media

Marketing, publicity and digital media expenses included advertising media spent to promote our corporate brand. For the year ended March 31, 2022, we incurred marketing, publicity and digital media expenses of $38,792 as compared to $nil for the prior year.

Office and administrative expenses

Office and administrative expenses primarily included insurance fees, broker and filing fees, interest expense and other general office expenses. For the year ended March 31, 2022, we incurred office and administration expenses of $24,411 as compared to $524 for the prior year. The increase in office and administrative expenses was due to an increase in business activities in the current year, as compared to the prior year when we were inactive.

Professional fees

Professional fees include legal, recruitment, accounting, audit and taxation fees. For the year ended March 31, 2022, we incurred professional fees of $25,782 as compared to $nil for the prior year. The increase was primarily driven by legal, accounting and audit fees.

Research and development

We previously explored opportunities in the development and commercialization of nut milk products and incurred research and development costs of $31,570 for the year ended March 31, 2022 as compared to $nil for the prior year. We have subsequently abandoned the business plan relating to nut milk products.

Share-based compensation

As at March 31, 2022, we had 2,752,000 stock options (2021 – nil) outstanding for our directors, officers, employees and consultants, and we incurred share-based compensation expense of $135,052 for the year ended March 31, 2022, as compared to $nil in the prior year. We expect to continue to utilize stock options, and other forms of equity instruments, to incentivize our teams.

Wages

Wages for the year ended March 31, 2022 were $67,784, as compared to $nil for the prior year. The increase in wages was driven by the expansion of the team to support business development activities.

Interest income

On December 6, 2021, we entered into a promissory note to lend $75,000 to Komo Plant Based Foods Inc. ("Komo YUM"), which is a related company, bearing interest at a rate of 12% and repayable on demand. On December 17, 2021, we entered into a promissory note to lend $125,000 to Komo YUM, bearing interest at a rate of 12% and repayable on demand. The purpose of the promissory notes was to make some interest income with our excess cash. On January 31, 2022, Komo YUM repaid $125,000 on the promissory note.

During the year ended March 31, 2022, we recognized interest income of $3,230 on the promissory notes due from Komo YUM. We did not have interest income for the prior year.

Unrealized loss on marketable securities

During the year ended March 31, 2022, we acquired 1,428,571 shares of Komo Plant Based Foods Inc. ("Komo YUM") at $0.14 per share for a total cost of $200,000. As at March 31, 2022, we hold 1,428,571 shares of Komo YUM. Komo YUM shares were revalued based on their closing price on March 31, 2022 resulting in an unrealized loss of $85,714 for the year ended March 31, 2022. We did not incur any unrealized loss on marketable securities during the prior year.

Net loss

We incurred a net loss of $628,475 for the year ended March 31, 2022, as compared to $19,424 for the prior year. Loss per share on basic and fully diluted basis was $0.05, compared to $194.24 for the prior year.

Dividends

No dividends were declared or paid for the year ended March 31, 2022 and 2021.

SUMMARY OF QUARTERLY RESULTS

The summary of our quarterly results are as follows:

For the quarters ended:

	Mar. 31, 2022 $	Dec. 31, 2021 $	Sep. 30, 2021 $	Jun. 30, 2021 $
Expenses	305,036	302,309	2,077	19,053
Net loss	(305,036)	(302,309)	(2,077)	(19,053)
Basic and diluted loss per share	(0.01)	(0.03)	(0.00)	(0.01)

	Mar. 31, 2021 $	Dec. 31, 2020 $	Sep. 30, 2020 $	Jun. 30, 2020 $
Expenses	19,066	162	139	57
Net loss	(19,066)	(162)	(139)	(57)
Basic and diluted loss per share	(190.66)	(1.62)	(1.39)	(0.57)

LIQUIDITY

	March 31, 2022		March 31, 2021	
Current ratio(1)		14.0		0.1
Cash	$	289,452	$	234
Working capital surplus (deficit) (2)	$	451,034	$	(20,543)
Debt (3)	$	-	$	-
Equity (Deficit)	$	451,034	$	(20,543)

(1) Current ratio is current assets divided by current liabilities.
(2) Working capital is current assets minus current liabilities
(3) Debt refers to commercial loans

Cash Position

As at March 31, 2022, we had $289,452 in cash. During the year ended March 31, 2022, we spent $440,782 of cash in operating activities, to finance operating expenses including research and development, marketing, publicity and digital media, and wages, as compared to $524 for the prior year. Cash used for investing activities was $200,000 for the year ended March 31, 2022, for the purchase of Komo YUM common shares, and we did use any cash in investing activities during the prior year. Cash provided by financing activities was $930,000 for the year ended March 31, 2022, which was primarily from proceeds received from the issuance of common shares less share issuance costs as compared to $750 during the prior year from shareholder advances.

Working Capital

We had a working capital of $451,034 as at March 31, 2022, which primarily consists of cash from proceeds from private placements, marketable securities and prepaids and deposits offset by accounts payable. We had a working capital deficit of $234 as at March 31, 2021.

CAPITAL RESOURCES AND MANAGEMENT

As at March 31, 2022, we had working capital of $451,034. We are authorized to issue an unlimited number of common shares. As at March 31, 2022, there were 19,000,100 common shares issued and outstanding. We had 6,600,000 share purchase warrants outstanding with a weighted average exercise price of $0.29. We had 2,752,000 stock options outstanding with a weighted average exercise price of $0.15 per share.
Our principal business is to acquire, explore, and develop mineral properties and ultimately seek earnings by exploiting mineral claims. Currently, we are evaluating and reviewing potential resource properties and other business opportunities as possible options or joint ventures. Once we acquire an interest in a resource property or other business opportunity, we anticipate that we will require more funds to further our business.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2022 and 2021, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the years ended March 31, 2022 and 2021 compensation of key management personnel and related parties were as follows:

	Year ended March 31,	
	2022	2021
	$	$
Consulting fees	123,100	18,900
Share-based compensation	120,635	-
Wages	63,000	-
	306,735	18,900

As at March 31, 2022, Better Plant Sciences Inc. (“Better Plant”) held a $65,923 (2021 - $nil) deposit from the Company, which is included in prepaid expense and deposits. Our President and CEO is an officer of Better

Plant, and the two companies share a common corporate secretary. During the year ended March 31, 2022, we incurred operating expenses of $80,080 (2021 - $nil) to Better Plant under an operating agreement for services including marketing, publicity and digital media, office and administration, accounting, and paralegal, research and development, etc.

Additionally, we entered into a licensing agreement with Jusu Bars Corp. ("Jusu Bars"), a wholly owned subsidiary of Better Plant, for $59,500 (2021 - $nil) for nut milk product formulations. After a strategic review, we do not intend to move forward with the nut milk production formulations

As at March 31, 2022, we owed $28,971 (2021 - $18,900) to officers and directors, which is included in accounts payable and accrued liabilities. These amounts are unsecured and non-interest bearing.

FOURTH QUARTER RESULTS

Revenue	-
Total expenses	$ 305,036
Net loss	(305,036)
Basic and diluted income (loss) per share	(0.01)
Weighted average shares outstanding	19,000,100

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the fair value of share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the condensed interim financial statements include the factors that are used in determining whether we have significant influence over another entity, and the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the end of the reporting period.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted. Management has assessed that there are no future accounting pronouncements that are expected to have a material impact on the Company in the current or future reporting periods.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the statement of financial position as at March 31, 2022, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance, March 31, 2022
	$	$	$	$
Marketable securities	114,286	-	-	114,286

The fair values of other financial instruments, including cash, amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. Our credit risk is primarily attributable to cash. We minimize its credit risk associated with its cash balance by dealing with major financial institutions in Canada and we have no other significant concentration of credit risk arising from operations. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

We are not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. We manage liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to the Company, including our consolidated subsidiaries, is made known to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting ("ICOFR")

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICOFR

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

SUBSEQUENT EVENT

Subsequent to March 31, 2022, we cancelled 400,000 stock options previously granted to a director of the Company.

Lancaster Lithium Inc.

(formerly The Mylk Cart Corporation)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended December 31, 2022 and 2021

March 1, 2023

This Management's Discussion and Analysis ("MD&A") relates to the financial position and financial performance of Lancaster Lithium Inc. ("Lancaster") (formerly The Mylk Cart Corporation) for the three and nine months ended December 31, 2022 and 2021. All references to "us", "we", the "Company", and "our" refer to Lancaster.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our audited financial statements for the years ended March 31, 2022 and 2021 and our unaudited condensed interim financial statements for the three and nine months ended December 31, 2022 and 2021 (collectively referred to as the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that we will continue as a going concern, which assumes that we will be able to realize our assets and satisfy our liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon our ability to continue as a going concern.

The Company incurred a net loss of $615,828 during the nine months ended December 31, 2022, and has a working capital of $14,469 and an accumulated deficit of $1,264,847 as at December 31, 2022. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

The COVID-19 pandemic has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and creates uncertainty regarding potential impacts to the Company's development. The COVID-19 pandemic may impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

Except where otherwise indicated, all financial information is expressed in Canadian dollars.

CORPORATE OVERVIEW AND DEVELOPMENT

We were incorporated under the laws of the province of British Columbia, Canada, on July 12, 2019 ("Date of Incorporation") under the name Mad Hatter Medical Labs Inc. On October 19, 2021, we changed our name to The Mylk Cart Corporation. On August 10, 2022, we changed our name to Lancaster Minerals Inc. On November 15, 2022, we changed our name to Lancaster Lithium Inc. Our principal business is to acquire, explore, and develop mineral properties and ultimately seek earnings by exploiting mineral claims. Currently, we are evaluating and reviewing potential resource properties and other business opportunities as possible options or joint ventures.

Since inception and as at the date of this MD&A, we have raised gross proceeds of $1,360,000 in cash as general working capital and corporate development activities.

On October 21, 2021, we issued 6,000,000 common shares at $0.02 per share for proceeds of $120,000.

On November 16, 2021, we issued 6,000,000 units at $0.15 per unit for proceeds of $900,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each common share purchase warrant entitles the holder thereof to purchase one common share at $0.30 per share for a period of 24 months from the date of issuance. In connection with the private placement, we paid finders' fees of $90,000 and issued 600,000 finders' warrants. Each finders' warrant entitles the holder thereof to purchase one common share at $0.15 per share for a period of 24 months from the date of issuance.

During the nine months ended December 31, 2022, we made the decision to cease the development of nut milk products as our principal business and started to acquire, explore and develop mineral properties. As a result, the nut milk development operating unit met the criteria to be classified as discontinued operations as of August 10, 2022.

On November 17, 2022 ("Execution Date"), we entered into an option purchase agreement (the "Option Agreement") with Majuba Mining Ltd. ("Majuba"), pursuant to which the Company was granted the exclusive right and option (the "Option") to acquire, subject to the reservation of 1.5% net production royalty, a 100% interest in the Alkali Flat Lithium Project located near Lordsburg in Hidalgo County, New Mexico (the "Property"). In order for the Company to exercise the Option pursuant to the terms of the Option Agreement, the Company must pay an aggregate of US$2,975,000 to Majuba as follows:

- US$25,000 within 18 business days of the Execution Date (paid),
- US$50,000 within 90 calendar days of the Execution Date (paid in February 2023),
- US$150,000 on or before the second anniversary of the Execution Date,
- US$1,000,000 on or before the third anniversary of the Execution Date, and
- US$1,750,000 on or before the fourth anniversary of the Execution Date

On February 6, 2023, we issued 1,525,000 units at $0.20 per unit for gross proceeds of $305,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each common share purchase warrant entitles the holder thereof to purchase one common share at $0.40 per share for a period of 36 months from the date of issuance. In connection with the private placement, we paid finders' fees of $24,400 and issued 122,000 finders' warrants. Each finders' warrant entitles the holder thereof to purchase one common share at $0.20 per share for a period of 36 months from the date of issuance.

On February 15, 2023, we entered into a Merger Agreement with Tevera Energy Corp. ("Tevera") whereby Tevera will acquire all of the issued and outstanding shares of Lancaster through amalgamation of Tevera and Lancaster.

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings or loss per share. The following information was derived from our financial statements for the years ended March 31, 2022 and 2021.

	2022	2021
	$	$
Revenues	-	-
Net Loss and Comprehensive Loss	(628,475)	(19,424)
Basic and diluted loss per shares from continuing operations	(0.05)	(194.24)
Total Assets	485,832	234
Dividends declared and paid out in cash	-	-

OVERALL PERFORMANCE

As at December 31, 2022, our business is in development. For the three and nine months ended December 31, 2022 and 2021, we did not generate any revenue.

For the three and nine months ended December 31, 2022, we incurred a net loss from continuing operations of $311,050 and $611,128 respectively. The net loss was generated from operating expense, primarily share based compensation expenses, wages and consulting fees for the operating team.

DISCUSSION ON OPERATIONS

EXPENSES:

Consulting fees

We are an emerging business which engages consultants and contractors regularly to obtain expertise in various business areas. For the three and nine months ended December 31, 2022, we incurred consulting fees of $18,425 and $41,425 respectively as compared to $94,000 and $112,900 for same periods of the prior year respectively. The decrease in consulting fees was driven by discounting the development of nut milk project.

Marketing, publicity and digital media

Marketing, publicity and digital media expenses included advertising media spent to promote our corporate brand. For the three and nine months ended December 31, 2022, we incurred marketing, publicity and digital media expenses of $1,750 and $1,750 as compared to $4,090 and $4,090 for the same periods of the prior year.

Office and administrative expenses

Office and administrative expenses primarily included insurance fees, broker and filing fees, interest expense and other general office expenses. For the three and nine months ended December 31, 2022, we incurred office and administration expenses of $8,092 and $17,286 respectively as compared to $3,153 and $3,460 for the same periods of the prior year respectively.

Professional fees

Professional fees include legal, accounting, audit and taxation fees. For the three and nine months ended December 31, 2022, we incurred professional fees of $22,011 and $80,952 respectively as compared to $18,207 and $20,130 for the same periods of the prior year respectively. The increase was primarily driven by legal, accounting and audit fees to support of the acquisition of mining projects.

Share-based compensation

As at December 31, 2022, we had 2,576,000 stock options (2021 – 2,000,000) outstanding for our directors, officers, employees and consultants, and we incurred share-based compensation expense of $169,278 and $216,825 for the three and nine months ended December 31, 2022 respectively, as compared to $45,251 and $45,251 for the same periods of the prior year. We expect to continue to utilize stock options, and other forms of equity instruments, to incentivize our teams.

Wages

Wages for the three and nine months ended December 31, 2022 were $62,922 and $181,416 respectively, as compared to $18,263 and $18,263 for same periods of the prior year. The increase in wages was driven by the expansion of the team to support business development activities.

Unrealized loss on marketable securities

During the three and nine months ended December 31, 2022, we held 142,857 shares of Komo Plant Based Foods Inc. ("KPBF"). Komo YUM shares were revalued based on their closing price on December 31, 2022 resulting in an unrealized loss of $28,572 and $71,429 for the three and nine months ended December 31, 2022. We did not incur any unrealized loss on marketable securities during the same periods of the prior year.

Net loss from continuing operations

We incurred a net loss of $311,050 and $611,128 for the three and nine months ended December 31, 2022 respectively, as compared to $182,964 and $204,090 for the same periods of the prior year respectively. Loss per share from continuing operations on basic and fully diluted basis was $0.02 and $0.03 respectively for the three and nine months ended December 31, 2022, compared to $0.01 and $0.02 for the same periods of the prior year respectively.

Loss from discontinued operations

During the nine months ended December 31, 2022, we made the decision to cease the development of nut milk products as our principal business and started to acquire, explore and develop mineral properties. As a result, the nut milk development operating unit met the criteria to be classified as discontinued operations as of August 10, 2022.

For the three and nine months ended December 31, 2022, we incurred loss from discontinued operations of $2,450 and $4,700 respectively as compared to $119,346 and $119,346 for the same periods of the prior year.

Net Loss

For the three and nine months ended December 31, 2022, we incurred a comprehensive net loss of $313,500 and $615,828 respectively, as compared to net loss of $302,310 and $323,440 for the same periods of the prior year respectively.

Dividends

No dividends were declared or paid for three and nine months ended December 31, 2022 and 2021.

SUMMARY OF QUARTERLY RESULTS

The summary of our quarterly results are as follows:

For the quarters ended:

	Dec. 31, 2022 $	Sep. 30, 2022 $	Jun. 30, 2022 $	Mar. 31, 2022 $
Expenses	282,478	103,519	153,702	305,036
Net loss from continuing operations	(311,050)	(103,519)	(196,559)	(305,036)
Basic and diluted loss per share from continuing operations	(0.02)	(0.01)	(0.01)	(0.02)
Loss from discontinued operations	(2,450)	(2,250)	-	-
Net Loss	(313,500)	(105,769)	(196,559)	(305,036)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	(0.02)
Weighted average shares outstanding	19,000,100	19,000,100	19,000,100	19,000,100

	Dec. 31, 2021 $	Sep. 30, 2021 $	Jun. 30, 2021 $	Mar. 31, 2021 $
Expenses	182,964	2,077	19,053	19,066
Net loss from continuing operations	(182,964)	(2,077)	(19,053)	(19,066)
Basic and diluted loss per share from continuing operations	(0.01)	(0.00)	(0.01)	(190.66)
Loss from discontinued operations	(119,346)	-	-	-
Net Loss	(302,310)	(2,077)	(19,053)	(19,066)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(190.66)
Weighted average shares outstanding	14,565,317	7,000,100	2,230,869	100

LIQUIDITY

	December 31, 2022		March 31, 2022	
Current ratio(1)		1.1		14.0
Cash	$	35,031	$	289,452
Working capital surplus (deficit) (2)	$	14,469	$	451,034
Debt (3)	$	-	$	-
Total shareholders' equity (Deficit)	$	52,031	$	451,034

(1) Current ratio is current assets divided by current liabilities.

(2) Working capital is current assets minus current liabilities

(3) Debt refers to commercial loans

Cash Position

As at December 31, 2022, we had $35,031 in cash. During the nine months ended December 31, 2022, we spent $212,159 of cash in operating activities from continuing operations, to finance operating expenses, wages, and consulting fees, as compared to $376,509 for the same period of the prior year. Cash used for investing activities for the nine months ended December 31, 2022 was $37,562 for the acquisition of the option to acquire a lithium mining property and our initial development activities. We did not use cash in investing activities during the same period of the prior year. Cash provided by financing activities was $nil for the nine months ended December 31, 2022, as compared to $930,000 during the same period of the prior year, which was primarily from proceeds received from the issuance of common shares less share issuance costs.

We aim to issue more commons shares through private placements and listing processes to obtain funding needed for the future development of our business.

Working Capital

We had a working capital of $14,469 as at December 31, 2022, which primarily consists of cash, marketable securities and prepaids and deposits offset by accounts payable. We had a working capital of $451,034 as at March 31, 2022.

CAPITAL RESOURCES AND MANAGEMENT

We are authorized to issue an unlimited number of common shares. As at December 31, 2022, there were 19,000,100 common shares issued and outstanding. We had 6,600,000 share purchase warrants outstanding with a weighted average exercise price of $0.29. We had 2,576,000 stock options outstanding with a weighted average exercise price of $0.17 per share.

Our principal business is to acquire, explore, and develop mineral properties and ultimately seek earnings by exploiting mineral claims. Currently, we are evaluating and reviewing potential resource properties and other business opportunities as possible options or joint ventures. Once we acquire an interest in a resource property or other business opportunity, we anticipate that we will require more funds to further our business.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2022 and 2021, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the three and nine months ended December 31, 2022 and 2021 compensation of key management personnel and related parties were as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2022	2021	2022	2021
	$	$	$	$
Consulting fees	18,000	81,000	36,000	99,900
Professional fees	15,000	13,000	60,000	13,000
Share-based compensation	6,903	45,251	58,689	45,251
Wages	62,000	17,000	175,333	17,000
	101,903	156,251	330,022	175,151

As at December 31, 2022, Better Plant Sciences Inc. (“Better Plant”) held a $50,866 (March 31, 2022 - $65,923) deposit from the Company, which is included in prepaid expense and deposits. We have an operating agreement with Better Plant, and the two companies share a common CFO and corporate secretary. During the three and nine months ended December 31, 2022, we incurred operating expenses of $22,500 and $62,813 respectively (2021 - $52,099 and $52,099) to Better Plant.

As at December 31, 2022, we owed $34,998 (March 31, 2022 - $28,971) to officers and directors, which is included in accounts payable and accrued liabilities. These amounts are unsecured and non-interest bearing.

During the nine months ended December 31, 2021, we entered into a licensing agreement with Jusu Bars Corp. (“Jusu Bars”), a wholly owned subsidiary of Better Plant, for $59,500 for nut milk product formulations, which has been included as an expense in discontinued operations as we do not intend to move forward with the nut milk product formulations.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the fair value of share-based compensation and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the condensed interim financial statements include the factors that are used in determining whether we have significant influence over another entity, and the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the end of the reporting period.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Certain pronouncements have been issued by the IASB or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted. Management has assessed that there are no future accounting pronouncements that are expected to have a material impact on the Company in the current or future reporting periods.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the statement of financial position as at December 31, 2022, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance, December 31, 2022
	$	$	$	$
Marketable securities	42,857	-	-	42,857

The fair values of other financial instruments, including cash, amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company's credit risk is primarily attributable to cash. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and has no other significant concentration of credit risk arising from operations. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to the Company, including our consolidated subsidiaries, is made known to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting (“ICOFR”)

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICOFR

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

SCHEDULE G

FINANCIAL STATEMENTS OF TEVERA ENERGY CORP.

[See Attached]

TEVERA ENERGY CORP.

Financial Statements

Period from November 17, 2021 (date of incorporation) to March 31, 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Directors of **Tevera Energy Corp.**

Opinion

We have audited the financial statements of Tevera Energy Corp. (the "Company"), which comprise the statement of financial position as at March 31, 2022, and the statements of loss and comprehensive loss, cash flows and changes in equity for the period from incorporation on November 17, 2021 to March 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022, and its financial performance and its cash flows for the period from incorporation on November 17, 2021 to March 31, 2022 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Shaohua Huang.

Mao & Ying LLP

Vancouver, Canada
February 15, 2023

Chartered Professional Accountants

TEVERA ENERGY CORP.
Statement of Financial Position
(Expressed in Canadian Dollars)

	March 31, 2022 $
ASSETS	
Current assets	
Cash	1,403,874
Prepaid expenses	7,250
Total current assets	1,411,124
Non-current assets	
Intangible assets (Note 4)	100,000
Total assets	1,511,124
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	18,358
Due to related parties (Note 5)	1,269
Total and current liabilities	19,627
SHAREHOLDERS' EQUITY	
Share capital (Note 6)	1,708,547
Subscriptions receivable (Note 6)	(35,000)
Shares issuable (Note 11)	21,000
Equity reserves (Note 6)	101,144
Deficit	(304,194)
Total shareholders' equity	1,491,497
Total liabilities and shareholders' equity	1,511,124

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on February 15, 2023:

/s/ "Penny White"
Director

/s/ "Angelo Rajasooriar"
Director

(The accompanying notes are an integral part of these financial statements)

TEVERA ENERGY CORP.
Statement of Operations
(Expressed in Canadian Dollars)

	Period from November 17, 2021 (date of incorporation) to March 31, 2022 $
Expenses	
Advertising, marketing, and media	1,575
Consulting fees (Note 5)	63,000
General and administrative	4,041
Professional fees	12,717
Research and development	11,373
Transfer agent and filing fees	3,988
Total expenses	96,694
Loss before other expense	(96,694)
Other expense	
Transaction costs (Note 10)	(207,500)
Net loss for the period	(304,194)
Loss per common share, basic and diluted	(0.05)
Weighted average common shares outstanding	6,499,383

(The accompanying notes are an integral part of these financial statements)

TEVERA ENERGY CORP.
Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital						
	Number of common shares	Amount $	Shares Issuable $	Equity Reserves $	Subscriptions Receivable $	Deficit $	Total shareholders' equity $
Balance, November 17, 2021 (date of incorporation)	–	–	–	–	–	–	–
Issuance of shares for cash	12,000,100	60,001	–	–	–	–	60,001
Issuance of units for cash	6,421,999	2,247,700	–	–	(35,000)	–	2,212,700
Share issuance costs	–	(249,154)	–	101,144	–	–	(148,010)
Share subscriptions received	–	–	21,000	–	–	–	21,000
Issuance of units for acquisition of intangible assets	12,000,000	4,200,000	–	–	–	–	4,200,000
Cancellation of units for acquisition of intangible assets	(12,000,000)	(4,200,000)	–	–	–	–	(4,200,000)
Cancellation of shares	(1,000,000)	(350,000)	–	–	–	–	(350,000)
Net loss for the period	–	–	–	–	–	(304,194)	(304,194)
Balance, March 31, 2022	17,422,099	1,708,547	21,000	101,144	(35,000)	(304,194)	1,491,497

(The accompanying notes are an integral part of these financial statements)

TEVERA ENERGY CORP.
Statement of Cash Flows
(Expressed in Canadian Dollars)

	Period from November 17, 2021 (date of incorporation) to March 31, 2022 $
Operating activities	
Net loss for the period	(304,194)
Non-cash items	
Gain from termination of acquisition agreement (Note 10)	(350,000)
Changes in non-cash operating working capital:	
Prepaid expenses	(7,250)
Accounts payable and accrued liabilities	18,358
Due to related parties	1,269
Net cash used in operating activities	(641,817)
Investing activities	
Acquisition of intangible assets	(100,000)
Net cash used in investing activities	(100,000)
Financing activities	
Proceeds from issuance of units	2,064,755
Proceeds from issuance of common shares	59,936
Proceeds from receipt of share subscriptions	21,000
Net cash provided by financing activities	2,145,691
Change in cash	1,403,874
Cash, beginning of period	–
Cash, end of period	1,403,874
Non-cash financing activities:	
Issuance of broker’s warrants	101,144
Supplement information	
Income tax paid:	-
Interest paid:	-

(The accompanying notes are an integral part of these financial statements)

1. Nature of Operations and Continuance of Business

Tevera Energy Corp. (the "Company") was incorporated under the laws of the province of British Columbia, Canada on November 17, 2021, formerly under the name of Hungry Capital Inc. On January 19, 2022, the Company changed its name to Metaversive Networks Inc.. On April 13, 2022, the Company changed its name to FreedomX Metaversive Networks Inc., and on January 30, 2023, the Company changed its name to Tevera Energy Corp. The principal business of the Company is the identification, evaluation and acquisition of mineral exploration properties. The address of the Company's corporate office and principal place of business is 2569 Marine Drive, West Vancouver, British Columbia, V7V 1L5.

These financial statements have been prepared on the 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. During the period ended March 31, 2022, the Company has not generated any revenues and has negative cash flow from operations. The Company had an accumulated deficit of $304,194 as at March 31, 2022. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion 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 factors may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Basis of Presentation

(a) Statement of Compliance

These financial statements are the first financial statements the Company has presented and they are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Basis of Presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

(c) Significant Accounting Estimates and Judgments

The preparation of these financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the useful lives and carrying value of intangible assets, the fair value of share-based payments and unrecognized deferred income tax assets.

2. Basis of Presentation (continued)

(c) Significant Accounting Estimates and Judgments (continued)

Carrying Value of Intangible Asset

The Company assesses impairment of non-financial assets such as intangible assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit ("CGU") based on expected future cash flows. When measuring expected future cash flows, management makes assumptions about future growth of profits which relate to future events and circumstances. Actual results could vary from these estimated future cash flows. Estimation uncertainty relates to assumptions about future operating results and the application of an appropriate discount rate.

Long-lived assets are reviewed for impairment by determining the recoverable amount of each CGU or groups of CGUs to which the long-lived assets relate. Management estimates the recoverable amount of the CGUs based on the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"). The VIU calculations are based on expected future cash flows. When measuring expected future cash flows, management makes key assumptions about future growth of profits which relate to future events and circumstances. Estimation uncertainty relates to assumptions about future operating results and the application of an appropriate discount rate. Actual results could vary from these estimates which may cause significant adjustments to the Company's long-lived assets in subsequent reporting periods.

Share-based Payments

Fair values of share-based payments are determined using the Black-Scholes option pricing model. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options and performance warrants.

Current and Deferred Income Taxes

The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of current and deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

2. Basis of Presentation (continued)

(c) Significant Accounting Estimates and Judgments (continued)

Significant Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognized in the Company's financial statements are as follows:

Application of Going Concern Assumptions

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern. Refer to Note 1.

3. Significant Accounting Policies

(a) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents. The Company does not have cash equivalents as of March 31, 2022.

(b) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

3. Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are 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 financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The Company recognizes an allowance for expected credit losses (ECLs) for financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are recognized in the statements of operations and comprehensive loss in the period in which they occur.

3. Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(c) Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and any accumulated impairment losses. Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful lives of intangible assets are assessed as either finite or infinite. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate, and are treated as a change in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of loss. As at March 31, 2022, intangible assets consist of:

Application	3 year useful life

3. Significant Accounting Policies (continued)

(d) Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that they may be impaired:

- an intangible asset with an indefinite useful life
- an intangible asset not yet available for use
- goodwill acquired in a business combination

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill and intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(e) Unit Financings

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on residual value basis, wherein the fair value of the common shares is based on the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against share proceeds.

3. Significant Accounting Policies (continued)

(f) Income Taxes

Current income tax

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

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(g) Share-based Payments

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(h) Loss Per Share

Basic loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. The dilutive effect of convertible securities is reflected in the diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding incentive stock options and their equivalents is reflected in the diluted loss per share by application of the treasury stock method.

(i) Comprehensive Loss

Comprehensive loss is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in the statement of loss.

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(j) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2022, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Intangible Assets

	Crowdsourcing Application $
Cost:	
Balance at November 17, 2021	–
Additions	100,000
Balance at March 31, 2022	100,000
Amortization:	
Balance at November 17, 2021	–
Amortization	–
Balance at March 31, 2022	
Carrying amounts:	
Balance at November 17, 2021	–
Balance at March 31, 2022	100,000

On March 31, 2022, the Company completed an Asset Purchase Agreement with Fasttask Inc. ("Fasttask"), a company controlled by a Director of the Company, whereby it acquired Intellectual Property, Application Software, Technology, Books and Records relating to a Crowdsourcing App (the "Crowdsourcing App"). In consideration for the Crowdsourcing App, the Company paid a purchase price of $100,000 on March 31, 2022. The transaction did not meet the definition of a business combination and the acquisition was accounted for as an asset acquisition.

5. Related Party Transactions

(a) During the period from incorporation on November 17, 2021 to March 31, 2022, the Company incurred consulting fees of $37,800 to the President of the Company. As at March 31, 2022, the Company owed $1,269 to the President of the Company, which is non-interest bearing, unsecured, and due on demand.

(b) During the period from incorporation on November 17, 2021 to March 31, 2022, the Company incurred consulting fees of $25,200 to a Director of the Company. In addition, the Company acquired an intangible asset from a company controlled by a Director of the Company (Note 4).

6. Share Capital

Authorized: Unlimited number of common shares without par value

As at March 31, 2022, there are 17,422,099 common shares issued and outstanding, after retrospectively adjusting the Note 6(h) subsequent events below.

(a) On November 17, 2021, the Company issued 100 common shares for proceeds of $0.50.

(b) On January 25, 2022, the Company issued 5,000,000 common shares at $0.005 per share for proceeds of $25,000.

(c) On January 25, 2022, the Company issued 7,000,000 common shares at $0.005 per share for proceeds of $35,000.

(d) On March 11, 2022, the Company issued 4,213,999 units at $0.35 per unit for proceeds of $1,474,900. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $1.00 per common share, expiring on March 11, 2024. The proceeds of $1,474,900 were allocated entirely to share capital using the residual value method. In connection with the issuance, the Company paid cash finder's fees of $85,708, incurred other issuance costs of $3,426, and issued 244,880 broker's warrants with a fair value of $61,368, which were recorded as share issuance costs. Each broker's warrant is exercisable at $0.35 per common share, expiring on March 11, 2024. The fair value of the broker's warrants of $61,368 was determined by the Black-Scholes pricing model using the following assumptions: expected life of 2 years, average risk-free interest rate of 1.66%, expected dividend yield of 0%, and average expected stock price volatility of 150%.

(e) On March 28, 2022, the Company issued 2,208,000 units at $0.35 per unit for proceeds of $772,800. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $1.00 per common share, expiring on March 28, 2024. The proceeds of $772,800 were allocated entirely to share capital using the residual value method. In connection with the issuance, the Company paid cash finder's fees of $55,384, incurred other issuance costs of $3,427, and issued 158,240 broker's warrants with a fair value of $39,776, which were recorded as share issuance costs. Each broker's warrant is exercisable at $0.35 per common share, expiring on March 28, 2024. The fair value of the broker's warrants of $39,776 was determined by the Black-Scholes pricing model using the following assumptions: expected life of 2 years, average risk-free interest rate of 2.35%, expected dividend yield of 0%, and average expected stock price volatility of 150%.

(f) On March 31, 2022, the Company issued 12,000,000 units with a fair value of $4,200,000 to acquire the Metaversive Augmented Assets (Note 10). Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $1.00 per common share, expiring on March 31, 2024. The 12,000,000 units are subject to certain stock restrictions and are held in escrow.

(g) As at March 31, 2022, the Company received share subscriptions of $21,000 (Note 12(d)).

(h) On February 12, 2023, the Company cancelled the 12,000,000 units it previously issued on March 31, 2022 for the acquisition of the Metaversive Augmented Assets (see above) as a result of the termination of the acquisition. In addition, the Company received 1,000,000 common shares from the principal of Ztudium as part of the settlement agreement (Note 10). Since these equity transactions were treated as adjusting subsequent events, they were retrospectively reflected in the Company's financial statements as of March 31, 2022.

(Expressed in Canadian Dollars)

7. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, November 17, 2021	–	–
Issued	3,614,120	0.93
Balance, March 31, 2022	3,614,120	0.93

As at March 31, 2022, the following share purchase warrants were outstanding, after retrospectively adjusting the subsequent events indicated in Note 6(h):

Number of warrants outstanding	Number of warrants exercisable	Exercise price $	Expiry date	Weighted average remaining contracted life (years)
2,107,000	2,107,000	1.00	March 11, 2024	1.95
244,880	244,880	0.35	March 11, 2024	1.95
1,104,000	1,104,000	1.00	March 28, 2024	1.99
158,240	158,240	0.35	March 28, 2024	1.99
3,614,120	3,614,120			

8. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

8. Financial Instruments and Risk Management (continued)

(b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(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 not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

9. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, share capital, and accumulated deficit.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

10. Transaction Costs

On February 8, 2022, the Company entered into a Technology and Intellectual Property License and Sale Agreement (“Ztudium Agreement”) with Ztudium Limited (“Ztudium”), whereby the Company agreed to purchase an Augmented Metaverse under the name of “FreedomX” (the “Metaversive Augmented Assets”), which is comprised of: i) a perpetual license for the technology platform, ii) a perpetual license for the technology platform to facilitate digital asset creation and trading, and iii) the Freedomx.com URL, brand and UI and UX design for an Augmented Metaverse platform. As the aggregated consideration, the Company agreed to pay: i) $400,000 in cash at closing, ii) $800,000 in cash payable upon achieving certain business milestones, and iii) 12,000,000 common share units of the Company with each unit consisted of one common share of the Company and one-half share purchase warrant exercisable at $1.00 per share within 24 months after issuance. On March 31, 2022, the Company made the initial cash payment of $400,000 and issued 12,000,000 common share units. Subsequent to March 31, 2022, the Company determined the Metaversive Augmented Assets were not sufficiently delivered to the Company to its satisfaction and officially filed a claim on June 23, 2022. Therefore, the transaction was not deemed properly closed according to the Sale Agreement due to the ownership of the Metaversive Augmented Assets has not been properly transferred as of March 31, 2022. In December 2022, the Company and Ztudium mutually agreed to rescind the Ztudium Agreement based on the following terms (the “Settlement Agreement”):

- Ztudium retains the Metaversive Augmented Assets
- Ztudium retains the $400,000 payment in cash the Company paid on March 31, 2022
- Ztudium returns 12,000,000 common shares to the Company for cancellation
- Ztudium returns 6,000,000 share purchase warrants to the Company for Cancellation
- Ztudium’s principal, Dinis Guarda, returns 1,000,000 common shares he obtained personally to the Company for cancellation.

In February 2023, the Settlement Agreement was signed by all parties. The 12,000,000 common shares, the 6,000,000 share purchase warrants and the 1,000,000 common shares were all returned to the Company and cancelled. The 1,000,000 common shares were not part of the original purchase price. They were originally transferred from the Company’s president’s personal holding of the Company’s shares to the principal, Dinis Guarda, of Ztudium. In lieu of returning the $400,000 cash to the Company, Ztudium agreed to return these 1,000,000 common shares it obtained from the Company’s president personally to the Company. The value of the additional 1,000,000 common shares therefore was considered a gain for the Company as a result of the termination of the Ztudium Agreement. The 1,000,000 common shares had a value of $350,000, using a price of $0.35/share based on the latest equity transactions near March 31, 2022. The Ztudium Agreement and the Settlement Agreement resulted in a net transaction cost of $50,000 for the Company. All these aforementioned transactions are treated as adjusting subsequent events and hence they have been reflected in the Company’s financial statements as of March 31, 2022.

The Ztudium Agreement contemplated a reverse merger transaction (the “RTO Transaction”) between the Company, Better Plant Science Inc. (“Better Plant”), and 1233392 B.C. Ltd., a wholly owned subsidiary of Better Plant. On February 14, 2022, the Company entered into a binding agreement (the “RTO Agreement”) with Better Plant and paid a fee of $157,500 including taxes, which was recorded as a transaction cost for the year ended March 31, 2022. Following the Settlement Agreement with Ztudium and on January 29, 2023, the Company notified Better Plant in writing to terminate the RTO agreement.

(Expressed in Canadian Dollars)

11. Income Taxes

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the loss before income taxes. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2022 $
Net loss for the period	(304,194)
Statutory income tax rate	11%
Income tax recovery at statutory rate	(33,461)
Change in unrecognized deferred income tax assets	33,461
Income tax provision	–

The significant components of deferred income tax assets and liabilities are as follows:

	2022 $
Deferred income tax assets (liabilities)	
Non-capital loss carried forward	33,461
Share issuance costs	16,274
Total gross deferred income tax assets	49,735
Unrecognized deferred income tax assets	(49,735)
Net deferred income tax assets	–

As at March 31, 2022, the Company has a non-capital loss carried forward of $304,194, which is available to offset future years' taxable income and expires in 2042.

12. Subsequent Events

(a) On April 5, 2022, the Company issued 571,432 units at $0.35 per unit for proceeds of $200,001, of which, $21,000 was received as at March 31, 2022 (Note 6(g)). Each unit consists of one common share and one-half share purchase warrant, with each whole share purchase warrant exercisable at $1.00 per share until April 5, 2024. In connection with the issuance, the Company agreed to pay a cash finder's fee of $16,000, and issue 45,714 broker's warrants. Each broker's warrant is exercisable at $0.35 per common share, expiring on April 5, 2024.

(b) On June 23, 2022, the Company officially filed a claim against Ztudium claiming that the Metaversive Augmented Assets were not sufficiently delivered to the Company to its satisfaction as of March 31, 2022. In December 2022, the Company and Ztudium mutually agreed to rescind the Ztudium Agreement. In February 2023, a Settlement Agreement was signed by all parties and Ztudium returned 12,000,000 common shares, 6,000,000 share purchase warrants and 1,000,000 common shares to the Company which have been cancelled. These transactions are treated as adjusting subsequent events and hence they have been reflected in the Company's financial statements as of March 31, 2022 (Note 10).

(c) On September 13, 2022, the Company granted 500,000 stock options to a director of the Company. The options vest in eight equal tranches in four months, six months, and every three months thereafter. The options have an exercise price of $0.10 and expire on September 13, 2027.

12. Subsequent Events (continued)

(d) On January 31, 2023, the Company issued 587,142 units at $0.35 per unit for proceeds of $205,500. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $1.00 per common share, expiring on January 31, 2025.

TEVERA ENERGY CORP.

Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended December 31, 2022
and the Period from Incorporation on November 17, 2021 to December 31, 2021

(Expressed in Canadian Dollars)
(Unaudited)

TEVERA ENERGY CORP.
Condensed Interim Consolidated Statement of Financial Position
(Expressed in Canadian Dollars) (Unaudited)

	Notes	December 31, 2022 (unaudited)	March 31, 2022
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		888,220	1,403,874
Prepaids and deposits		22,250	7,250
Taxes recoverable		28,649	-
Advance to related party	4, 6	100,000	-
Total current assets		1,039,119	1,411,124
Non-current assets			
Intangible assets	5	-	100,000
Total assets		**1,039,119**	**1,511,124**
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities		31,476	18,358
Due to related parties	6	1,116	1,269
Total and current liabilities		**32,592**	**19,627**
SHAREHOLDERS' EQUITY			
Share capital	3, 7	1,878,445	1,708,547
Subscriptions receivable		-	(35,000)
Subscriptions received in advance		124,250	21,000
Equity reserves	8, 9	174,429	101,144
Deficit		(1,170,597)	(304,194)
Total shareholders' equity		**1,006,527**	**1,491,497**
Total liabilities and shareholders' equity		**1,039,119**	**1,511,124**

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on May 3, 2023:

/s/ "Penny White"
Penny White, Director

/s/ "William White"
William White, Director

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

TEVERA ENERGY CORP.
Condensed Interim Consolidated Statement of Operations
(Expressed in Canadian Dollars) (Unaudited)

	Notes	Three months ended December 31, 2022	From Incorporation to December 31, 2021	Nine months ended December 31, 2022	From Incorporation to December 31, 2021
		$	$	$	$
EXPENSES					
Advertising, marketing, and media		7,775	-	12,675	-
Consulting fees	6	170,000	12,600	440,500	12,600
Listing fees		-	-	3,463	-
General and administrative		9,609	-	27,960	-
Professional fees		32,761	1,424	146,903	1,424
Research and development		-	-	74,373	-
Share-based compensation	9	52,164	-	61,803	-
Total expenses		272,309	14,024	767,677	14,024
Net loss before other items		(272,309)	(14,024)	(767,677)	(14,024)
OTHER ITEMS					
Interest income		1,274	-	1,274	-
Impairment of intangible assets	5	(100,000)	-	(100,000)	-
Total other items		(98,726)	-	(98,726)	-
NET LOSS		**(371,035)**	**(14,024)**	**(866,403)**	**(14,024)**
Loss per common share, basic and diluted		(0.01)	(70.12)	(0.02)	(70.12)
Weighted average common shares outstanding	3	35,416,000	200	35,405,000	200

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

TEVERA ENERGY CORP.
Condensed Interim Consolidated Statement of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars) (Unaudited)

	Notes	Share capital		Shares Issuable	Equity Reserves	Subscriptions Receivable	Deficit	Shareholders' equity (deficiency)
		Number of shares	Amount					
			$	$	$	$	$	$
Balance at Date of Incorporation								
Issuance of shares for cash		200	1	-	-	-	-	1
Net loss for the period		-	-	-	-	-	(14,024)	(14,024)
Balance at December 31, 2021 (unaudited)		**200**	**1**	**-**	**-**	**-**	**(14,024)**	**(14,024)**
Balance at March 31, 2022		34,844,198	1,708,547	21,000	101,144	(35,000)	(304,194)	1,491,497
Issuance of units for cash	7	1,142,864	200,001	-	-	35,000	-	235,001
Share issuance costs		-	(30,103)	-	11,482	-	-	(18,621)
Subscriptions rescinded		-	-	(21,000)	-	-	-	(21,000)
Subscriptions received in advance		-	-	124,250	-	-	-	124,250
Share based compensation		-	-	-	61,803	-	-	61,803
Net loss for the period		-	-	-	-	-	(866,403)	(866,403)
Balance, December 31, 2022 (unaudited)		**35,987,062**	**1,878,445**	**124,250**	**174,429**	**-**	**(1,170,597)**	**1,006,527**

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

TEVERA ENERGY CORP.
Condensed Interim Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars) (Unaudited)

	Notes	Nine months ended December 31, 2022	From Incorporation to December 31, 2021
		$	$
OPERATING ACTIVITIES			
Net loss		(866,403)	(14,024)
Items not involving cash:			
Impairment of intangible assets		100,000	-
Share-based compensation		61,803	-
Changes in non-cash working capital:			
Prepaids and deposits		(15,000)	-
Taxes recoverable		(28,649)	-
Due to related parties	6	(153)	(1)
Accounts payable and accrued liabilities		13,118	14,089
Net cash (used in) provided by operating activities		**(735,284)**	**64**
FINANCING ACTIVITIES			
Proceeds from issuance of units		235,001	1
Share issuance cost		(18,621)	(65)
Subscriptions received in advance		124,250	-
Subscriptions rescinded		(21,000)	-
Advance to related party	4	(100,000)	-
Net cash provided by (used in) financing activities		**219,630**	**(64)**
CHANGE IN CASH		**(515,654)**	**-**
Cash, beginning of period		1,403,874	-
CASH, END OF PERIOD		**888,220**	**-**
Non-cash investing and financing activities:			
Fair value of finders' warrants	8	11,482	-
			-

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

1. Nature of Operations and Continuance of Business

Tevera Energy Corp. (the "Company") was incorporated under the laws of the province of British Columbia, Canada on November 17, 2021, under the name of Hungry Capital Inc. On January 19, 2022, the Company changed its name to Metaversive Networks Inc. and on April 13, 2022, the Company changed its name to FreedomX Metaversive Networks Inc. On January 30, 2023, the Company changed its name to Tevera Energy Corp. The Company develops assets, products and services in the energy and mining industry. The address of the Company's corporate office and principal place of business is 2569 Marine Drive, West Vancouver, British Columbia, V7V 1L5.

These condensed interim consolidated financial statements have been prepared on the 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. During the nine months ended December 31, 2022, the Company has not generated any revenues and has negative cash flow from operations. The Company has incurred a net loss of $866,403 and incurred negative cash flows from operating activities of $735,284. As at December 31, 2022, the Company has a working capital of $1,006,527 and an accumulated deficit of $1,170,597. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion 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 factors may cast significant doubt on the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Basis of Presentation

(a) Statement of Compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting", and based on the principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended March 31, 2022, which include the Company's significant accounting policies, and have been prepared in accordance with the same methods of application.

(b) Basis of Presentation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, 1371432 B.C. Ltd and 1385122 BC Ltd. All intercompany balances and transactions have been eliminated on consolidation.

These condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

2. Basis of Presentation (continued)

(c) Significant Accounting Estimates and Judgments
The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates and judgement include the collectability of amounts and advance receivable, the useful lives and carrying values of intangible assets, fair value of share-based compensation, and measurement of unrecognized deferred income tax assets. Judgments include the factors that are used in determining the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to, 12 months from the year end of the reporting period, and use of volatility for the determination of fair value of stock-based compensation and share issuance costs.

(d) Accounting Standards Issued but Not Yet Effective
A number of new standards, and amendments to standards and interpretations, are not yet effective for the nine months ended December 31, 2022, and have not been early adopted in preparing these condensed interim consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

3. Cancellation of an Acquisition

On February 8, 2022, the Company entered into a Technology and Intellectual Property License and Sale Agreement ("Ztudium Agreement") with Ztudium Limited ("Ztudium"), whereby the Company agreed to purchase an Augmented Metaverse under the name of "FreedomX" (the "Metaversive Augmented Assets"), which is comprised of: i) a perpetual license for the technology platform, ii) a perpetual license for the technology platform to facilitate digital asset creation and trading, and iii) the Freedomx.com URL, brand and UI and UX design for an Augmented Metaverse platform. As the aggregated consideration, the Company agreed to pay: i) $400,000 in cash at closing, ii) $800,000 in cash payable upon achieving certain business milestones, and iii) 12,000,000 common share (24,000,000 shares post the 1:2 split) units of the Company with each unit consisted of one common share of the Company and one-half share purchase warrant exercisable at $1.00 per share ($0.05 per share post 1:2 split) within 24 months after issuance. On March 31, 2022, the Company made the initial cash payment of $400,000 and issued 12,000,000 common share (24,000,000 share post 1:2 split) units. Subsequent to March 31, 2022, the Company determined the Metaversive Augmented Assets were not sufficiently delivered to the Company to its satisfaction and officially filed a claim on June 23, 2022. Therefore, the transaction was not deemed properly closed according to the Sale Agreement due to the ownership of the Metaversive Augmented Assets has not been properly transferred as of March 31, 2022.

(Expressed in Canadian Dollars) (Unaudited)

3. Cancellation of an Acquisition (continued)

In December 2022, the Company and Ztudium mutually agreed to rescind the Ztudium Agreement based on the following terms (the "Settlement Agreement"):

- Ztudium retains the Metaversive Augmented Assets
- Ztudium retains the $400,000 payment in cash the Company paid on March 31, 2022
- Ztudium returns 12,000,000 common shares (24,000,000 shares post 1:2 split) to the Company for cancellation
- Ztudium returns 6,000,000 share (12:000,000 share post 1:2 split) purchase warrants to the Company for Cancellation
- Ztudium's principal, Dinis Guarda, returns 1,000,000 common shares (2,000,000 share post 1:2 split) he obtained personally to the Company for cancellation.

In February 2023, the Settlement Agreement was signed by all parties. The 12,000,000 common shares (24:000,000 post 1:2 split), the 6,000,000 share (12,000,000 share post 1:2 split) purchase warrants and the 1,000,000 common shares were all returned to the Company and cancelled. The 1,000,000 common shares (2,000,000 post 1:2 split) were not part of the original purchase price. They were originally transferred from the Company's president's personal holding of the Company's shares to the principal, Dinis Guarda, of Ztudium. In lieu of returning the $400,000 cash to the Company, Ztudium agreed to return these 1,000,000 common shares (2,000,000 shares post 1:2 split) it obtained from the Company's president personally to the Company. The value of the additional 1,000,000 common shares (2,000,000 post 1:2 split) therefore was considered a gain for the Company as a result of the termination of the Ztudium Agreement. The 1,000,000 common shares (2,000,000 post 1:2 split) had a value of $350,000, using a price of $0.35/share ($0.175/share post 1:2 split) based on the latest equity transactions near March 31, 2022. The Ztudium Agreement and the Settlement Agreement resulted in a net transaction cost of $50,000 for the Company. All these aforementioned transactions are treated as adjusting subsequent events and hence they have been reflected in the Company's financial statements as of March 31, 2022.

4. Termination of a Proposed RTO Transaction

The Ztudium Agreement contemplated a reverse merger transaction (the "RTO Transaction") between the Company, Better Plant Science Inc. ("Better Plant"), and 1233392 B.C. Ltd., a wholly owned subsidiary of Better Plant. On February 14, 2022, the Company entered into a binding agreement (the "RTO Agreement") with Better Plant and paid a fee of $157,500 including taxes, which was recorded as a transaction cost for the year ended March 31, 2022. Following the Settlement Agreement with Ztudium and on January 29, 2023, the Company notified Better Plant to terminate the RTO agreement.

5. Intangible Assets

	Crowdsourcing Application
	$
Balance at March 31, 2022	100,000
Impairment due to change in business	(100,000)
Balance at December 31, 2022	-

(Expressed in Canadian Dollars) (Unaudited)

5. Intangible Assets (continued)

On March 31, 2022, the Company completed an Asset Purchase Agreement with Fasttask Inc., a company controlled by a Director of the Company, whereby it acquired Intellectual Property, Application Software, Technology, Books and Records relating to a Crowdsourcing App (the "Crowdsourcing App"). In consideration for the Crowdsourcing App, the Company paid a purchase price of $100,000 on March 31, 2022. Following the recission of its perpetual technology licenses with Ztudium (Note 3), the Company is pivoting its business to the energy industry. Management does not expect the Crowdsourcing App to be applicable to its future business. The Company recorded an impairment cost of $100,000 for the period ended December 31, 2022.

6. Related Party Transactions

During the three and nine months ended December 31, 2022 and from Incorporation to December 31, 2021, the Company incurred the following expenses to key management personnel.

	Three months ended	From Incorporation to	Nine months ended	From Incorporation to
	December 31,		December 31,	
	2022	2021	2022	2021
	$	$	$	$
Consulting fees	90,000	12,600	263,000	12,600
Share-based compensation	52,164	-	61,803	-
	142,164	12,600	324,803	12,600

During the three and nine months ended December 31, 2022, the Company incurred professional fees of $32,500 and $100,000 respectively (2021 - $nil and $nil) to Better Plant, an associated company with a shared CFO and corporate secretary, and whose former CEO is a director and officer of the Company. At December 31, 2022, the Company was owed $100,000 (the "Loan") from Better Plant in relation to an RTO agreement, which is included in advance to related party. Subsequent to December 31, 2022, the RTO agreement was terminated (Note 4).

The Company and Lancaster completed an amalgamation on March 9, 2023. On March 14, 2023, Better Plant repaid the Loan through a three-party settlement with Lancaster by returning 500,000 common shares of Lancaster with a fair value of $0.20 per share. The fair value per share was determined based on a recent share issuance by Lancaster through a private placement.

7. Share Capital

On March 8, 2023, the Company effected a subdivision of its common shares on the basis of two post-subdivision shares for every one pre-subdivision common shares. All share and per share amounts in these condensed interim financial statements have been retroactively adjusted for the share subdivision.

7. Share Capital (continued)

Authorized: Unlimited number of common shares without par value.

(a) On November 17, 2021, the Company issued 200 common shares for proceeds of $0.2500.

(b) On January 25, 2022, the Company issued 10,000,000 common shares at $0.0025 per share for proceeds of $25,000.

(c) On January 25, 2022, the Company issued 14,000,000 common shares at $0.0025 per share for proceeds of $35,000.

(d) On March 11, 2022, the Company issued 8,427,998 units at $0.1750 per unit for proceeds of $1,474,900. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $0.5000 per common share, expiring on March 11, 2024. The proceeds of $1,474,900 were allocated entirely to share capital using the residual value method. In connection with the issuance, the Company paid cash finder's fees of $85,708, incurred other issuance costs of $3,426, and issued 489,760 broker's warrants with a fair value of $61,368, which were recorded as share issuance costs. Each broker's warrant is exercisable at $0.1750 per common share, expiring on March 11, 2024. The fair value of the broker's warrants of $61,368 was determined by the Black-Scholes pricing model using the following assumptions: expected life of 2 years, average risk-free interest rate of 1.66%, expected dividend yield of 0%, and average expected stock price volatility of 150%.

(e) On March 28, 2022, the Company issued 4,416,000 units at $0.1750 per unit for proceeds of $772,800. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $0.50 per common share, expiring on March 28, 2024. The proceeds of $772,800 were allocated entirely to share capital using the residual value method. In connection with the issuance, the Company paid cash finder's fees of $55,384, incurred other issuance costs of $3,427, and issued 316,480 broker's warrants with a fair value of $39,776, which were recorded as share issuance costs. Each broker's warrant is exercisable at $0.1750 per common share, expiring on March 28, 2024. The fair value of the broker's warrants of $39,776 was determined by the Black-Scholes pricing model using the following assumptions: expected life of 2 years, average risk-free interest rate of 2.35%, expected dividend yield of 0%, and average expected stock price volatility of 150%.

(f) On March 31, 2022, the Company issued 24,000,000 units with a fair value of $4,200,000 to acquire the Metaversive Augmented Assets (Note 3). Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $0.50 per common share, expiring on March 31, 2024. The proceeds of $4,200,000 were allocated entirely to share capital using the residual value method. The 24,000,000 units are subject to certain stock restrictions and are held in escrow.

(g) As at March 31, 2022, the Company received share subscriptions of $21,000. The amount was subsequently returned to the investor who determined to withdraw from subscribing the Company's shares.

(Expressed in Canadian Dollars) (Unaudited)

7. Share Capital (continued)

(h) On April 5, 2022, the Company issued 1,142,864 units at $0.1750 per unit for proceeds of $200,001. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.50 per common share, expiring on April 5, 2024. The proceeds of $200,001 were allocated entirely to share capital using the residual value method. In connection with the issuance, the Company paid cash finder's fees of $16,000, incurred other issuance costs of $2,620, and issued 91,428 broker's warrants with a fair value of $11,483, which were recorded as share issuance costs. Each broker's warrant is exercisable at $0.1750 per common share, expiring on April 5, 2024. The fair value of the broker's warrants of $11,482 was determined by the Black-Scholes pricing model using the following assumptions: expected life of 2 years, average risk-free interest rate of 2.28%, expected dividend yield of 0%, and average expected stock price volatility of 150%.

(i) On February 12, 2023, the Company cancelled the 24,000,000 units it previously issued on March 31, 2022 for the acquisition of the Metaversive Augmented Assets (see above) as a result of the termination of the acquisition. In addition, the Company received 2,000,000 common shares from the principal of Ztudium as part of the settlement agreement (Note 3). Since these equity transactions were treated as adjusting subsequent events, they were retrospectively reflected in the Company's financial statements as of March 31, 2022.

8. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance at March 31, 2022	7,228,240	0.49
Issued	662,856	0.46
Balance at December 31, 2022	7,891,096	0.46

As at December 31, 2022, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants Outstanding	Number of Warrants Exercisable	Weighted Average Life (years)
	$			
March 11, 2024	0.18	489,760	489,760	1.19
March 11, 2024	0.50	4,099,714	4,099,714	1.19
March 12, 2024	0.50	114,286	114,286	1.20
March 28, 2024	0.18	316,480	316,480	1.24
March 28, 2024	0.50	2,208,000	2,208,000	1.24
April 5, 2024	0.18	91,428	91,428	1.26
April 5, 2024	0.50	571,428	571,428	1.26
		7,891,096	7,891,096	

(Expressed in Canadian Dollars) (Unaudited)

9. Stock Options

On March 8, 2023, the Company effected a subdivision of its common shares on the basis of two post-subdivision shares for every one pre-subdivision common shares. All share and per share amounts in these condensed interim financial statements have been retroactively adjusted for the share subdivision.

The Company's Board of Directors approved a stock incentive plan in accordance with the policies of the Canadian Securities Exchange (the "Exchange"). The Board of Directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 20% of the issued and outstanding common shares of the Company. The exercise price will not be less than $0.10 per share and, in the event that the Company is listed on the Exchange, the market price of the common shares on the trading day immediately preceding the date of the grant, less applicable discounts permitted by the Exchange. The options that may be granted under this plan must be exercisable for over a period of not exceeding 5 years.

The following table summarizes the continuity of the Company's stock options:

	Number of Optons	Expiry Date	Remaining Life (Years)	Exercise Price
				$
Outstanding, March 31, 2022	-			-
Granted	1,000,000	September 13, 2027	4.70	0.05
Outstanding, December 31, 2022	**1,000,000**			**0.05**
Exercisable, December 31, 2022	-			-

On September 13, 2022, the Company granted 1,000,000 stock options to its director Angelo Rajasooriar with an exercise price of $0.05 and expiry date of September 13, 2027. These stock options vest equally over 8 tranches (12.5% per tranche) with the first vesting date on January 13, 2023 and last vesting date of September 13, 2024.

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the three and nine months ended December 31, 2022, the Company recognized share-based compensation expenses of $52,164 and $61,803 respectively (2021 - $nil and $nil), which pertains entirely to a director of the Company. The weighted average fair value of options granted during the three and nine months ended December 31,2022 was $0.17 per option. There were no options issued during the three and nine months ended December 31, 2021.

Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2022	2021
Risk-free interest rate	3.69%	n/a
Dividen yield	0%	n/a
Expected volatility	150%	n/a
Expected life (years)	5	n/a
Forfeiture rate	0%	n/a

As at December 31, 2022, there was $105,710 of unrecognized share-based compensation related to unvested stock options.

10. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash and cash equivalents, advance receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(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 not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

11. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, share capital, and accumulated deficit.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

12. Subsequent Events

(a) On January 31, 2023, the Company issued 1,174,284 units at $0.1750 per unit for proceeds of $205,500. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $0.50 per common share, expiring on January 31, 2025.

(b) On February 15, 2023, the Company entered into a Merger Agreement with Lancaster Lithium Inc. ("Lancaster") whereby the Company will acquire all the issued and outstanding shares of Lancaster through amalgamation of Tevera and Lancaster.

(c) On March 7，2023, the board of directors approved a subdivision of its common shares on the basis of two (2) post-subdivision shares for each one (1) pre-subdivision share with each fractional common share rounded down to the nearest whole share (the "Forward Split") with a record date on March 8, 2023. The Forward Split was applicable to the Company's common share purchase warrants and incentive stock options at the same records date. Following the Forward Split, the Company completed the following transactions:

1) On March 8, 2023, the Company amended its option agreement with its director Angelo Rajasooriar whereas 200,000 options were cancelled and the exercise price of the remaining 800,000 options were amended from $0.05 per shares to $0.20 per share.
2) On March 8, 2023, the Company extended the expiry date of all its share purchase warrants outstanding to March 31, 2026, including:
    - 4,213,998 warrants at an exercise price of $0.50 per share expiring on March 11, 2024;
    - 2,208,000 warrants at an exercise price of $0.50 per share expiring on March 28, 2024;
    - 571,428 warrants at an exercise price of $0.50 per share expiring on April 5, 2024;
    - 587,142 warrants at an exercise price of $0.50 per share expiring on January 30, 2025;
    - 489,760 broker warrants at a price of $0.175 per share expiring on March 11, 2024;
    - 316,480 broker warrants at a price of $0.175 per share expiring on March 28, 2024;
    - 91,428 broker warrants at a price of $0.175 per share expiring on March 31, 2024.
3) On March 8, 2022, the Company cancelled 12,000,000 common shares owned by the Company's President, Penny White, and 6,600,300 common shares owned by the Company's former CEO, William White, and returned them to treasury.

(d) On March 9, 2023, the Company closed its merger and completed its amalgamation with Lancaster.

SCHEDULE H

MANAGEMENT DISCUSSION AND ANALYSIS OF TEVERA ENERGY CORP.

[See Attached]

TEVERA ENERGY CORP.

Management's Discussion & Analysis

For the Period from November 17, 2021 (date of incorporation) to March 31, 2022

(Expressed in Canadian Dollars)

February 15, 2023

This Management's Discussion and Analysis ("MD&A") relates to the financial position and financial performance of Tevera Energy Corp ("Tevera" or the "Company") for the period from the incorporation date on November 17, 2021 to March 31, 2022. All references to "us" "we" and "our" refer to the Company.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our audited annual financial statements for the year ended March 31, 2022 (referred to as the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that we will continue as a going concern, which assumes that we will be able to realize our assets and satisfy our liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon our ability to continue as a going concern.

We had an accumulated deficit of $304,194 as at March 31, 2022. Our continued operations are dependent on the ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion that sufficient working capital will be obtained from external financing to meet our 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 us. These factors may cast significant doubt on our ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if we are unable to continue as a going concern.

The outbreak of the coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to our supply chain and operations. The COVID-19 pandemic has impacted and could further impact our operations and the operations of our suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on our suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

CORPORATE OVERVIEW AND DEVELOPMENT

We were incorporated under the laws of the province of British Columbia, Canada on November 17, 2021, formerly under the name of Hungry Capital Inc. On January 19, 2022, we changed its name to Metaversive Networks Inc. On April 13, 2022, we changed its name to FreedomX Metaversive Networks Inc., and on January 30, 2023, we changed its name to Tevera Energy Corp. Our corporate office and principal place of business is 2569 Marine Drive, West Vancouver, British Columbia, V7V 1L5.

Our principal business is the identification, evaluation and acquisition of mineral exploration properties.

Termination of the transaction with Ztudium Limited ("Ztudium").

On February 8, 2022, we entered into a Technology and Intellectual Property License and Sale Agreement ("Ztudium Agreement") with Ztudium, whereby we agreed to purchase an Augmented Metaverse under the name of "FreedomX" (the "Metaversive Augmented Assets"), which is comprised of: i) a perpetual license for the technology platform, ii) a perpetual license for the technology platform to facilitate digital asset creation and trading, and iii) the Freedomx.com URL, brand and UI and UX design for an Augmented Metaverse platform. As the aggregated consideration, the Company agreed to pay: i) $400,000 in cash at closing, ii) $800,000 in cash payable upon achieving certain business milestones, and iii) 12,000,000 common share units of the Company with each unit consisted of one common share of the Company and one-half share purchase warrant exercisable at $1.00 per share within 24 months after issuance. On March 31, 2022, we made the initial cash payment of $400,000 and issued 12,000,000 common share units.

Subsequent to March 31, 2022, we determined the Metaversive Augmented Assets were not sufficiently delivered to us to our satisfaction and we officially filed a claim on June 23, 2022. The transaction was not deemed properly closed according to the Sale Agreement due to the ownership of the Metaversive Augmented Assets has not been properly transferred as of March 31, 2022. In December 2022, we and Ztudium mutually agreed to rescind the Ztudium Agreement based on the following terms (the "Settlement Agreement"):

a) Ztudium retains the Metaversive Augmented Assets
b) Ztudium retains the $400,000 payment in cash we paid on March 31, 2022
c) Ztudium returns 12,000,000 common shares to us for cancellation
d) Ztudium returns 6,000,000 share purchase warrants to us for Cancellation
e) Ztudium's principal, Dinis Guarda, returns 1,000,000 common shares he obtained personally to the Company for cancellation.

In February 2023, the Settlement Agreement was signed by all parties. The 12,000,000 common shares, the 6,000,000 share purchase warrants and the 1,000,000 common shares were all returned to us and cancelled. The 1,000,000 common shares were not part of the original purchase price. They were originally transferred from our president's personal holding of the Company's shares to the principal, Dinis Guarda, of Ztudium. In lieu of returning the $400,000 cash to us, Dinis Guarda agreed to return these 1,000,000 common shares it obtained from our president personally to the Company for cancellation. The value of the additional 1,000,000 common shares therefore was considered a gain for the Company as a result of the termination of the Ztudium Agreement. The 1,000,000 common shares had a value of $350,000, using a price of $0.35/share based on the latest equity transactions near March 31, 2022.

The Ztudium Agreement and the Settlement Agreement resulted in a net transaction cost of $50,000 for the Company. All these aforementioned transactions are treated as adjusting subsequent events and hence they have been reflected in the Company's financial statements as of March 31, 2022.

Cancellation of proposed Reverse Takeover transaction ("RTO") with BP Better Plant Sciences Inc ("BP")

The Ztudium Agreement contemplated a reverse merger transaction (the "RTO Transaction") between us, BP, and 1233392 B.C. Ltd., a wholly owned subsidiary of BP. On February 14, 2022, we entered into a binding agreement (the "RTO Agreement") with BP and paid a fee of $157,500 including taxes. Following the Settlement Agreement with Ztudium and on January 29, 2023, we notified BP in writing to terminate the RTO agreement.

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings/loss per share. The following information was derived from our audited financial statements for the fiscal year ended March 31, 2022.

	For the period from November 17, 2021 (date of incorporation) to March 31, 2022 $
Revenues	-
Net Loss	(304,194)
Basic and diluted loss per shares from continuing operations	(0.05)
Total Assets	1,511,124
Dividends declared and paid out in cash	-

DISCUSSION ON OPERATIONS

We were incorporated on November 17, 2021 and we did not have comparative figures from the prior year.

Revenue

Our business is in development. We did not generate any revenue during the fiscal year ended March 31, 2022.

Advertising, marketing and media

Advertising, marketing and media expenses included branding creative production costs to develop a corporate brand. For the year ended March 31, 2022, Advertising, marketing and media expenses were $1,575.

Consulting fees

Consulting fees included amounts paid to contractors and consultants to develop our business. During the fiscal year ended March 31, 2022, we incurred consulting fees of $63,000.

General and administrative

During the fiscal year ended March 31, 2022, we incurred general and administrative fees of $4,041.

Professional fees

Professional fees included legal, accounting and audit expenditures. For the fiscal year ended March 31, 2022, we incurred professional fees of $12,717. The majority of the professional fees was related to the preparation and subsequent termination of the transactions with Ztudium and BP.

Research and Development

Research and development costs are related to expenses to support our development activities. During the fiscal year ended March 31, 2022, we incurred research and development costs of $11,373.

Transfer agent and filing fees

During the fiscal year ended March 31, 2022, we incurred transfer agent and filing fees of $3,988 relating to our incorporation and capital raise activities.

Transaction costs

During the fiscal year ended March 31, 2022, we incurred transaction costs of $207,500, which included the following:

a) Fees paid the BP to prepare a proposed RTO transaction and a listing on the Canadian Securities Exchange in the amount of $157,500. The proposed RTO transaction was subsequently cancelled.

b) Net loss related to the termination of Ztudium Transaction in the amount of $50,000.

Net loss

For the fiscal year ended March 31, 2022, we incurred net loss of $304,194, which represents $0.05 loss per share.

Dividends

No dividends were declared or paid during the fiscal year ended March 31, 2022.

SUMMARY OF QUARTERLY RESULTS

We were incorporated on November 17, 2021. There were no material transactions during the quarter ended December 31, 2021. A summary of results for the quarter ended March 31, 2022 are as follows:

For the quarter ended:

	March 31, 2022
Net loss	($ 304,194)
Total Assets	1,511,124
Long term liabilities	-
Basic and diluted loss per share	(0.05)

LIQUIDITY

	March 31, 2022
Current ratio(1)	71.9
Cash	$ 1,403,874
Working capital (2)	1,391,497
Debt(3)	-
Shareholders' equity	1,491,497

(1) Current ratio is current assets divided by current liabilities.
(2) Working capital is current assets minus current liabilities
(3) Debt is defined as commercial loans from third parties and banks.

Cash Position

As at March 31, 2022, we had $1,403,874 in cash.

During the fiscal year ended March 31, 2022, we spent $641,817 of cash in operating activities primarily to finance operating expenses. Cash used in investing activities was $100,000 for the fiscal year ended March 31, 2022 for the acquisition of intangible assets. Cash provided by financing activities was $2,145,691 for the fiscal year ended March 31, 2022, which was primarily from proceeds received from the issuance of units through a private placement.

Working Capital

We had working capital of $1,391,497 as at March 31, 2022 which primarily consisted of cash offset by accounts payable and accrued liabilities.

CAPITAL RESOURCES AND MANAGEMENT

We are authorized to issue an unlimited number of common shares. As at March 31, 2022, there were 17,422,099 common shares issued and outstanding. We also had 3,614,120 share purchase warrants outstanding.

Our objective is to maintain a strong capital base to support the development of our business. We do not expect to achieve position cash flow from operations for the next 12 months. We plan to rely on public funding to support our operations.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2022, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

a) During the period from incorporation on November 17, 2021 to March 31, 2022, we incurred consulting fees of $37,800 to the President of the Company. As at March 31, 2022, we owed $1,269 to the President of the Company, which is non-interest bearing, unsecured, and due on demand.

b) During the period from incorporation on November 17, 2021 to March 31, 2022, we incurred consulting fees of $25,200 to a Director of the Company. In addition, the Company acquired an intangible asset from a company controlled by a Director of the Company.

FOURTH QUARTER RESULTS

	March 31, 2022
Net loss	($ 304,194)
Total Assets	6,911,247
Long term liabilities	-
Basic and diluted loss per share	(0.05)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the useful lives and carrying value of intangible assets, the fair value of share-based payments and unrecognized deferred income tax assets.

Carrying Value of Intangible Asset

The Company assesses impairment of non-financial assets such as intangible assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit ("CGU") based on expected future cash flows. When measuring expected future cash flows, management makes assumptions about future growth of profits which relate to future events and circumstances. Actual results could vary from these estimated future cash flows. Estimation uncertainty relates to assumptions about future operating results and the application of an appropriate discount rate.

Long-lived assets are reviewed for impairment by determining the recoverable amount of each CGU or groups of CGUs to which the long-lived assets relate. Management estimates the recoverable amount of the CGUs based on the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"). The VIU calculations are based on expected future cash flows. When measuring expected future cash flows, management makes key assumptions about future growth of profits which relate to future events and circumstances. Estimation uncertainty relates to assumptions about future operating results and the application of an appropriate discount rate. Actual results could vary from these estimates which may cause significant adjustments to the Company's long-lived assets in subsequent reporting periods.

Share-based Payments

Fair values of share-based payments are determined using the Black-Scholes option pricing model. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options and performance warrants.

Current and Deferred Income Taxes

The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of current and deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

Significant Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognized in the Company's financial statements are as follows:

Application of Going Concern Assumptions

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern. Refer to Note 1 of the financial statements.

Accounting Standards Issued but Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2022, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash, accounts payable and accrued liabilities, loan payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(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 not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to the Company is made known to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting ("ICOFR")

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICOFR

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

SUBSEQUENT EVENTS

(a) On April 5, 2022, we issued 571,432 units at $0.35 per unit for proceeds of $200,001, of which, $21,000 was received as at March 31, 2022. Each unit consists of one common share and one-half share purchase warrant, with each whole share purchase warrant exercisable at $1.00 per share until April 5, 2024. In connection with the issuance, we agreed to pay a cash finder's fee of $16,000, and issue 45,714 broker's warrants. Each broker's warrant is exercisable at $0.35 per common share, expiring on April 5, 2024.

(b) On June 23, 2022, we officially filed a claim against Ztudium claiming that the Metaversive Augmented Assets were not sufficiently delivered to the Company to its satisfaction as of March 31, 2022. In December 2022, we and Ztudium mutually agreed to rescind the Ztudium Agreement. In February 2023, a Settlement Agreement was signed by all parties and Ztudium returned 12,000,000 common shares, 6,000,000 share purchase warrants and the former Chief Executive Officer returned 1,000,000 common shares to the Company, all of which have been cancelled.

(c) On September 13, 2022, we granted 500,000 stock options to a director of the Company. The options vest in eight equal tranches in four months, six months, and every three months thereafter. The options have an exercise price of $0.10 and expire on September 13, 2027.

(d) On January 31, 2023, we issued 587,142 units at $0.35 per unit for proceeds of $205,500. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $1.00 per common share, expiring on January 31, 2025.

TEVERA ENERGY CORP.

Management's Discussion & Analysis

For the Three and Nine Months Ended December 31, 2022

(Expressed in Canadian Dollars)

May 3, 2023

This Management's Discussion and Analysis ("MD&A") relates to the financial position and financial performance of Tevera Energy Corp ("Tevera" or the "Company") for the three and nine months ended December 31, 2022 and the period from incorporation on November 17, 2021 to December 31, 2021. All references to "us" "we" and "our" refer to the Company.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our audited annual financial statements for the year ended March 31, 2022 and the Condensed Interim Consolidated Financial Statements for the three and nine months ended December 31, 2022 and the period from incorporation on November 17, 2021 to December 31, 2021(collectively referred to as the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that we will continue as a going concern, which assumes that we will be able to realize our assets and satisfy our liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon our ability to continue as a going concern.

During the nine months ended December 31, 2022, we have not generated any revenues. We have incurred a net loss of $866,403 and incurred negative cash flows from operating activities of $7385,284. As at December 31, 2022, we have working capital of $1,006,527 and an accumulated deficit of $1,170,597. Our continued operations are dependent on our ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion 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 us. These factors may cast significant doubt on our ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect any adjustments that may be necessary if we are unable to continue as a going concern.

The outbreak of the coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to our supply chain and operations. The COVID-19 pandemic has impacted and could further impact our operations and the operations of our suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on our suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

CORPORATE OVERVIEW AND DEVELOPMENT

We were incorporated under the laws of the province of British Columbia, Canada on November 17, 2021, formerly under the name of Hungry Capital Inc. On January 19, 2022, we changed its name to Metaversive Networks Inc. On April 13, 2022, we changed its name to FreedomX Metaversive Networks Inc., and on January 30, 2023, we changed its name to Tevera Energy Corp. Our corporate office and principal place of business is 2569 Marine Drive, West Vancouver, British Columbia, V7V 1L5.

Our principal business is the identification, evaluation and acquisition of mineral exploration properties.

Merger and amalgamation with Lancaster Lithium Inc. ("Lancaster")

On February 15, 2023, we entered into a merger agreement with Lancaster whereby we will acquire all of the issued and outstanding shares of Lancaster through amalgamation of Tevera and Lancaster. The Amalgamation was completed subsequently on March 9, 2023.

Lancaster's principal business is to identify, acquire, explore and develop lithium-rich properties while integrating sustainable energy sources and innovative technologies to create a climate positive lithium production process.

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings/loss per share. The following information was derived from our audited financial statements for the year ended March 31, 2022.

	For the period from November 17, 2021 (date of incorporation) to March 31, 2022 $
Revenues	-
Net Loss	(304,194)
Basic and diluted loss per shares from continuing operations	(0.05)
Total Assets	1,511,124
Dividends declared and paid out in cash	-

DISCUSSION ON OPERATIONS

Revenue

Our business is in development. We did not generate any revenue during the three and nine months ended December 31, 2022.

Advertising, marketing and media

Advertising, marketing and media expenses included branding creative production costs to develop a corporate brand. For the three and nine months ended December 31, 2022, Advertising, marketing and media expenses were $7,775 and $12,675 respectively. We did not incur advertising, marketing and media expenses during the same periods of the prior year.

Consulting fees

Consulting fees included amounts paid to contractors and consultants to develop our business. During the three and nine months ended December 31, 2022, we incurred consulting fees of $170,000 and $440,500 respectively as compared to $12,600 and $12,600 for the same periods of the prior year. The increase in consulting fees was driven by increased activities to develop our business.

Listing fees

Listing fees are related to cost from transfer agents to manage our common share transactions. During the three and nine months ended December 31, 2022, we incurred $nil and $3,463 listing fees respectively. We did not incur such expenses during the same periods of the prior year.

General and administrative

During the three and nine months ended December 31, 2022, we incurred general and administrative fees of $9,609 and $27,960 respectively. We did not incur such expenses during the same periods of the prior year.

Professional fees

Professional fees included legal, accounting and audit expenditures. For the three and nine months ended December 31, 2022, we incurred professional fees of $32,761 and $146,903 respectively. The majority of the professional fees was related to the preparation and subsequent termination of the transactions with Ztudium and BP. We incurred $1,424 in professional fees for the same periods of the prior year.

Research and Development

Research and development costs are related to expenses to support our development activities. During the three and nine months ended December 31, 2022, we incurred research and development costs of $nil, and $74,373 respectively. We did not incur such expenses during the same periods of the prior year.

Share-based compensation

Share-based compensation costs are related to the stock options we granted to our directors, officers, employees and consultants. For the three and nine months ended December 31, 2022, we recorded share-based compensation costs of $52,164 and $61,803 respectively. We did not incur such expenses during the same periods of the prior year.

Impairment of intangible assets

Impairment of intangible assets incurred to a crowd-sourcing app that we acquired for $100,000 in an effort to develop a metaverse technology platform. The project was abolished, and the crowd-sourcing app was impaired. We did not incur such expenses during the same periods of the prior year.

Net loss

For the three and nine months ended December 31, 2022, we incurred net losses of $371,035 and $866,403 respectively, which represented a $0.02 and a $0.05 loss per share respectively. We incurred a net loss of $14,024 for the same period of the prior year.

Dividends

No dividends were declared or paid during the three and nine months ended December 31, 2022.

SUMMARY OF QUARTERLY RESULTS

We were incorporated on November 17, 2021. There were no material transactions during the quarter ended December 31, 2021. A summary of results for the quarter ended December 31, 2022 are as follows:

For the quarters ended:

	December 31, 2022 $	September 30, 2022 $	June 30, 2022 $	March 31, 2022 $
Net loss	(371,035)	(240,280)	(255,088)	(304,194)
Total Assets	1,039,119	1,380,114	1,628,470	1,511,124
Long term liabilities	-	-	-	-
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.05)

LIQUIDITY

	March 31, 2022
Current ratio(1)	31.9
Cash	$ 880,220
Working capital (2)	1,006,527
Debt(3)	-
Shareholders' equity	1,006,527

(1) Current ratio is current assets divided by current liabilities.
(2) Working capital is current assets minus current liabilities
(3) Debt is defined as commercial loans from third parties and banks.

Cash Position

As at December 31, 2022, we had $880,220 in cash.

During the three and nine months ended December 31, 2022, we spent $735,284 of cash in operating activities primarily to finance operating expenses. We did not use or generate any cash from investing activities for the three and nine months ended December 31, 2022 for the acquisition of intangible assets. Cash provided by financing activities was $219,630 for the three and nine months ended December 31, 2022, which was primarily from proceeds received from the issuance of units through private placements.

Working Capital

We had working capital of $1,006,527 as at December 31, 2022 which primarily consisted of cash offset by accounts payable and accrued liabilities.

CAPITAL RESOURCES AND MANAGEMENT

We are authorized to issue an unlimited number of common shares. As at December 31, 2022, there were 17,993,531 common shares issued and outstanding. We also had 3,945,548 share purchase warrants and 500,000 stock options outstanding.

Our objective is to maintain a strong capital base to support the development of our business. We do not expect to achieve position cash flow from operations for the next 12 months. We plan to rely on public funding to support our operations.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2022, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the three and nine months ended December 31, 2022 and from Incorporation to December 31, 2021, the Company incurred the following expenses to key management personnel.

	Three months ended	From Incorporation to	Nine months ended	From Incorporation to
	December 31,		December 31,	
	2022	2021	2022	2021
	$	$	$	$
Consulting fees	90,000	12,600	263,000	12,600
Share-based compensation	52,164	-	61,803	-
	142,164	12,600	324,803	12,600

During the three and nine months ended December 31, 2022, we incurred professional fees of $32,500 and $100,000 respectively (2021 - $nil and $nil) to Better Plant, an associated company with a shared CFO and corporate secretary, and whose former CEO is a director and officer of the Company. At December 31, 2022, we were owed $100,000 from Better Plant in relation to a reverse merger agreement, which is included in advance to related party disclosure in the Company's financial statements. Subsequent to December 31, 2022, the reverse merger agreement was terminated and the balance was settled subsequently on March 15, 2023.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the useful lives and carrying value of intangible assets, the fair value of share-based payments and unrecognized deferred income tax assets.

Carrying Value of Intangible Asset

The Company assesses impairment of non-financial assets such as intangible assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit ("CGU") based on expected future cash flows. When measuring expected future cash flows, management makes assumptions about future growth of profits which relate to future events and circumstances. Actual results could vary from these estimated future cash flows. Estimation uncertainty relates to assumptions about future operating results and the application of an appropriate discount rate.

Long-lived assets are reviewed for impairment by determining the recoverable amount of each CGU or groups of CGUs to which the long-lived assets relate. Management estimates the recoverable amount of the CGUs based on the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"). The VIU calculations are based on expected future cash flows. When measuring expected future cash flows, management makes key assumptions about future growth of profits which relate to future events and circumstances. Estimation uncertainty relates to assumptions about future operating results and the application of an appropriate discount rate. Actual results could vary from these estimates which may cause significant adjustments to the Company's long-lived assets in subsequent reporting periods.

Share-based Payments

Fair values of share-based payments are determined using the Black-Scholes option pricing model. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options and performance warrants.

Current and Deferred Income Taxes

The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of current and deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

Significant Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognized in the Company's financial statements are as follows:

Application of Going Concern Assumptions

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern. Refer to Note 1 of the financial statements.

Accounting Standards Issued but Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2022, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash and cash equivalents, advance receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(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 not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to the Company is made known to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting ("ICOFR")

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICOFR

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

SUBSEQUENT EVENT

(a) On January 31, 2023, we issued 587,142 units at $0.35 per unit for proceeds of $205,500. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at $1.00 per common share, expiring on January 31, 2025.

(b) On March 7， 2023, our board of directors approved a subdivision of its common shares on the basis of two (2) post-subdivision shares for each one (1) pre-subdivision share with each fractional common share rounded down to the nearest whole share (the “Forward Split”) with a record date on March 8, 2023. The Forward Split was applicable to our common share purchase warrants and incentive stock options at the same records date. Following the Forward Split, we completed the following transactions:

1) On March 8, 2023, we amended its option agreement with its director Angelo Rajasooriar whereas 200,000 options on the post-subdivision basis were cancelled and the exercise price of the remaining 800,000 options on the post-subdivision basis were amended from $0.05 per shares on the post-subdivision basis to $0.20 per share.
2) On March 8, 2023, we extended the expiry date of all its share purchase warrants outstanding to March 31, 2026, including:
    - 4,213,998 warrants at an exercise price of $0.50 per share expiring on March 11, 2024;
    - 2,208,000 warrants at an exercise price of $0.50 per share expiring on March 28, 2024;
    - 571,428 warrants at an exercise price of $0.50 per share expiring on April 5, 2024;
    - 587,142 warrants at an exercise price of $0.50 per share expiring on January 30, 2025;
    - 489,760 broker warrants at a price of $0.175 per share expiring on March 11, 2024;
    - 316,480 broker warrants at a price of $0.175 per share expiring on March 28, 2024;
    - 91,428 broker warrants at a price of $0.175 per share expiring on March 31, 2024.
3) On March 8, 2022, we cancelled 12,000,000 common shares owned by our President, Penny White and 6,600,3000 common shares owned by our former CEO, William White, and returned them to treasury.

(c) On March 9, 2023, we closed the merger and completed its amalgamation with Lancaster.

SCHEDULE I

PRO FORMA FINANCIAL STATEMENTS

[See Attached]

Unaudited Pro Forma Consolidated Financial Statements of

LANCASTER LITHIUM INC.

December 31, 2022

(Expressed in Canadian Dollars)

(Prepared by Management)

LANCASTER LITHIUM INC.
Unaudited Pro Forma Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)

	Lancaster II December 31, 2022	NeonMind February 28, 2023	Pro Forma Adjustments	Note	Pro Forma Consolidated
	$	$	$		$
Assets					
Cash and cash equivalents	923,251	5,008	138,000	3(b)	1,572,859
			226,000	3(e)	
			280,600	3(j)	
Marketable securities	42,857	19,480	-		62,337
Amounts receivable	147,985	60,710	(100,000)	3(i)	108,695
Prepaid expenses and other assets	83,971	-	-		83,971
Total current assets	1,198,064	85,198	544,600		1,827,862
Mineral property	37,562	-	-		37,562
Investment in NeonMind	-	-	840,280	3(a)	-
	-	-	(840,280)	3(f)	-
Goodwill	-	-	1,669,156	2	1,669,156
Total non-current assets	37,562	-	1,669,156		1,706,718
Total assets	1,235,626	85,198	2,213,756		3,534,581
Liabilities					
Accounts payable and accrued liabilities	153,952	279,387	(46,949)	3(d)	367,015
			20,000	3(g)	
			(39,375)	3(h)	
Due to related parties	23,116	49,188	-		72,304
Convertible debentures	-	633,800	(103,065)	3(c)	530,735
Total current liabilities	177,068	962,375	(169,389)		970,054
Convertible debentures	-	259,004	(39,291)	3(c)	219,713
Total liabilities	177,068	1,221,379	(208,680)		1,189,767
Shareholders' equity					
Share capital	2,779,168	8,379,697	607,210	3(a)	3,939,487
			131,014	3(b)	
			178,796	3(c)	
			53,730	3(d)	
			226,000	3(e)	
			(8,743,237)	3(f)	
			163,625	3(h)	
			(100,000)	3(i)	
			263,484	3(j)	
Subscription received		6,781	(6,781)	3(d)	-
Shares issuable	124,250	-	(124,250)	3(h)	-
Equity reserves	590,584	5,338,943	233,071	3(a)	840,770
			(5,345,929)	3(f)	
			6,986	3(b)	
			17,116	3(j)	
Reserve for convertible debentures	-	42,934	(42,934)	3(f)	-
Deficit	(2,435,444)	(14,904,536)	(36,440)	3(c)	(2,435,444)
			(20,000)	3(g)	
			14,960,976	3(f)	
Total shareholders' equity	1,058,558	(1,136,181)	2,422,436		2,344,813
Total liabilities and shareholders' equity	1,235,626	85,198	2,213,756		3,534,580

(See accompanying notes to the unaudited pro forma consolidated financial statements)

LANCASTER LITHIUM INC.
Unaudited Pro Forma Consolidated Statement of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Lancaster II For the Year Ended March 31, 2022	NeonMind For the Twelve Months Ended February 28, 2022	Pro Forma Adjustments	Note	Pro Forma Consolidated
	$	$	$		$
Expenses					
Amortization and depreciation	-	951	-		951
Consulting fees	226,100	239,871	-		465,971
Formulas	59,500	-	-		59,500
Investors Relations	-	389,610	-		389,610
Marketing, publicity and digital media	40,367	1,220,961	-		1,261,328
Office and administrative	32,440	348,105	-		380,545
Professional fees	38,499	308,376	20,000	3(d)	366,875
Research and development	42,943	1,168,130	-		1,211,073
Share-based compensation	135,052	1,859,990	-		1,995,042
Wages	67,784	736,290	-		804,074
Total expenses	642,685	6,272,284	20,000		6,934,969
Loss before other items	(642,685)	(6,272,284)	(20,000)		(6,934,969)
Other Items					
Accretion expense	-	-	(5,760)	3(c)	(5,760)
Debt settlement	-	-	-		-
Impairment of intangible assets	-	-	-		-
Interest income	3,230	-	-		3,230
Interest expense	-	-	(30,680)	3(c)	(30,680)
Investment loss	-	556,458	-		556,458
Transaction costs	(207,500)	-	-		(207,500)
Unrealized loss on marketable securities	(85,714)	-	-		(85,714)
Other expenses	-	492,360	-		492,360
	(289,984)	1,048,818	(36,440)		722,394
Net Loss from continuing operations	(932,669)	(5,223,466)	(56,440)		(6,212,575)
Net loss from discontinued operations	-	(385,540)	-		(385,540)
Net loss for the period	(932,669)	(5,609,006)	(56,440)		(6,598,115)
Loss per share, basic and diluted					(0.27)
Weighted average shares outstanding					24,517,549

(See accompanying notes to the unaudited pro forma consolidated financial statements)

LANCASTER LITHIUM INC.
Unaudited Pro Forma Consolidated Statement of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Lancaster II For the Nine Months Ended December 31, 2022	NeonMind For the Nine Months Ended February 28, 2023	Pro Forma Adjustments	Note	Pro Forma Consolidated
	$	$	$		$
Expenses					
Consulting fees	481,925	248,219	-		730,144
Formulas	-	-	-		-
Investors Relations		36,215	-		36,215
Marketing, publicity and digital media	14,425	36,735	-		51,160
Office and administrative	48,709	3,117	-		51,826
Professional fees	227,855	60,443	20,000	3(d)	308,298
Research and development	74,373	2,500	-		76,873
Share-based compensation	278,628	(50,091)	-		228,537
Wages	181,461	3,312	-		184,773
Total expenses	1,307,376	340,450	20,000		1,667,826
Loss before other items	(1,307,376)	(340,450)	(20,000)		(1,667,826)
Other Items					
Accretion expense	-	(146,698)	(5,760)	3(c)	(152,458)
Debt settlement	-	601,733	-		601,733
Impairment of intangible assets	(100,000)	-	-		(100,000)
Interest income (expense)	1,274	(83,999)	(30,680)	3(c)	(113,405)
Loss on marketable securities	(71,429)	(34,630)	-		(106,059)
Other expenses	-	(29,929)	-		(29,929)
Total other items	(170,155)	306,477	(36,440)		99,882
Net loss from continuing operations	(1,477,531)	(33,973)	(56,440)		(1,567,944)
Net loss from discontinued operations	(4,700)	-	-		(4,700)
Net loss for the period	(1,482,231)	(33,973)	(56,440)		(1,572,644)
Loss per share, basic and diluted					(0.04)
Weighted average shares outstanding					42,149,111

(See accompanying notes to the unaudited pro forma consolidated financial statements

1. Basis of Presentation

The unaudited pro forma consolidated financial statements ("pro forma financial statements") have been prepared by Lancaster Lithium Inc. ("Lancaster" or the "Company") and gives effect to the proposed reverse merger transaction between the Company, NeonMind Biosciences Inc. ("NeonMind"), a company incorporated under the laws of British Columbia, and 1405306 B.C. LTD ("Subco"), a wholly owned subsidiary of NeonMind (the "Transaction"). These unaudited pro forma financial statements have been prepared in accordance with International Financial Reporting Standards.

The pro forma financial information is not intended to reflect the financial position that will exist following the Transaction. Actual amounts recorded when the Transaction closes will likely differ from those recorded in the pro forma financial information. Any potential synergies that may be realized and integration costs that may be incurred upon consummation of the Transaction have been excluded from the pro forma financial information.

The Company determined that the acquisition of the Company will result in a reverse-takeover transaction with the Company deemed the accounting acquirer and NeonMind deemed the accounting acquiree under the purchase method of accounting. The pro forma financial statements represent the continuation of the financial statements of the Company (the accounting acquirer/legal subsidiary) except for its capital structure, and the pro forma financial statements reflect the assets and liabilities of the Company recognized and measured at their carrying value before the combination and the assets and liabilities of NeonMind (the legal acquiree/legal parent). The equity structure reflects the equity structure of NeonMind, the legal parent, and the equity structure of the Company, the accounting acquirer, as restated to reflect the number of shares of the legal parent.

The pro forma financial information is presented in Canadian dollars and has been compiled from and includes:

(a) an unaudited pro forma consolidated statement of financial position as at December 31, 2022, combining the unaudited statement of financial position of the Company as at December 31, 2022, with the unaudited statement of financial position of NeonMind as at February 28, 2023, giving effect to the Transaction as if it occurred on December 31, 2022.

(b) an unaudited pro forma consolidated statement of operations and comprehensive loss, combining the audited statement of operations and comprehensive loss of the Company for the year ended March 31, 2022, with the unaudited statement of operations and comprehensive loss of NeonMind for the twelve months ended February 28, 2022, giving effect to the Transaction as if it occurred on April 1, 2021. The statement of operations and comprehensive loss for the twelve months ended February 28, 2022 of NeonMind has been derived from adding together (a) the results for the three months ended February 28, 2022, derived from the audited statement of operations for the year ended November 30, 2022 of NeonMind, and (b) the unaudited interim results for the nine months ended November, 2021, derived from the audited statement of operations for the year ended November 30, 2021 of NeonMind.

(c) an unaudited pro forma consolidated statement of operations and comprehensive loss, combining the unaudited statement of operations and comprehensive loss of the Company for the nine months ended April 1, 2022, with the unaudited statement of operations and comprehensive loss of NeonMind for the nine months ended February 28, 2023, giving effect to the Transaction as if it occurred on December 31, 2022. The statement of operations and comprehensive loss for the nine months ended February 28, 2023 of NeonMind has been derived from adding together (a) the unaudited statement of operations for the six months November 30, 2022 of NeonMind derived from the audited statement of operations for the year ended November 30, 2022 of NeonMind, and (b) the unaudited statement of operations for the three months ended February 28, 2023.

1. Basis of Presentation (continued)

These pro forma financial statements do not contain all of the information required for annual financial statements. Accordingly, it should be read in conjunction with the most recent annual and interim financial statements of both the Company and NeonMind. Based on the review of the accounting policies of NeonMind, it is the Company's management's opinion that there are no material accounting differences between the accounting policies of the Company and NeonMind.

The pro forma adjustments and allocations of the purchase price of the Company by NeonMind are based on the fair value of the common shares of the Company. The unaudited pro forma financial information is not intended to reflect the financial position of the Company which would have actually resulted had the proposed transaction been effected on the date indicated. The actual pro forma adjustments will depend on a number of factors and could result in a change to the unaudited pro forma financial information.

2. Proposed Reverse Takeover Transaction

On March 21, 2023, the Company entered into a Merger Agreement with NeonMind whereby NeonMind agreed to acquire 100% of the issued and outstanding shares of the Company (the "Transaction"). In consideration NeonMind will issue the shareholders of the Company 1 common share for each 1 share of the Company outstanding, which will result in a reverse-takeover transaction. The outstanding warrants and options of the Company will be exchanged into warrants and options of the resulting issuer on an identical basis. The Company's outstanding unit warrants will cease to represent a right to acquire units of the Company and shall instead provide the right to acquire units of the resulting issuer. The completion of the Transaction is subject to the satisfaction of various conditions, including but not limited to all requisite regulatory authorization and approvals. There can be no assurance that the Transaction will be completed on the terms described in the Merger Agreement or at all.

The Transaction resulted in the shareholders of the Company obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entity.

The Transaction constitutes a reverse takeover of NeonMind by the Company and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, *Share-based Payments* and IFRS 3, *Business Combinations*.

For accounting purposes, the Company was treated as the accounting parent company (legal subsidiary) and NeonMind has been treated as the accounting subsidiary (legal parent) in these pro forma financial statements. As the Company was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying values.

Under IFRS 3, the Company recognizes goodwill as of the acquisition date measured as the excess of the acquisition-date fair value of the consideration transferred plus the amount of any non-controlling interest and plus fair value of the acquirer's previously held equity interest over the net assets acquired.

(Expressed in Canadian Dollars)

2. Proposed Reverse Takeover Transaction (continued)

The preliminary purchase price allocation of estimated consideration transferred is subject to change and is summarized as follows:

Purchase price effectively paid:	
Commson shares issued	$ 607,210
Fair value of stock options issued	2,063
Fair value of warrants issued	231,007
	$ 840,280
Fair value of NeonMind net assets acquired:	
Cash and cash equivalents	$ 143,008
Marketable securities	19,480
Amounts receivable	60,710
Accounts payable and accrued liabilities	(252,438)
Due to related parties	(49,188)
Convertible debentures	(750,448)
Goodwill	1,669,156
	$ 840,280

The Transaction was measured at the fair value of the shares that the Company would have had to issue to the shareholders of NeonMind, to give the shareholders of NeonMind the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of the Company acquiring NeonMind. Additionally, consideration paid by the Company includes the fair value of stock options and warrants outstanding in NeonMind at the date of the reverse takeover, to give effect to the dilutive effect of these instruments to the shareholders of the Company.

The pro forma adjustments and allocations of the estimated consideration transferred are based in part on estimates of the fair value of assets to be acquired and liabilities to be assumed. The final determination of the consideration transferred and the related allocation of the fair value of NeonMind net assets to be acquired pursuant to the Transaction is ultimately determined after the closing of the transaction. It is likely that the final determination of the consideration transferred and the related allocation of the fair value of the assets acquired and liabilities assumed will vary from the amounts present in the pro forma financial statements and that those differences may be material.

3. Pro Forma Adjustments and Assumptions

These pro forma financial statements incorporate the following pro forma assumptions:

(a) The issuance of 3,036,011 common shares, 1,427,209 stock options and 2,060,110 share purchase warrants of NeonMind to existing shareholders, option holders and warrant holders of the Company in exchange for 100% of the issued and outstanding shares, options and warrants of the Company recognized at a fair value of $840,280.

3. Pro Forma Adjustments and Assumptions (continued)

(b) The issuance of 750,000 units of the Company for cash at a price of $0.20 per unit for total gross proceeds of $150,000 prior to the closing of the Transaction. Each unit consists of one common share of the Company and one share purchase warrant exercisable into one common share of the Company at $0.40 per share for a period of 36 months from the date of issuance. In connection with the issuance, the Company agreed to pay a cash finder's fee of $12,000, and issue 60,000 broker's warrants with a fair value of $6,986 for total share issuance costs of $18,986. Each broker's warrant is exercisable at $0.20 per common share for a period of 36 months from the date of issuance.

(c) The issuance of 893,942 units of NeonMind to convert the principal of its convertible debentures of $49,600 and accrued and unpaid interest of $129,196 for an aggregate amount of $178,796 at a price of $0.20 per unit. Each unit consists of one common share of the Company and one share purchase warrant exercisable into one common share of the Company at $0.40 per share for a period of 36 months from the date of issuance. The maturity date of the remaining principal was revised to December 2, 2024. Interest is to be accrued and be payable in full at the maturity date.

(d) The issuance of 268,650 units of NeonMind to settle debts up to an amount of $53,730 at a price of $0.20 per unit. Each unit consists of one common share of the Company and one share purchase warrant exercisable into one common share of the Company at $0.40 per share for a period of 36 months from the date of issuance.

(e) The issuance of 1,130,000 units of Lancaster for gross proceeds of $226,000at a price of $0.20 per unit. Each unit consists of one common share of the Company and one share purchase warrant exercisable into one common share of the Company at $0.40 per share for a period of 36 months from the date of issuance.

(f) To eliminate the investment and equity in NeonMind.

(g) The total cash transaction costs which are expected to be incurred for the Transaction amounts to $20,000 which includes accounting and legal fees.

(h) On January 31, 2023, Tevera issued 467,500 units through a non-brokered private placement at $0.175 per unit to settle a shares issuable account in the amount of $124,250 and a debt in the amount of $39,375. Each unit consists of one common share and one-half share purchase warrant with each whole warrant exercisable at $0.50 per share for a period of 24 months after issuance.

(i) On March 14, 2023, Tevera settled an advance receivable of $100,000 with Better Plant Sciences Inc. via a three-party transaction together with Lancaster. Pursuant to the settlement, BPS returned 500,000 shares it previously owned in Lancaster with a fair value of $0.20 per share. These shares were returned to the treasury.

(j) On February 6, 2023, Lancaster issued 1,525,000 units through a non-brokered private placement at $0.20 per unit for gross proceeds of $305,000. Each unit consists of one common share and one share purchase warrant exercisable at $0.40 per share for a period of 36 months from issuance. As part of the transaction, Lancaster paid finders fees of $24,400 in cash and issued 122,000 finder's warrants. Each finder's warrant is exercisable at $0.20 per share for a period of 36 months from issuance.

(Expressed in Canadian Dollars)

4. Pro Forma Share Capital

As a result of the Transaction, the share capital as at December 31, 2022 in the pro forma financial statements is comprised of the following:

Authorized

Unlimited common shares, without par value

Issued

The table below summarizes the Company's common shares issued and outstanding and share capital information giving effect of the Transaction.

	Common Shares	Share Capital	Equity Reserve	Reserve for Convertible Debentures	Shares Issuable
Equity of NeonMind at November 30, 2022	1,123,419	8,379,697	5,338,943	42,934	-
NEON Financing	750,000	131,014	-	-	-
Share issuance costs	-	(18,986)	-	-	-
NEON Debenture conversion	893,942	178,796	-	-	-
NEON Debt Conversion	268,650	53,730	-	-	-
Equity of Lancaster at December 31, 2022	54,987,162	2,779,168	590,584	-	124,250
Tavera share issuance on January 30, 2023	935,000	163,625	-	-	(124,250)
Tavera cancellation of founders' shares	(18,600,300)	-	-	-	-
Shares canceled per to settle receivable	(500,000)	(100,000)	-	-	-
Shares issued on February 6, 2023	1,525,000	263,484	17,116	-	-
Lancaster Financing	1,130,000	226,000	-	-	-
Shares issued to NeonMind shareholders	3,036,011	607,210	233,071	-	-
Shares eliminated on acquisition	(3,036,011)	(8,724,252)	(5,338,943)	(42,934)	-
	42,512,872	3,939,487	840,770	-	-

SCHEDULE J

AUDIT COMMITTEE CHARTER

[See Attached]

LANCASTER RESOURCES INC.

~~**NEONMIND BIOSCIENCE INC.**~~

AUDIT COMMITTEE CHARTER

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities, and authority of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of NeonMind Biosciences Inc. ("**NeonMind**").

1.0 Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- ensuring that an effective risk management and financial control framework has been implemented and tested by management of NeonMind; and
- external and internal audit processes.

2.0 Composition and Membership

(a) The Board will appoint the members ("**Members**") of the Committee. The Members will be appointed to hold office until the next annual general meeting of shareholders of NeonMind or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director.

(b) The Committee will consist of at least three directors. Each Member will meet the criteria for financial literacy established by applicable laws and the rules of any stock exchanges upon which NeonMind's securities are listed, including National Instrument 52-110 - Audit Committees.

(c) The Board will appoint one of the Members to act as the Chair of the Committee (the "**Chair**") who will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. If the Chair is not in attendance at any meeting, the Committee will appoint another person who may, but need not, be a Member to act as the secretary of that meeting.

3.0 Meetings

(a) Meetings of the Committee will be held at such times and places as the Chair may determine, but in any event not less than four (4) times per year. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by telephone.

(b) At the request of the external auditors of NeonMind, the Chief Executive Officer or the Chief Financial Officer of NeonMind or any Member, the Chair will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.

(c) The Chair, if present, will act as the Chair of meetings of the Committee. If the Chair is not present at a meeting of the Committee the Members in attendance may select one of their number to act as Chair of the meeting.

(d) A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolutions signed by all Members.

(e) The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet in camera without members of management in attendance for a portion of each meeting of the Committee.

(f) In advance of every regular meeting of the Committee, the Chair, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of NeonMind to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

4.0 Duties and Responsibilities

The duties and responsibilities of the Committee as they relate to the following matters, are as follows:

4.1 Financial *Reporting and Disclosure*

(a) review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, and any guidance with respect to earnings per share to be given, prior to the public disclosure of such information, with such documents to indicate whether such information has been reviewed by the Board or the Committee;

(b) review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual report to shareholders, management proxy circular, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such information;

(c) review with management of NeonMind, and with external auditors, significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("**IFRS**"), with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly NeonMind's financial position and the results of its operations in accordance with IFRS, as applicable;

(d) seek to ensure that adequate procedures are in place for the review of NeonMind's public disclosure of financial information extracted or derived from NeonMind's financial statements, periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration;

(e) review the minutes from each meeting of the disclosure committee, established pursuant to NeonMind's corporate disclosure policy, since the last meeting of the Committee;

4.2 Internal Controls and Audit

(a) review the adequacy and effectiveness of NeonMind's system of internal control and management information systems through discussions with management and the external auditor to ensure that NeonMind maintains: (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect NeonMind's transactions; (ii) effective internal control systems; and (iii) adequate processes for assessing the risk of material misstatement of the financial statement and for detecting control weaknesses or fraud. From time to time the Committee shall assess whether it is necessary or desirable to establish a formal internal audit department having regard to the size and stage of development of NeonMind at any particular time;

(b) satisfy itself that management has established adequate procedures for the review of NeonMind's disclosure of financial information extracted or derived directly from NeonMind's financial statements;

(c) satisfy itself, through discussions with management, that the adequacy of internal controls, systems and procedures has been periodically assessed in order to ensure compliance with regulatory requirements and recommendations;

(d) review and discuss NeonMind's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities;

(e) review, and in the Committee's discretion make recommendations to the Board regarding, the adequacy of NeonMind's risk management policies and procedures with regard to identification of NeonMind's principal risks and implementation of appropriate systems to manage such risks including an assessment of the adequacy of insurance coverage maintained by NeonMind;

(f) recommend the appointment, or if necessary, the dismissal of the head of NeonMind's internal audit process;

4.3 ***External Audit***

(a) recommend to the Board a firm of external auditors to be nominated for appointment as the external auditor of NeonMind;

(b) ensure the external auditors report directly to the Committee on a regular basis;

(c) review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;

(d) review and recommend to the Board the fee, scope and timing of the audit and other related services rendered by the external auditors;

(e) review the audit plan of the external auditors prior to the commencement of the audit;

(f) establish and maintain a direct line of communication with NeonMind's external and internal auditors;

(g) meet in camera with only the auditors, with only management, and with only the members of the Committee at every Committee meeting where, and to the extent that, such parties are present;

(h) oversee the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditors team;

(i) oversee the work of the external auditors appointed by the shareholders of NeonMind with respect to preparing and issuing an audit report or performing other audit, review or attest services for NeonMind, including the resolution of issues between management of NeonMind and the external auditors regarding financial disclosure;

(j) review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of NeonMind, the ramifications of their use as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences;

(k) discuss with the external auditors their perception of NeonMind's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto;

(l) discuss with the external auditors their perception of NeonMind's identification and management of risks, including the adequacy or effectiveness of policies and procedures implemented to mitigate such risks;

(m) review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board;

(n) review annually a report from the external auditors in respect of their internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues;

4.4 *Associated Responsibilities*

(a) monitor and periodically review the Whistleblower Policy and associated procedures for:

(i) the receipt, retention and treatment of complaints received by NeonMind regarding accounting, internal accounting controls or auditing matters;

(ii) the confidential, anonymous submission by directors, officers and employees of NeonMind of concerns regarding questionable accounting or auditing matters;

(iii) any violations of any applicable law, rule or regulation that relates to corporate reporting and disclosure, or violations of NeonMind's Code of Business Conduct and Ethics; and

(b) review and approve NeonMind's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditors of NeonMind; and

4.5 *Non-Audit Services*

(a) pre-approve all non-audit services to be provided to NeonMind or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

5.0 Oversight Function

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that NeonMind's financial statements are complete and accurate or comply with IFRS and other applicable requirements. These are the responsibilities of Management and the external auditors. The Committee, the Chair and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of NeonMind, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of NeonMind's financial information or public disclosure.

6.0 Reporting

The Chair will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

7.0 Access to Information and Authority

The Committee will be granted unrestricted access to all information regarding NeonMind that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at NeonMind's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve any such firm's fees and other retention terms without prior approval of the Board. The Committee also has the authority to communicate directly with internal and external auditors.

8.0 Review of Charter

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Dated: May 8, 2020
Approved by: The Board of NeonMind

SCHEDULE K

STOCK OPTION PLAN

[See Attached]

Adopted September 9, 2020

LANCASTER RESOURCES INC.

~~NEONMIND BIOSCIENCES INC.~~

AMENDED AND RESTATED INCENTIVE STOCK OPTION PLAN

PART 1.

INTERPRETATION

1.1. Definitions. In this Plan, the following words and phrases shall have the following meanings:

(a) "**Affiliate**" means a company that is a parent or subsidiary of the Company, or that is controlled by the same person as the Company;

(b) "**Board**" means the board of directors of the Company and includes any committee of directors appointed by the directors as contemplated by Section 3.1;

(c) "**Change of Control**" means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than 50% of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board;

(d) "**Company**" means **NeonMind Biosciences Inc.** (formerly, Flourish Mushroom Labs Inc.);

(e) "**Consultant**" means an individual or Consultant Company, other than an Employee or Director, that:

(i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate, other than services provided in relation to a distribution of securities;

(ii) provides such services under a written contract between the Company or an Affiliate;

(iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate; and

(iv) has a relationship with the Company or an Affiliate that enables the individual to be knowledgeable about the business and affairs of the Company;

(f) “**Consultant Company**” means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;

(g) “**CSE**” means the Canadian Securities Exchange;

(h) “**Director**” means any director of the Company or any of its subsidiaries;

(i) “**Eligible Person**” means a bona fide Director, Officer, Employee or Consultant, or a corporation wholly owned by such Director, Officer, Employee or Consultant;

(j) “**Employee**” means:

(i) an individual who is considered an employee of the Company or a subsidiary of the Company under the Income Tax Act (and for whom income tax, employment insurance and CPP deductions must be made at source);

(ii) an individual who works full-time for the Company or a subsidiary of the Company providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or

(iii) an individual who works for the Company or a subsidiary of the Company on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;

(k) “**Exchange**” means the CSE or any other stock exchange on which the Shares are listed for trading;

(l) “**Exchange Policies**” means the policies, bylaws, rules and regulations of the Exchange governing the granting of options by the Company, as amended from time to time;

(m) “**Expiry Date**” means a date not later than 5 years from the date of grant of an option;

(n) “**Income Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time;

(o) “**Insider**” has the meaning ascribed thereto in the Securities Act;

(p) “**Investor Relations Activities**” means any activities, by or on behalf of the Company or a shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:

(i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company

(A) to promote the sale of products or services of the Company, or

(B) to raise public awareness of the Company, that cannot reasonably be considered to promote the purchase or sale of securities of the Company;

(ii) activities or communications necessary to comply with the requirements of

(A) applicable Securities Laws,

(B) the Exchange, or

(C) the bylaws, rules or other regulatory instruments of any self-regulatory body or exchange having jurisdiction over the Company;

(iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if

(A) the communication is only through such newspaper, magazine or publication, and

(B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or

(iv) activities or communications that may be otherwise specified by the Exchange;

(q) "**Joint Actor**" means a person acting jointly or in concert with another person;

(r) "**Optionee**" means the recipient of an option under this Plan;

(s) "**Officer**" means any senior officer of the Company or any of its subsidiaries;

(t) "**Plan**" means this amended and restated incentive stock option plan, as may be amended from time to time;

(u) "**Securities Act**" means the *Securities Act* (British Columbia), as amended from time to time;

(v) "**Securities Laws**" means the acts, policies, bylaws, rules and regulations of the securities commissions governing the granting of options by the Company, as amended from time to time; and

(w) "**Shares**" means the common shares of the Company without par value.

1.2. Governing Law. The validity and construction of this Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

1.3. Gender. Throughout this Plan, whenever the singular or masculine or neuter is used, the same shall be construed as meaning the plural or feminine or body politic or corporate, and vice-versa as the context or reference may require.

PART 2.

PURPOSE

2.1. Purpose. The purpose of this Plan is to attract and retain Directors, Officers, Employees and Consultants and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares.

PART 3.

GRANTING OF OPTIONS

3.1. Administration. This Plan shall be administered by the Board or, if the Board so elects, by a committee (which may consist of only one person) appointed by the Board from its members.

3.2. Committee's Recommendations. The Board may accept all or any part of any recommendations of any committee appointed under Section 3.1 or may refer all or any part thereof back to such committee for further consideration and recommendation.

3.3. Board Authority. Subject to the limitations of this Plan, the Board shall have the authority to:

(a) grant options to purchase Shares to Eligible Persons;

(b) determine the terms, limitations, restrictions and conditions respecting such grants;

(c) interpret this Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan as it shall from time to time deem advisable; and

(d) make all other determinations and take all other actions in connection with the implementation and administration of this Plan including, without limitation, for the purpose of ensuring compliance with Section 7.1, as it may deem necessary or advisable.

3.4. Grant of Option. A resolution of the Board shall specify the number of Shares that shall be placed under option to each Eligible Person; the exercise price to be paid for such Shares upon the exercise of such option; any applicable hold period; and the period, including any applicable vesting periods required by Exchange Policies or by the Board, during which such option may be exercised.

3.5. Written Agreement. Every option granted under this Plan shall be evidenced by a written agreement between the Company and the Optionee substantially in the form attached hereto as Schedule "A", containing such terms and conditions as are required by Exchange Policies and applicable Securities Laws, and, where not expressly set out in the agreement, the provisions of such agreement shall conform to and be governed by this Plan. In the event of any inconsistency between the terms of the agreement and this Plan, the terms of this Plan shall govern.

3.6. Withholding Taxes. If the Company is required under the Income Tax Act or any other applicable law to make source deductions in respect of Employee stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of any Shares upon the exercise of options, then any Optionee who is deemed an Employee shall:

(a) pay to the Company, in addition to the exercise price for such options, the amount necessary to satisfy the required tax remittance as is reasonably determined by the Company;

(b) authorize the Company, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Company determines a portion of the Shares issued upon the exercise of such options to realize proceeds to be used to satisfy the required tax remittance; or,

(c) make other arrangements acceptable to the Company to satisfy the required tax remittance.

PART 4.

RESERVE OF SHARES

4.1. Sufficient Authorized Shares to be Reserved. A sufficient number of Shares shall be reserved by the Board to permit the exercise of any options granted under this Plan. Shares that were the subject of any option that has lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.

4.2. Maximum Number of Shares Reserved. Unless authorized by the shareholders of the Company, this Plan shall not result, at any time, in the number of Shares reserved for issuance pursuant to options exceeding **20%** of the issued and outstanding Shares as at the date of grant of any option under this Plan.

4.3. Limits with Respect to Individuals. The aggregate number of Shares subject to an option that may be granted to any one individual in any 12 month period under this Plan shall not exceed 10% of the issued and outstanding Shares determined at the time of such grant.

Part 5.

CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS

5.1. Exercise Price. Subject to a minimum price of $0.10 per Share and Section 5.2, the exercise price of an option may not be less than the closing market price of the Shares on the trading day immediately preceding the date of grant of the option, less any applicable discount allowed by the Exchange.

5.2. Exercise Price if Distribution. If any options are granted within 90 days of a public distribution by prospectus, then the minimum exercise price shall be the greater of that specified in Section 5.1 and the price per share paid by the investors for Shares acquired under the public distribution. The 90 day period shall commence on the date the Company is issued a final receipt for the prospectus.

5.3. Expiry Date. Each option shall, unless sooner terminated, expire on a date to be determined by the Board which shall not be later than the Expiry Date.

5.4. Different Exercise Periods, Prices and Number. The Board may, in its absolute discretion, upon granting an option under this Plan and subject to the provisions of Section 5.3, specify a particular time period or periods following the date of granting such option during which the Optionee may exercise the option and may designate the exercise price and the number of Shares in respect of which such Optionee may exercise the option during each such time period.

5.5. Termination of Employment. If a Director, Officer, Employee or Consultant ceases to be so engaged by the Company for any reason other than death, such Director, Officer, Employee or Consultant shall have the right to exercise any vested option granted to him under this Plan and not exercised prior to such termination within a period of 90 days after the date of termination, or such other period as may be set out in the Optionee's written agreement.

5.6. Termination of Investor Relations Activities. If an Optionee who is engaged in Investor Relations Activities ceases to be so engaged by the Company, such Optionee shall have the right to exercise any vested option granted to the Optionee under this Plan and not exercised prior to such termination within a period of 30 days after the date of termination, or such other period as may be set out in the Optionee's written agreement.

5.7. Death of Optionee. If an Optionee dies prior to the expiry of an option, his heirs or administrators may within 12 months from the date of the Optionee's death exercise that portion of an option granted to the Optionee under this Plan which remains vested and outstanding.

5.8. Assignment. No option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than as provided for in Section 5.7.

5.9. Notice. Options shall be exercised only in accordance with the terms and conditions of the written agreements under which they are granted and shall be exercisable only by notice in writing to the Company substantially in the form attached hereto as Schedule "B".

5.10. Payment. Options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an Optionee upon the exercise of an option shall be paid for in full in cash at the time of their purchase.

PART 6.

CHANGES IN OPTIONS

6.1. Option Terms. In the event that the Shares are listed on a stock exchange, the terms of an option will not be amended once issued.

6.2. Cancelled Options. In the event that the Shares are listed on a stock exchange and an option is cancelled prior to its expiry date, the Company shall post notice of the cancellation in accordance with the relevant Exchange Policies, and shall not grant new options to the same Optionee until 30 days have elapsed from the date of cancellation.

6.3. Share Consolidation or Subdivision. In the event that the Shares are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any Shares that are then subject to option shall be adjusted accordingly.

6.4. Stock Dividend. In the event that the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as it deems proper in its absolute discretion.

6.5. Effect of a Take-Over Bid. If a bona fide offer to purchase Shares (an "**Offer**") is made to an Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of Section 1(1) of the Securities Act, the Company shall, upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon all Shares subject to option (the "**Option Shares**") shall become vested and such option may be exercised in whole or in part by such Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise pursuant to the Offer. However, if:

(a) the Offer is not completed within the time specified therein including any extensions thereof; or

(b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become vested pursuant to Section 3.4 shall be reinstated. If any Option Shares are returned to the Company under this Section 6.5, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

6.6. Acceleration of Expiry Date. If, at any time when an option granted under this Plan remains unexercised with respect to any unissued Option Shares, an Offer is made by an offeror, the Board may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of options granted under this Plan vested, and declare that the Expiry Date for the exercise of all unexercised options granted under this Plan is accelerated so that all options shall either be exercised or shall expire prior to the date upon which Shares must be tendered pursuant to the Offer.

6.7. Effect of a Change of Control. If a Change of Control occurs, all outstanding options shall become vested, whereupon such options may be exercised in whole or in part by the applicable Optionee.

6.8. Other Stock Exchange Listing. In the event that the Company applies or intends to apply for listing on a stock exchange other than the CSE and, based on the policies and requirements of the other stock exchange, the Company believes that any or all options granted hereunder will not be accepted or approved by the other stock exchange, then the Company may, in its sole discretion, immediately cancel any or all options that remains outstanding to meet the listing requirements of the other stock exchange. If the Company cancels any such options pursuant to this Section 6.8, then no compensation will be owed by the Company to the applicable Optionee.

6.9. Approval and Cancellation. In the event that approval from the CSE or other stock exchange, as applicable, is not received for the grant of any options hereunder, each Optionee agrees that the Company may immediately cancel any or all such options that remain outstanding. If the Company cancels any of such options pursuant to this Section 6.9, then no compensation shall be owed by the Company to the applicable Optionee.

PART 7.

SECURITIES LAWS AND EXCHANGE POLICIES

7.1. Securities Laws and Exchange Policies Apply. This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in applicable Securities Laws and Exchange Policies and such terms and conditions shall be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between such terms and conditions and this Plan, such terms and conditions shall govern. In the event that the Shares are listed on a new stock exchange, in addition to the terms and conditions set out from time to time in applicable Securities Laws, the granting or cancellation of options shall be governed by the terms and conditions set out from time to time in the policies, bylaws, rules and regulations of the new stock exchange and unless inconsistent with the terms of this Plan, the Company shall be able to grant or cancel options pursuant to the policies, bylaws, rules and regulations of such new stock exchange without requiring shareholder approval.

PART 8.

AMENDMENTS TO PLAN

8.1. Board May Amend. The Board may, by resolution, amend or terminate this Plan, but no such amendment or termination shall, except with the written consent of the Optionees concerned, affect the terms and conditions of options previously granted under this Plan which have not then lapsed, terminated or been exercised.

8.2. Exchange Approval. Any amendment to this Plan or options granted pursuant to this Plan shall not become effective until such Exchange and shareholder approval as is required by Exchange Policies and applicable Securities Laws has been received.

PART 9.

EFFECT OF PLAN ON OTHER COMPENSATION OPTIONS

9.1. Other Options Not Affected. This Plan is in addition to any other existing stock options granted prior to and outstanding as at the date of this Plan and shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Employees and Consultants.

PART 10.

OPTIONEE'S RIGHTS AS A SHAREHOLDER

10.1. No Rights Until Option Exercised. An Optionee shall be entitled to the rights pertaining to share ownership, such as to dividends, only with respect to Shares that have been fully paid for and issued to the Optionee upon the exercise of an option.

PART 11.

EFFECTIVE DATE OF PLAN

11.1. Effective Date. This Plan shall become effective upon its approval by the Board.

SCHEDULE "A"
NEONMIND BIOSCIENCES INC..
INCENTIVE STOCK OPTION AGREEMENT

NeonMind Biosciences Inc. (the "**Company**") hereby grants the undersigned (the "**Optionee**") incentive stock options to purchase common shares of the Company (the "**Options**") in accordance with the Company's stock option plan, as amended from time to time (the "**Plan**"), and the parties agree as follows:

I. The grant of Options is subject to (a) the Plan; and (b) the regulations and provisions of the British Columbia Securities Commission, the Ontario Securities Commission and any other applicable provincial securities commission.

II. Terms of Options: ______________________________

Name of Optionee: ______________________________

Address: ______________________________

Telephone Number: ______________________________

Email Address: ______________________________

Number of Options: ______________________________

Exercise Price: ______________________________

Date of Grant: ______________________________

Expiry Date: ______________________________

Vesting Date	**Percentage of Engagement Options**

III. General Terms:

A. Position of Optionee with the Company or Affiliate (*check all boxes that apply*):

☐ Director ☐ Officer ☐ Employee ☐ Consultant

B. This Agreement may be executed in counterparts and delivered by electronic transmission.

The Company and Optionee have caused this Agreement to be executed as of the Date of Grant set out above.

NEONMIND BIOSCIENCES INC.

Per:

____
Authorized Signatory

OPTIONEE

____
Printed Name of Optionee

SCHEDULE "B"

NEONMIND BIOSCIENCES INC.

EXERCISE NOTICE

The undersigned hereby subscribes for ___________ common shares of **NeonMind Biosciences Inc.** (the "**Company**") at a price of _____ per share for a total amount of $______________ (the "**Exercise Price**") pursuant to the provisions of the Incentive Stock Option Agreement entered into between the undersigned and the Company dated __________________, 20____.

Date ___________________.

____
Signature

____
Name

____
Address

____

____
Telephone Number

____
Email Address

SCHEDULE L

RSU PLAN

[See Attached]

LANCASTER RESOURCES INC.

~~NEONMIND BIOSCIENCES INC.~~

AMENDED AND RESTATED RESTRICTED SHARE UNIT PLAN

Dated as of November 3, 2020

RESTRICTED SHARE UNIT PLAN
LANCASTER RESOURCES INC.
~~**NEONMIND BIOSCIENCES INC.**~~

1. INTERPRETATION

1.1 Restricted Share Unit Plan

The amended and restated plan herein described shall be called the "**Restricted Share Unit Plan**" and is referred to herein, as may be amended from time to time, as the "**Plan**".

1.2 Definitions

For the purposes of the Plan, unless there is something in the subject matter or context inconsistent therewith the following terms shall have the following meanings:

"**Account**" means the account set up on behalf of each Participant in accordance with Section 4.1(b);

"**Applicable Law**" means all applicable federal, provincial and foreign laws and any regulations, instruments or orders enacted thereunder, and the rules, regulations and policies of the Stock Exchange, as applicable;

"**Black Out Period**" means a period when a Participant is prohibited from trading in the Company's securities pursuant to a restriction imposed by the Company;

"**Board**" or "**Board of Directors**" means the board of directors of the Company, as constituted from time to time;

"**Change of Control**" means an occurrence when either:

(a) a consolidation, reorganization, amalgamation, merger, acquisition or other business combination (or a plan of arrangement in connection with any of the foregoing), other than solely involving the Company and any one or more of its Subsidiaries, with respect to which all or substantially all of the Persons who were the beneficial owners of the Shares and other securities of the Company immediately prior to such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement do not, following the completion of such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement, beneficially own, directly or indirectly, more than 50% of the resulting voting rights (on a fully diluted basis) of the Company or its successor;

(b) the sale, exchange or other disposition to a person other than an affiliate or any Subsidiary of the Company of all, or substantially all of the Company's assets;

(c) a resolution is adopted to wind-up, dissolve or liquidate the Company;

(d) a change in the composition of the Board, which occurs at a single meeting of the shareholders of the Company or upon the execution of a shareholders' resolution, such that individuals who are members of the Board immediately prior to such meeting or resolution cease to constitute a majority of the Board, without the Board, as constituted immediately prior to such meeting or resolution, having approved of such change; or

(e) any person, entity or group of persons or entities acting jointly or in concert (an "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Company which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror to cast or to direct the casting of 20% or more of the votes attached to all of the Company's outstanding Voting Securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect directors).

(f) For the purposes of the foregoing, "**Voting Securities**" means Shares and any other securities of the Company entitled to vote for the election of directors and shall include any security, whether or not issued by the Company, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities;

"**Committee**" means a committee of the Board appointed in accordance with the Plan, or if no such Committee is appointed, then the Board itself;

"**Company**" means NeonMind Biosciences Inc. ("NeonMind") and any successor thereto;

"**Consultant**" means a person who, within 90 days, has provided services to the Company or who has entered into an agreement or provided an invoice to provide future services to the Company;

"**CSE**" means the Canadian Securities Exchange;

"**Director**" has the meaning given to it in TSXV Policy 4.4 as such policy may be amended, supplemented or replaced from time to time;

"**Disability**" means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability;

"**Eligible Person**" means, at the Grant Date, any Employee, Director or Consultant of the Company or any Subsidiary at the time of grant;

"**Employee**" has the meaning given to it in TSXV Policy 4.4 as such policy may be amended, supplemented or replaced from time to time;

"**Grant Date**" means the effective date on which RSUs are awarded to a Participant in accordance with Section 4.4;

"**Insider**" means: (i) a Director or officer of the Company; (ii) a Director or officer of a company that is an Insider or subsidiary of the Company; (iii) a Person that beneficially owns or controls, or has a combination of beneficial ownership of, and control and direction over, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company; and (iv) the Company itself if it holds any of its own securities;

"**Market Price**" means, with respect to the Shares on a particular date, the price per Share computed on the basis of the closing price of the Shares on the Stock Exchange (or any exchange on which the Shares are trading) for the most recent trading day preceding the relevant date; provided that in the event the Market Price would be determined with reference to a period commencing after a fiscal quarter end of the Company and ending prior to the public disclosure of interim financial statements for such quarter (or annual financial statements in the case of the fourth quarter), the calculation of the Market Price will be made with reference to the higher of the last closing price of the Shares on the Stock

Exchange (or any exchange on which the Shares are trading) for the most recent trading day preceding the relevant date and the fifth trading day immediately following the date of public disclosure of the financial statements for that quarter;

"**Participant**" means an Eligible Person to whom or which RSUs have been granted;

"**Performance Period**" means a period designated by the Board in accordance with Section 3.2 that commences on the designated Grant Date and ends within five years following the end of the year of the Grant Date;

"**Permitted Assign**" means, for a Person that is an Employee, Director or Consultant of the Company or a Subsidiary: (a) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the Person; (b) a holding entity of the Person; and (c) a RRSP, RRIF or TFSA of the Person;

"**Person" or "Entity**" means an individual, natural person, corporation, entity, government or political subdivision or agency of a government, and where two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a Person or Entity;

"**Plan Limit**" means the maximum number of Shares that are issuable under the Plan in accordance with Section 4.2;

"**Regulatory Approval**" means the approval under Applicable Law of the Stock Exchange (or any exchange on which the Shares are trading) and any other regulatory authority or governmental agency that may have lawful jurisdiction over the Plan and any RSUs issued hereunder;

"**Restricted Share Unit**" or "**RSU**" means a unit credited by means of a bookkeeping entry on the books of the Company to a Participant's Account in accordance with the terms and conditions of the Plan;

"**RRIF**" means a registered retirement income fund;

"**RRSP**" means a registered retirement savings plan;

"**RSU Agreement**" means an agreement, substantially in the form of the agreement set out in Schedule A, between the Company and a Participant setting out the terms of the RSUs granted to the Participant;

"**Securities Act**" means the *Securities Act* (British Columbia), as amended from time to time;

"**Share Compensation Arrangement**" means any share option, share option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to Directors, Employees or Consultants of the Company or any Subsidiary;

"**Shareholder Approval**" means approval by the Company shareholders in accordance with the rules of the Stock Exchange;

"**Shares**" means common shares in the capital of the Company;

"**Stock Exchange**" means the CSE or any other stock exchange on which the Shares are then listed for trading, as applicable;

"**Subsidiary**" means a wholly-owned or controlled subsidiary corporation of the Company; and

"**TSXV**" means the TSX Venture Exchange.

1.3 Use of Gender and Number

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

1.4 Governing Law

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

2. ESTABLISHMENT OF THE PLAN

2.1 Establishment and Purpose of the Plan

The purpose of the Plan is to assist and encourage Directors, Employees and Consultants of the Company and its Subsidiaries to work towards and participate in the growth and development of the Company and its Subsidiaries and provide such Persons with the opportunity to acquire an ownership interest in the Company.

2.2 Effective Date

The Plan shall be effective as of November 3, 2020. The Board may, in its discretion, at any time, and from time to time, issue Restricted Share Units to Eligible Persons as it determines appropriate under this Plan. However, any such issued Restricted Share Units may not be paid out in Shares in any event until receipt of any necessary approvals from shareholders of the Company, the Stock Exchange, and any other applicable regulatory bodies authorities.

2.3 Eligibility

RSUs may be granted hereunder to Eligible Persons from time to time by the Board, subject to the limitations set forth in herein, but may not be granted when that grant would be prohibited by or in breach of Applicable Law or any Black Out Period then in effect.

3. ADMINISTRATION

3.1 Use of Committees

The Board may delegate all or such portion of its powers hereunder as it may determine to the Committee, either indefinitely or for such period of time as it may specify and thereafter the Committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do. If a Committee is appointed for this purpose, all references herein to the Board will be deemed to be references to such Committee.

3.2 Authority of the Board

The Board shall be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Subject to the limitations of the Plan, without limiting the generality of the foregoing, the Board has the power and authority to:

(a) determine which Eligible Persons are to be granted RSUs and the number of RSUs to be issued to those Eligible Persons;

(b) determine the terms under which such RSUs are granted including, without limitation, those related to the Performance Period, vesting, Performance Conditions and forfeiture;

(c) prescribe the form of RSU Agreement with respect to a particular grant of RSUs;

(d) interpret the Plan and determine all questions arising out of the Plan and any RSUs granted pursuant to the Plan, which interpretations and determinations will be conclusive and binding on the Company and all other affected Persons;

(e) prescribe, amend and rescind rules and procedures relating to the Plan;

(f) subject to the provisions of the Plan and subject to such additional limitations and restrictions as the Board may impose, delegate to one or more officers of the Company some or all of its authority under the Plan; and

(g) employ such legal counsel, independent auditors, third party service providers and consultants as it deems desirable for the administration of the Plan and to rely upon any opinion or computation received therefrom.

The Board's guidelines, rules, regulations, interpretations and determinations shall be conclusive and binding upon the Company and all other Persons, including, in particular and without limitation, the Participants.

4. **GRANT OF RSUs**

4.1 **RSU Agreement and Account**

(a) Upon the grant of the RSUs, the Company will deliver to the Participant an RSU Agreement dated as of the Grant Date, containing the terms of the RSUs and executed by the Company, and upon delivery to the Company of the RSU Agreement executed by the Participant, such Participant will be a Participant in the Plan and have the right to receive Shares or, at the sole discretion of the Company, cash on the terms and conditions set out in the RSU Agreement and in the Plan. Subject to any specific variations approved by the Board, all terms and conditions set herein will be deemed to be incorporated into and form part of each RSU Agreement made here under.

(b) An account ("**Account**") shall be maintained by the Company for each Participant and will show the RSUs credited to a Participant from time to time.

4.2 Shares Reserved

The maximum number of Shares which may be reserved for issuance under the Plan shall not exceed 20% of the issued and outstanding Shares (the "**Plan Limit**").

4.3 Status of Terminated RSUs

For purposes of determining the number of Shares that remain available for issuance under the Plan, the number of Shares underlying any grants of RSUs that are surrendered, forfeited, waived, repurchased by the Company and/or cancelled shall be added back to the Plan Limit and again be available for future grant, whereas the number of Shares underlying any grants of RSUs that are issued shall not be available for future grant.

4.4 Grant and Vesting of RSUs

(a) The Board may in its own discretion, at any time, and from time to time, grant RSUs to Eligible Persons as it determines appropriate, subject to the limitations set out in this Plan. The Board may designate one or more Performance Periods under the Plan. In respect of each designated Performance Period and subject to the terms of the Plan, the Board may from time to time establish the Grant Date and grant to any Eligible Person one or more RSUs as the Board deems appropriate.

(b) Once the Company's Shares are listed on the CSE and in accordance with CSE Policy 6, the Board may not grant RSUs at a price lower than the greater of the closing market prices of the Shares on (a) the trading day prior to the date of grant of the RSUs; and (b) the date of grant of the RSU.

(c) The Board shall make all other determinations with respect to the Performance Period as the Board considers in its sole discretion to be necessary or desirable under the Plan, including, without limitation, the date or dates within such Performance Period and such other terms and conditions, if any, on which all or a portion of such RSUs credited to a Participant's Account shall vest (to be set forth in the RSU Agreement), provided that no RSUs may vest when prohibited by or in breach of Applicable Law. **For the avoidance of doubt, the Participant must continue to be an Eligible Person in order for the RSU to vest.**

(d) At the time a grant of a Restricted Share Unit is made, the Board may, in its sole discretion, establish such performance conditions for the vesting of Restricted Share Units as may be specified in the RSU Agreement (the "**Performance Conditions**"). The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any Performance Conditions. The Board may determine that a Restricted Share Unit shall vest in whole or in part upon achievement of any one Performance Condition or that two or more Performance Conditions must be achieved prior to the vesting of a Restricted Share Unit. Performance Conditions may differ for Restricted Share Units granted to any one Participant or to different Participants.

(e) Notwithstanding any other provision of the Plan, the Board may in its sole and absolute discretion accelerate and/or waive any vesting or other conditions, including Performance Conditions, for all or any RSUs for any Participant at any time and from time to time.

(f) In no circumstances will RSUs credited to a Participant's Account in respect of a Performance Period vest after five years following the end of the year of the Grant Date.

(g) Any RSUs in respect of a Performance Period that are not vested within five years following the end of the year of the Grant Date shall be cancelled and no vesting, payment or issuance shall be made under the Plan in respect of such RSUs.

4.5 Change of Control

Upon the occurrence of a Change of Control, all the RSUs at that time outstanding but unvested shall automatically and irrevocably become vested in full.

4.6 Delivery of Shares or Cash

(a) RSUs shall vest pursuant to the vesting schedule set out in a Participant's RSU Agreement and, subject to Black Out Periods, the Company shall redeem such RSUs only at the end of the Performance Period pertaining to the RSUs and issue from treasury one Share for each full RSU that has vested without any further action on the part of the

Participant. The Shares issued upon redemption of RSUs shall be registered according to the information in the Company's records for a Participant. No partial RSUs may be issued. Notwithstanding the foregoing, at the sole election of the Company, the Company may redeem all or part of the vested RSUs by making a lump sum payment at the end of the Performance Period pertaining to the RSUs in respect of all RSUs to be redeemed at such time, equal to the amount determined by multiplying the number of RSUs in the Participant's Account that are vested on such vesting date by the Market Price of a Share on such vesting date.

(b) Upon delivery of Shares and/or cash in satisfaction of RSUs, such RSUs shall be cancelled from the Participant's Account.

(c) Subject to Section 4.6(d) if the applicable redemption date for RSUs occurs during or within 10 business days of the expiration of a Black Out Period applicable to such Participant, then the redemption date for such RSUs shall be extended to the close of business on the tenth business day following the expiration of the Black Out Period.

(d) Notwithstanding Section 4.6(a) and Section 4.6(c), all redemptions under this Section 4.6 in respect of RSUs in Participants' Accounts that have vested in respect of a Performance Period shall be redeemed within five years following the end of the year in which such RSUs were awarded pursuant to Section 4.4.

4.7 Tax and Tax Withholding

Notwithstanding any other provision contained herein, in connection with any redemption of an RSU by the Company pursuant to the Plan as a condition to such redemption: (i) the Company shall require such Participant to pay or cause to be paid to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding of tax or other required deductions in connection with the redemption of such RSUs (the "**Source Deductions**"); or (ii) in the event a Participant does not pay or cause to be paid the amount specified in (i), then the Company shall be permitted to: (x) engage a broker or other agent on behalf of the Participant or Permitted Assign, at the risk and expense of the Participant, to sell a portion of the underlying Shares issued on the redemption of such RSU through the facilities of the Stock Exchange, and to apply the proceeds received on the sale of such underlying Shares as necessary so as to ensure that the Company is in compliance with the applicable Source Deductions relating to the redemption of such RSUs, or (y) reduce the number of Shares to be issued to a Participant in respect of redeemed RSUs in an amount that is equal in value to the cash amount of the Source Deductions and pay the Source Deductions in cash as necessary. In addition, the Company shall be entitled to withhold from any amount payable to a Participant, such amount as may be necessary so as to ensure that the Company is in compliance with the applicable Source Deductions relating to the redemption of any RSU.

4.8 Termination of Employment

Unless otherwise determined by the Board, in its sole discretion, or as specified in the applicable RSU Agreement:

(a) upon the voluntary resignation or the termination for cause of a Participant, or the expiration of the Participant's employment or consulting contract with the Company, all of the Participant's RSUs which remain unvested in the Participant's Account shall be forfeited without any entitlement to such Participant. If the Participant has an employment or consulting agreement with the Company, the term "**cause**" shall include any meaning given to that term in the employment or consulting agreement or, if such term is not defined in such agreement, shall mean any ground which would justify the services of the Participant to be terminated without notice or payment in lieu and/or shall have the meaning given to such term under any Applicable Law; and

(b) upon the termination without cause of a Participant, the Participant shall continue to be deemed an Eligible Person for a period of 180 days (the "**Tail Period**") following the Participant's termination date, and the Participant's RSUs will continue to vest during the Tail Period as specified in, and subject to any Performance Conditions set forth in, the applicable RSU Agreement. The Performance Period for any RSUs that vest during the Tail Period will be accelerated to the date that is the end date of the Tail Period. Any RSUs which remain unvested in the Participant's Account at the end of the Tail Period shall be forfeited without any entitlement to such Participant; and

(c) upon the Disability, or the death of a Participant, the Participant or the Participant's beneficiary, as the case may be, shall for each grant of RSUs, have a number of RSUs become vested equal to: (A x B/C) – D, where:

A = the original number of RSUs granted;

B = the number of completed months of employment, consultancy or of having acted as a director since the Grant Date;

C = the number of total months required to achieve the full vesting of such grant of RSUs; and

D = the number of RSUs that have become vested and were previously settled in accordance with the Plan.

Such vested RSUs shall be settled by such Participant (or in the case of the Participant's death, by the liquidator, executor or administrator, as the case may be, of the estate of such Participant) within 180 days of the Disability or the death of such Participant, in each case in accordance with Sections 4.6 and 4.7.

4.9 Non-Transferability of RSUs

RSUs accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable except by will or by the laws of descent and distribution. During the lifetime of a Participant, all benefits and rights granted under the Plan may only be exercised by the Participant.

5. AMENDMENT

5.1 Amendments

(a) The Board reserves the right, in its absolute discretion, to amend, suspend or terminate the Plan, or any portion thereof, at any time without obtaining Shareholder Approval, subject to those provisions of Applicable Law and Regulatory Approval, if any, that require Shareholder Approval. Such amendments may include, without limitation:

(i) minor changes of a "house-keeping nature", including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the Plan, or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;

(ii) amending RSUs under the Plan, including with respect to advancing the date on which any RSU may vest, assignability and the effect of termination of a Participant, provided that such amendment does not adversely alter or impair any RSU previously granted to a Participant without the consent of such Participant;

(iii) amendments necessary to comply with the provisions of applicable law or the applicable rules of the Stock Exchange on which the Shares are then listed, including with respect to the treatment of RSUs granted under the Plan;

(iv) amendments respecting the administration of the Plan;

(v) amendments necessary to suspend or terminate the Plan; provided that such amendment does not adversely alter or impair any RSU previously granted to a Participant without the consent of such Participant; and

(vi) any other amendment, fundamental or otherwise, not requiring Shareholder Approval under Applicable Law or the applicable rules of the Stock Exchange.

(b) Notwithstanding the foregoing, the Company will be required to obtain Shareholder Approval for any amendment related to the following (provided that such Shareholder Approval is then a requirement of the Stock Exchange):

(i) the eligibility of a Participant in the Plan;

(ii) removing or exceeding the limits on participation in the Plan;

(iii) increasing the Plan Limit;

(iv) the expiry and termination provisions applicable to RSUs; and

(v) granting additional powers to the Board to amend the Plan.

(c) Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals.

5.2 Termination

The Board may terminate the Plan at any time in its absolute discretion. If the Plan is so terminated, no further RSUs shall be granted, but the RSUs then outstanding shall continue in full force and effect in accordance with the provisions of the Plan

6. **ADJUSTMENT TO SHARES**

6.1 Adjustments

Appropriate adjustments in the Plan Limit and the number of Shares issuable on redemption of RSUs, will be conclusively determined by the Board to give effect to adjustments in the number of Shares resulting from subdivisions, consolidations, substitutions, or reclassifications of the Shares, the payment of stock dividends by the Company (other than dividends in the ordinary course) or other relevant changes in the capital of the Company. If the foregoing adjustment shall result in a fractional Share, the fraction shall be disregarded. Any dispute that arises at any time with respect to any such adjustment will be conclusively determined by the Board, and any such determination will be binding on the Company, the Participant and all other affected parties.

6.2 Limitations

The grant of RSUs under the Plan will in no way affect the Company's right to adjust, reclassify, reorganize or otherwise change its capital or business structure, or to merge, amalgamate, reorganize, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets or engage in any like transaction.

7. GENERAL

7.1 Unfunded and Unsecured Plan

The Plan shall be unfunded and neither the Company nor any of its Subsidiaries will secure the Company's obligations under the Plan. To the extent any Participant or his or her estate holds rights by virtue of an award of Restricted Share Units under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

7.2 Compliance with Legislation

The Plan, the grant and vesting of RSUs hereunder and the Company's obligation to sell and deliver Shares in accordance with the provisions of the Plan is subject to Applicable Law and to such Regulatory Approvals as may, in the opinion of counsel to the Company, be required. Each RSU Agreement will contain such provisions as in the opinion of the Board are required to ensure that no Shares are issued in respect of an RSU unless the issuance of such Shares will be exempt from all registration, qualification and prospectus requirements of securities laws of any jurisdiction and will be permitted under Applicable Law. The Company shall not be obliged by any provision of the Plan or the grant of any RSU hereunder to issue, sell or transfer Shares in violation of Applicable Law or any condition of any Regulatory Approval. No RSU shall be granted and no Shares issued or sold hereunder where such grant, issue or sale would require registration of the Plan or of Shares under the securities laws of any jurisdiction and any purported grant of any RSU or issue, sale or transfer of Shares hereunder in violation of this provision shall be void. In addition, the Company shall have no obligation to issue any Shares pursuant to the Plan unless such Shares shall have been duly listed, upon official notice of issuance, with the Stock Exchange. Shares issued and sold to Participants pursuant to the provisions of the Plan may be subject to limitations on sale or resale under Applicable Law. In particular, if required by Applicable Law, an RSU Agreement may provide that shareholder approval to the grant of an RSU must be obtained prior to the vesting of the RSU or to the amendment of an RSU Agreement.

7.3 Non-Exclusivity

Nothing contained in the Plan will prevent the Board from adopting other or additional Share Compensation Arrangements, subject to obtaining prior Regulatory Approval and, if required, Shareholder Approval.

7.4 Employment and Services

Nothing contained in the Plan or in any RSU Agreement will confer upon or imply in favour of any Eligible Person or Participant any right with respect to office, employment or provision of services with the Company or of any Subsidiary or interfere in any way with the right of the Company or any Subsidiary to lawfully terminate the Eligible Person or Participant's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Eligible Person will be voluntary.

7.5 Change of Status

Unless otherwise provided for herein or in an RSU Agreement, a change in the status, office, position or duties of a Participant from the status, office, position or duties held by such Participant on the date on which an RSU was granted to such Participant will not result in a change in the terms of such RSU provided that such Participant remains an Eligible Person.

7.6 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the RSUs or the Shares issued or issuable thereunder or the tax consequences to a Participant. Compliance with Applicable Law as to the disclosure and resale obligations of each Participant is the responsibility of such Participant and not the Company.

7.7 Rights as a Shareholder

Nothing contained in the Plan nor in any RSU granted thereunder shall be deemed to give any Participant any interest or title in or to any Shares of the Company or any rights as a shareholder of the Company or any other legal or equitable right against the Company whatsoever other than with respect to Shares issued in accordance with the provisions of the Plan.

7.8 Discretion of Board

The awarding of RSUs to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Shares or any other securities in the capital of the Company or any of its subsidiaries other than as specifically provided for in the Plan.

7.9 Notices

The form of all communication relating to the Plan shall be in writing and delivered by recognized overnight courier, certified mail, fax or electronic mail to the proper address or, optionally, to any individual personally. Except as otherwise provided in any RSU Agreement, all notices to the Company or the Board shall be addressed to: NeonMind Biosciences Inc. at its offices located at 200 – 1238 Homer Street, Vancouver, BC V6B 2Y5, Attn: Chief Financial Officer. All notices to Participants, former Participants, beneficiaries or other Persons acting for or on behalf of such Persons that are not delivered personally to an individual shall be addressed to such Person by the Company or its designee at the last address for such Person maintained in the records of the Board or the Company.

SCHEDULE A TO RESTRICTED SHARE UNIT PLAN

FORM OF RESTRICTED SHARE UNIT AGREEMENT

NEONMIND BIOSCIENCES INC.

This Restricted Share Unit Agreement is entered into between NeonMind Biosciences Inc. (the "**Company**") and [INSERT NAME OF ELIGIBLE PERSON] (the "**Eligible Person**"), pursuant to the Company's Restricted Share Unit Plan (the "**Plan**"), a copy of which [is being provided herewith] OR [has been provided to the Eligible Person], and confirms that on [INSERT GRANT DATE] (the "**Grant Date**"), the Eligible Person was granted [INSERT NUMBER OF RSUs] Restricted Share Units ("**RSU**s"), in accordance with the terms of the Plan.

The RSUs will vest as follows:

Number of RSUs	**Vesting Date [**or **Performance Condition to be Satisfied for RSUs to Vest]**	**Performance Period End Date** [USE SAME DATE AS VESTING DATE FOR TIME BASED RSUs; MUST BE WITHIN 5 YEARS FOLLOWING END OF YEAR OF GRANT DATE]
●	●	
●	●	

all on the terms and subject to the conditions set out in the Plan. In the event of any discrepancy between the terms of this Restricted Unit Agreement and the Plan, the terms of the Plan shall prevail

The Performance Period for this grant of RSUs commences on the Grant Date and ends at the close of business on the date set forth above (the "Performance Period End Date"). [INSERT DATE, WHICH MUST BE WITHIN FIVE YEARS FOLLOWING THE END OF THE YEAR OF THE GRANT DATE].

By signing this agreement, the Eligible Person:

(a) acknowledges that he or she has read and understands the Plan, agrees with the terms and conditions thereof which shall be deemed to be incorporated into and form part of this RSU Agreement (subject to any specific variations contained in this RSU Agreement);

(b) acknowledges that the RSUs are subject to certain terms conditions relating to the Eligible Person's status as an Employee, Director or Consultant of the Company or a Subsidiary, and understands that if he or she ceases to be an Employee, Director or Consultant of the Company or a Subsidiary, the RSUs may be cancelled or forfeited;

(c) acknowledges that he or she is responsible for paying any applicable taxes and withholding taxes arising from the redemption of any RSU, as provided in Section 4.7 of the Plan;

(d) agrees that an RSU does not carry any voting rights;

(e) acknowledges that his or her participation in the Plan is voluntary and has not been induced as a condition of employment or engagement, or continued employment or engagement.

By signing this RSU Agreement, the undersigned also provides its express written consent to:

(a) if the Company's Shares are listed on the Canadian Stock Exchange or the TSX Venture Exchange (the "Exchange"), the disclosure of Personal Information by the Company to the Exchange with respect to any and all forms required to be filed by the Company with the Exchange with respect to the grant of this RSU or as otherwise required by the Exchange, from time to time.

"**Personal Information**" means any information about an identifiable individual, and includes the information contained in any materials to be filed by the Company with the Exchange.

IN WITNESS WHEREOF the Company and the Eligible Person have executed this RSU Agreement as of

______________________, 20____.

NEONMIND BIOSCIENCES INC.

Authorized Signatory

Name:
Title:

Name of Eligible Person

Signature of Eligible Person

Note to Plan Participants

This Agreement must be signed where indicated and returned to the Company within 30 days of receipt. Failure to acknowledge acceptance of this grant will result in the cancellation of your RSUs.

SCHEDULE M

LIST OF CLAIMS OF THE PROPERTY

[See Attached]

LIST OF CLAIMS

Section	Quadrant	Serial Number	Lead File Number	Legacy Serial No.	Legacy Lead File No.	Type	Claim Name	Claimant
015	NW	NM105788152	NM105788141			PLACER	15101	MAJUBA MINING LTD
015	NW	NM105788153	NM105788141			PLACER	15102	MAJUBA MINING LTD
015	NW	NM105788154	NM105788141			PLACER	15103	MAJUBA MINING LTD
015	NW	NM105788155	NM105788141			PLACER	15104	MAJUBA MINING LTD
015	NW	NM105788156	NM105788141			PLACER	15201	MAJUBA MINING LTD
015	NW	NM105788157	NM105788141			PLACER	15202	MAJUBA MINING LTD
015	NW	NM105788158	NM105788141			PLACER	15203	MAJUBA MINING LTD
015	NW	NM105788159	NM105788141			PLACER	15204	MAJUBA MINING LTD
015	SW	NM105788160	NM105788141			PLACER	15301	MAJUBA MINING LTD
015	SW	NM105788161	NM105788141			PLACER	15302	MAJUBA MINING LTD
015	SW	NM105788162	NM105788141			PLACER	15303	MAJUBA MINING LTD
015	SW	NM105788163	NM105788141			PLACER	15304	MAJUBA MINING LTD
015	SW	NM105788164	NM105788141			PLACER	15401	MAJUBA MINING LTD
015	SW	NM105788165	NM105788141			PLACER	15402	MAJUBA MINING LTD
015	SW	NM105788166	NM105788141			PLACER	15403	MAJUBA MINING LTD
015	SW	NM105788167	NM105788141			PLACER	15404	MAJUBA MINING LTD
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015	NE	NM105810576	NM105810533			PLACER	15106	MAJUBA MINING LTD
015	NE	NM105810577	NM105810533			PLACER	15107	MAJUBA MINING LTD
015	NE	NM105810578	NM105810533			PLACER	15108	MAJUBA MINING LTD
015	NE	NM105810579	NM105810533			PLACER	15205	MAJUBA MINING LTD
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015	NE	NM105810581	NM105810533			PLACER	15207	MAJUBA MINING LTD
015	NE	NM105810582	NM105810533			PLACER	15208	MAJUBA MINING LTD
015	SE	NM105810583	NM105810533			PLACER	15308	MAJUBA MINING LTD
015	SE	NM105810584	NM105810533			PLACER	15307	MAJUBA MINING LTD
015	SE	NM105810585	NM105810533			PLACER	15306	MAJUBA MINING LTD
015	SE	NM105810586	NM105810533			PLACER	15305	MAJUBA MINING LTD
015	SE	NM105810587	NM105810533			PLACER	15405	MAJUBA MINING LTD
015	SE	NM105810588	NM105810533			PLACER	15406	MAJUBA MINING LTD

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017	NW	NM105810682	NM105810533			PLACER	17108	MAJUBA MINING LTD
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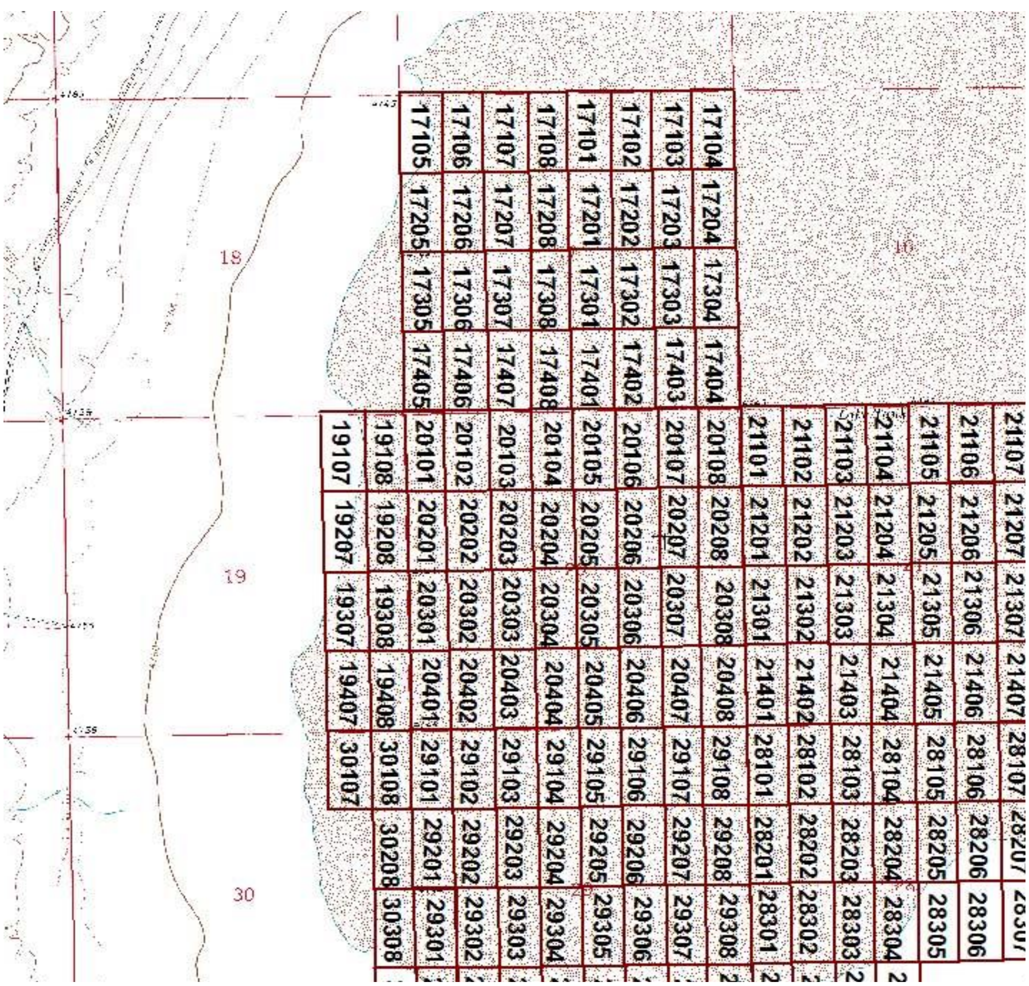

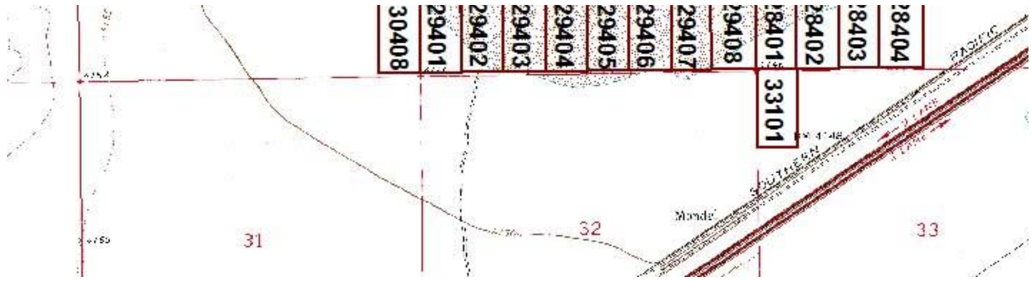
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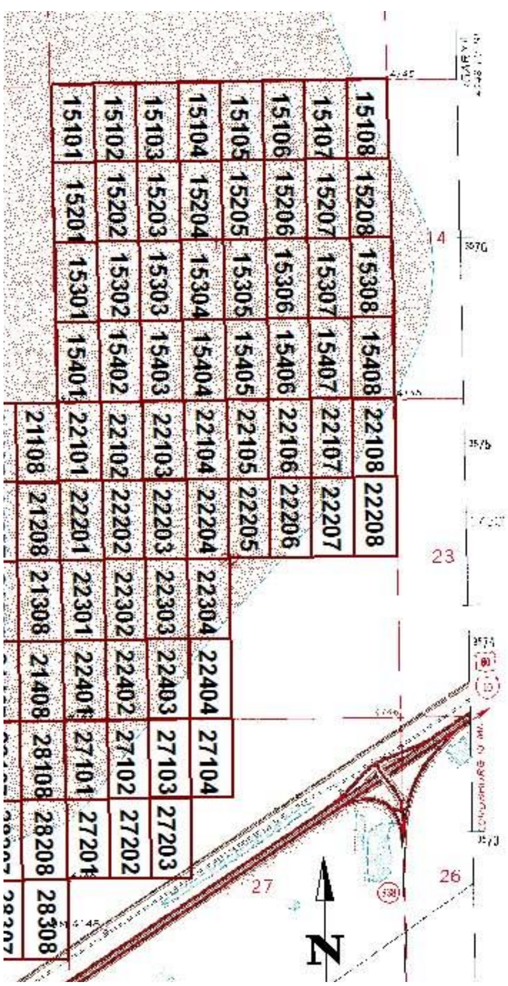

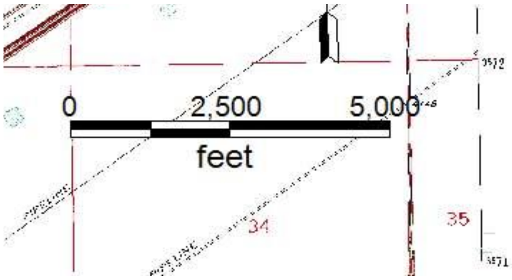
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