

ROCKLAND RESOURCES LTD.
Condensed Interim Consolidated Financial Statements
For the six months ended March 31, 2023
(Expressed in Canadian Dollars – Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management.

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

ROCKLAND RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars – Unaudited)

AS AT	March 31, 2023	September 30, 2022
ASSETS		
Current		
Cash	\$ 329,420	\$ 377,671
Amounts receivable	17,327	135,384
Marketable securities (Note 3)	87,500	19,000
Prepaid expenses and deposits	35,969	54,652
Current assets	470,216	586,707
Non-current assets		
Reclamation bond (Note 4)	10,000	10,000
Exploration and evaluation assets (Note 4)	3,189,278	2,614,143
TOTAL ASSETS	\$ 3,669,494	\$ 3,210,850
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 32,904	\$ 139,703
Due to related parties (Note 6)	1,050	19,607
Total Liabilities	33,954	159,310
Shareholders' Equity		
Share capital (Note 5)	6,250,661	5,259,318
Reserves (Note 5)	901,898	799,498
Deficit	(3,517,019)	(3,007,276)
Total shareholders' equity	3,635,540	3,051,540
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 3,669,494	\$ 3,210,850

Nature and continuance of operations (Note 1)

Subsequent event (Note 8)

Approved and authorized on behalf of the Board on May 23, 2023.

<u>"Mike England"</u>	Director	<u>"Charles Desjardins"</u>	Director
Mike England		Charles Desjardins	

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

ROCKLAND RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars – Unaudited)

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	2023	2022
EXPENSES				
Consulting fees (Note 6)	\$ 66,183	\$ 77,501	\$ 118,983	\$ 101,936
Filing and transfer agent fees	8,117	7,690	16,424	11,210
Management fees (Note 6)	36,000	36,000	72,000	72,000
Office and miscellaneous	10,707	7,706	8,152	14,554
Professional fees	35,523	42,103	70,257	51,603
Property investigation costs	130	-	20,584	-
Share-based payment (Notes 5 and 6)	2,900	62,900	102,400	110,500
Travel and promotion	19,107	15,746	119,443	31,143
Unrealized gain on marketable securities (Note 3)	-	-	(18,500)	-
Loss and comprehensive loss for the period	\$ (178,667)	\$ (249,646)	\$ (509,743)	\$ (392,946)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding (basic and diluted)	55,056,249	34,133,899	48,682,594	38,124,448

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

ROCKLAND RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars – Unaudited)

	Share capital				
	Shares	Amount	Reserves	Deficit	Total
Balance, September 30, 2021	26,117,198	\$ 2,869,411	\$ 603,600	\$ (999,013)	\$ 2,473,998
Shares for private placement	6,530,000	1,306,000	-	-	1,306,000
Share issue costs – cash	-	(30,520)	-	-	(30,520)
Share issue costs – broker's warrants	-	(19,700)	19,700	-	-
Shares issued for option exercise	200,000	28,200	(8,200)	-	20,000
Shares issued for warrant exercise	297,250	53,727	(24,002)	-	29,725
Shares issued for exploration and evaluations assets	4,980,000	952,200	-	-	952,200
Share-based payments	-	-	110,500	-	110,500
Loss for the period	-	-	-	(392,946)	(392,946)
Balance, March 31, 2022	38,124,448	5,159,318	701,598	(1,391,959)	4,468,957
Shares issued for exploration and evaluations assets	480,769	100,000	-	-	100,000
Share-based payments	-	-	97,900	-	97,900
Loss for the period	-	-	-	(1,615,317)	(1,615,317)
Balance, September 30, 2022	38,605,217	5,259,318	799,498	(3,007,276)	3,051,540
Shares for private placement	15,005,000	900,300	-	-	900,300
Share issue costs – cash	-	(48,600)	-	-	(48,600)
Shares issued for consulting services	407,570	34,643	-	-	34,643
Shares issued for exploration and evaluations assets	1,500,000	105,000	-	-	105,000
Share-based payments	-	-	102,400	-	102,400
Loss for the period	-	-	-	(509,743)	(509,743)
Balance, March 31, 2023	55,517,787	\$ 6,250,661	\$ 901,898	\$ (3,517,019)	\$ 3,635,540

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

ROCKLAND RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars – Unaudited)

	Six months ended	
	2023	March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (509,743)	\$ (392,946)
Items not affecting operating cash:		
Share-based payment	102,400	110,500
Unrealized gain on marketable securities	(18,500)	-
Shares issued on consulting services	34,643	-
Changes in non-cash working capital items:		
Amounts receivable	118,057	44,742
Prepaid expenses and deposits	18,683	55,069
Accounts payable and accrued liabilities	(118,484)	(244,825)
Due to related parties	(18,557)	(1,855)
Net cash used in operating activities	(391,501)	(429,315)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(508,450)	(386,778)
Net cash used in investing activities	(508,450)	(386,778)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	900,300	1,306,000
Share issuance costs	(48,600)	(30,520)
Exercise of options	-	20,000
Exercise of warrants	-	29,725
Net cash provided by financing activities	851,700	1,325,205
Change in cash for the period	(48,251)	509,112
Cash, beginning of period	377,671	1,438,009
Cash, end of period	\$ 329,420	\$ 1,947,121
Supplementary disclosure with respect to cash flows		
Fair value of brokers warrants issued for finder's fees	\$ -	\$ 19,700
Fair value of options exercised	\$ -	\$ 8,200
Fair value of warrants exercised	\$ -	\$ 24,002
Accrued exploration and evaluation expenditures in accounts payable	\$ 11,685	\$ -
Marketable securities received for exploration and evaluation assets	\$ 50,000	\$ -
Shares issued for exploration and evaluation assets	\$ 105,000	\$ 952,200

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

ROCKLAND RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars – Unaudited)
For the six months ended March 31, 2023

1. Nature and continuance of operations

Rockland Resources Ltd. (the “Company”) was incorporated on April 29, 2020 under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company’s corporate office and principal place of business of the Company is 789 West Pender Street, Suite 1240, Vancouver, British Columbia, Canada, V6C 1H2.

The Company is in the business of exploring its mineral exploration assets and has not yet determined whether these properties contain ore reserves that are economically recoverable. As at March 31, 2023, the Company was in the exploration stage and had interests in properties in Canada, United States and Mexico.

Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof. The Company has sustained losses from operations and expects to incur further losses in the development of its business, and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As at March 31, 2023, the Company had a working capital of \$436,262 (September 30, 2022 - \$427,397). Based on its current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its current plans. These material uncertainties may cast substantial doubt about the Company’s ability to continue as a going concern.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. The Company expects that it will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company expects to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

In March 2020, the COVID-19 pandemic has caused significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. In late February 2022, Russia launched a large scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West, including Canada. Consequently, the Company has limited access to capital and financing which is the primary source of cash for the Company. While the Company continues to monitor the investment portfolio and assess the impact that these events will have on its business activities, the extent of the effect of these events on the Company’s future activities is uncertain.

ROCKLAND RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars – Unaudited)
For the six months ended March 31, 2023

2. Significant accounting policies and basis of preparation

The condensed interim consolidated financial statements were authorized for issue on May 23, 2023 by the directors of the Company.

Basis of preparation

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments classified as fair value through profit and loss (“FVTPL”), which are stated at their fair value. The condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency, unless otherwise noted.

Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiary as at March 31, 2023. Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The condensed interim consolidated financial statements present the results of the Company and its subsidiary as if they formed a single entity. All inter-company transactions and balances between the companies are therefore eliminated in full.

The Company incorporated a wholly-owned subsidiary, Rockland Lithium Corp., on September 8, 2022. These condensed interim consolidated financial statements include the accounts of Rockland Lithium Corp.

Estimates and judgments

The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses.

Significant accounting judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statement are discussed below:

- i) Going concern

The assessment of the Company’s ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

ROCKLAND RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the six months ended March 31, 2023

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting estimates

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. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

i) Exploration and evaluation costs

The estimated recovery value of the exploration and evaluation costs capitalized on the statement of financial position.

Significant accounting policies

Cash

Cash includes cash on hand and deposits held at call with financial institutions.

Foreign currency translation

The financial statements are presented in Canadian dollar which is both the Company and subsidiary's functional and presentation currency. Transactions in foreign currencies are translated at rates in effect at the time of the transaction. Monetary assets and liabilities are translated at the exchange rate prevailing at the reporting date. Gains and losses are included in profit or loss.

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the period in which they are incurred.

Costs incurred to acquire the legal right to explore a property are capitalized. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized on a property-by-property basis. These direct expenditures include such costs as surveying costs, drilling costs, labor and contractor costs, materials used and licensing and permit fees.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Once the technical feasibility and commercial viability of extracting the mineral resource have been determined, the property is considered to be under development and is classified as development properties. The carrying value of exploration and evaluation assets is transferred to development properties after being tested for impairment.

Once commercial production has commenced all capitalized costs related to the property are transferred to producing properties and the costs of acquisition, exploration and development will be amortized over the life of the property based on estimated economic reserves.

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Notes to the Condensed Interim Consolidated Financial Statements
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2. Significant accounting policies and basis of preparation (cont'd)

Exploration and evaluation assets (continued)

Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in other income for the period.

Currently, all mineral properties of the Company are at the exploration stage.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry norms for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized; however, for corporate income tax purpose the Company has no right to claim these costs as tax deductible expenses.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge that changes in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded as incurred.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

ROCKLAND RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

For the six months ended March 31, 2023

2. Significant accounting policies and basis of preparation (cont'd)

Decommissioning and restoration provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the year.

The Company does not have any decommissioning or restoration obligations for the periods presented.

Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued using residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments and are recognized in equity. When warrants are forfeited or are not exercised at the expiry date the amount previously recognized in equity remains in warrant reserves.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate exchange on the date the shares are issued.

Share issuance costs

Share issue costs are deferred and charged directly to share capital on completion of the related equity financing. If the financing is not completed, share issue costs are charged to profit or loss. Costs directly identifiable with the raising of capital will be charged against the related share capital.

ROCKLAND RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars – Unaudited)
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2. Significant accounting policies and basis of preparation (cont'd)

Flow-through shares

The Company may from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company allocates the proceeds from flow-through shares into 1) share capital based on the fair value of the Company's shares at the date of issuance, and 2) a flow-through share premium, calculated based on the share issuance price and market price at the time of closing, if any, which is recognized as a liability. In accordance with IAS 12, *Income Taxes*, a deferred tax liability is recognized, with certain specific exceptions, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base. Upon expenditures being incurred, the flow-through share premium is drawn down proportionately and recorded to other income. In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as deferred income tax recovery in profit or loss in the period of renunciation.

Proceeds received from the issuance of flow-through shares must be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-Back Rule, in accordance with Canada Revenue Agency flow-through regulations. When applicable, this tax is accrued as a financial expense.

Earnings (loss) per share

Earnings (loss) per share is calculated on the basis of the weighted average number of common shares outstanding during the period. The Company follows the treasury share method to calculate the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Existing share options and share purchase warrants have not been included in the computation of diluted loss per share, as it would be anti-dilutive. For the six months ended March 31, 2023, 2,500,000 (2022 – Nil) options and 24,078,500 (2022 – Nil) warrants were not included in the calculation of diluted earnings per share as their inclusion was anti-dilutive.

Share-based payments

When equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received, unless the fair value of the goods and services received cannot be reasonably measured, in which case they are measured using the fair value of the equity instruments issued. Expenses are recorded in profit or loss. Amounts related to the cost of issuing shares are recorded as a reduction of share capital. Amounts related to the issuance of shares for exploration and evaluation assets are capitalized in mineral interests on the statement of financial position.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by using a valuation model.

All equity-settled share-based payments are reflected in share-based payments reserve, until 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.

ROCKLAND RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements
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2. Significant accounting policies and basis of preparation (cont'd)

Share-based payments (cont'd)

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. If the options expire or are forfeited, the corresponding amount previously recorded remains in deficit.

Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial statements date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income tax is recorded using the liability 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 profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

Financial Instruments

Under IFRS 9, *Financial Instruments*, financial assets and financial liabilities 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 the primary measurement categories for financial assets: 1) amortized cost, 2) fair value through other comprehensive income (FVTOCI), and 3) fair value through profit or loss (FVTPL).

i) Measurement – initial recognition

All financial assets and financial liabilities are initially recorded on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All financial asset and liabilities are initially recorded at fair value, net of attributable transaction costs, except for those classified as FVTPL. Subsequent measurement of financial assets and financial liabilities depends on the classifications of such assets and liabilities.

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2. Significant accounting policies and basis of preparation (cont'd)

Financial Instruments (cont'd)

ii) Classification – financial assets

Amortized cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequent to initial recognition at amortized cost.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method, and is recognized in Interest and other income, in profit or loss.

FVTOCI:

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and selling financial assets, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income or loss. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings.

FVTPL:

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss.

iii) Classification – financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as FVTPL, are measured at amortized cost using the effective interest method.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statements of profit and loss.

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2. Significant accounting policies and basis of preparation (cont'd)

Financial Instruments (cont'd)

The Company has no hedging arrangements and does not apply hedge accounting.

A summary of the classification and measurement of the Company's financial instruments is set out below.

	IFRS 9 classification
<u>Financial Asset</u>	
Cash	FVTPL
Marketable securities	FVTPL
Reclamation bond	Amortized cost
<u>Financial Liabilities</u>	
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

Impairment of Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset, which can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the asset impaired. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Adoption of new accounting standards, interpretations and amendments

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

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3. Marketable securities

During the year ended September 30, 2022, the Company received 100,000 shares (valued at \$25,000) of Silverfish Resources Inc ("Silverfish") for Summit Old Timer Property and recorded an unrealized loss of \$6,000 from changes in the fair value.

During the period ended March 31, 2023, the Company received 250,000 shares (valued at \$50,000) of Silverfish Resources Inc ("Silverfish") for Summit Old Timer Property and recorded an unrealized gain of \$18,500 from changes in the fair value.

	Common shares	Total
<i>Silverfish Resources Inc</i>		
As of September 30, 2021	- \$	-
Addition	100,000	25,000
Unrealized loss on revaluation	-	(6,000)
As of September 30, 2022	100,000 \$	19,000
Addition	250,000	50,000
Unrealized gain on revaluation	-	18,500
As of March 31, 2023	350,000 \$	87,500

4. Exploration and evaluation assets

Summit Old Timer (British Columbia)

On May 21, 2020, the Company entered into an option agreement to acquire up to a 75% interest in certain mining claims in the Nelson Mining Division, British Columbia.

To acquire a 51% interest, the Company must issue 100,000 common shares (issued) and make a cash payment of \$5,000 (paid) to the vendor.

To earn the further 24% of the total 75% interest, the Company must pay the Optionor \$10,000 on or before May 21, 2021 (paid), issue 100,000 common shares on or before the first anniversary of the initial listing of the Company's shares on CSE (issued and valued at \$15,000), and incur aggregate exploration expenditures of \$225,000 of which \$75,000 must be incurred before May 21, 2021 (incurred) and \$150,000 on or before the first anniversary of the initial listing of the Company's shares on an exchange (incurred \$117,795).

In August 2020, the Company submitted a Notice of Work on the property with the BC government and has posted a \$10,000 reclamation bond.

The property is subject to a NSR of 2% payable to the vendors, of which 1% can be repurchased for a cash payment of \$1,000,000.

On December 16, 2021, the Company executed an option agreement with Silverfish to acquire the Company's 75% interest in the Summit Old Timer Property in consideration of the following:

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4. Exploration and evaluation assets (cont'd)

Summit Old Timer (British Columbia) (cont'd)

Cash payments:

- i) \$7,500 on or before the earlier of the listing of Silverfish's common shares on the Canadian Securities Exchange or June 30, 2022 (received)
- ii) \$15,000 on or before December 15, 2022 (received)
- iii) \$50,000 on or before December 15, 2023

Share issuances:

- i) 100,000 common shares on or before the listing of Silverfish's common shares on the Canadian Securities Exchange or June 30, 2022 (received and valued at \$25,000)
- ii) 250,000 common shares on or before December 15, 2022 (received and valued at \$50,000)
- iii) 1,000,000 common shares on or before December 15, 2023

Expenditures:

- i) \$100,000 on or before September 30, 2022 (extended)
- ii) \$250,000 on or before September 30, 2023
- iii) additional \$1,000,000 on or before September 30, 2024

Cole Gold Mines Property (Ontario)

On March 25, 2021, the Company entered into an option agreement to acquire a 100% interest in 28 mining claims located in Red Lake Mining District, Ontario.

Terms of the agreement include:

Cash payments:

- i) \$10,000 upon execution of the agreement (paid)
- ii) \$50,000 on or before April 30, 2021 (paid)
- iii) \$100,000 on or before August 7, 2021 (paid)
- iv) \$150,000 on or before March 25, 2022 (see below)
- v) \$100,000 on or before August 7, 2022 (paid)

Share issuances:

- i) 1,071,428 shares on or before April 30, 2021 (issued and valued at \$257,143)
- ii) \$100,000 worth in common shares on or before August 7, 2021 (480,769 shares issued)
- iii) \$100,000 worth in common shares on or before August 7, 2022 (480,769 shares issued)

Expenditures:

- i) \$100,000 on or before August 7, 2021 (incurred)
- ii) \$200,000 on or before August 7, 2022 (incurred)

The property is subject to a NSR of 2% payable to the vendors, of which 0.5% can be repurchased for a cash payment of \$750,000.

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4. Exploration and evaluation assets (cont'd)

Cole Gold Mines Property (Ontario) (cont'd)

The second payment has been deferred with the agreement of the property vendors. The second payment terms is as followed:

- i) \$75,000 cash upon the executed of the agreement and the issuance of 1,500,000 common shares (paid, issued and valued at \$105,000)
- ii) \$75,000 on or before April 30, 2023 (paid subsequently)

Utah Lithium (USA)

Lithium Butte

During the year ended September 30, 2022, the Company acquired 524 lode claims in Juab County, Utah which it has named the Lithium Butte project. The Company owns 100% interest of the 464 claims, and 90% interest of the remaining 60 claims. The remaining 10% interest of the 60 claims is held by an arms-length third party. The Company will bear all exploration costs of the 60 claims in relation to the mineral interests until such time as the Company has incurred USD \$2,500,000 in exploration expenditures, after which all exploration costs will be shared on a pro rata basis between the Company and arms-length third party.

A 1.5% NSR has been granted by the company to Multiple Metals Resources Ltd. (“MMRL”) and Helvellyn Capital Corp. (“Helvellyn”) on the Lithium Butte Property. The NSR is subject to a 0.5% buyback right in consideration of USD \$1,000,000. Helvellyn is a private Ontario company of which Dr. Sutcliffe, the former president and a director of the company, is the principal.

Fish Spring Property

During the year ended September 30, 2022, the Company acquired 100% interest of Fish Springs Property staked in Juab County, Utah approximately 20 km northeast of Lithium Butte.

A 1.5% NSR has been granted by the company to MMRL and Helvellyn on the Fish Springs Property. The NSR royalty is subject to a 0.5 % buyback right in consideration of USD \$1,000,000. Helvellyn is a private Ontario company of which Dr. Sutcliffe, the president and a director of the company, is the principal.

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4. Exploration and evaluation assets (cont'd)

Elektra Project (Mexico)

On November 14, 2021, the Company entered into an option agreement to acquire 100% interest in the Elektra project located in northern Sonora, Mexico.

To acquire 100% interest, the Company is required to meet the following obligations:

Cash

- i) USD 40,000 upon the execution of the agreement (paid)
- ii) USD 30,000 on or before May 14, 2022 (see below)
- iii) USD 30,000 on or before November 14, 2022
- iv) USD 30,000 on or before May 14, 2023
- v) USD 30,000 on or before November 14, 2023
- vi) USD 30,000 on or before May 14, 2024
- vii) USD 30,000 on or before November 14, 2024
- viii) USD 30,000 on or before May 14, 2025
- ix) USD 1,250,000 on or before November 14, 2025

Share issuances

- i) 4,000,000 upon the execution of the agreement (issued and valued at \$780,000)
- ii) 2,000,000 on or before November 14, 2022
- iii) 2,000,000 on or before November 14, 2023
- iv) 2,000,000 on or before November 14, 2024

A 2% NSR will be granted to the vendors and the Company will have an option to purchase 50% of the NSR for USD \$1,000,000 at any time.

In connection with the agreement, the Company shall pay a finder fee equal to 7% of the acquisition price over the same 48-month period. During the period ended December 31, 2021, the Company paid \$3,644 (\$2,800 USD) and issued 280,000 shares valued at \$67,200 for finder's fee.

During the year ended September 30, 2022, the Company decided not to pursue this project and wrote off capitalized expenditures of \$960,829.

Stetham Uranium Project (Ontario)

On September 19, 2021, the Company entered into an option agreement to acquire 100% interest in the Stetham Uranium project located near the town of Gogama, Onatrio.

To acquire 100% interest, the Company is required to issue 1,200,000 common shares as follows:

- i) 600,000 common shares on or before September 19, 2021 (issued and valued at \$90,000)
- ii) 600,000 common shares on or before September 19, 2022.

A 2% NSR will be granted to the vendors and the Company will have an option to purchase 50% of the NSR for \$1,000,000 at any time.

During the year ended September 30, 2022, the Company decided not to pursue this project and wrote off capitalized expenditures of \$106,256.

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4. Exploration and evaluation assets (cont'd)

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

	Summit Old Timer, British Columbia	Cole Gold Mines Property, Ontario	Lithium Butte Property, Utah	Fish Springs Property, Utah	Total
Acquisition costs					
Balance, September 30, 2022	\$ 32,000	\$ 717,143	\$ 186,771	\$ 413,308	\$ 1,349,222
Cash	-	75,000	28,086	99,883	202,969
Shares	-	105,000	-	-	105,000
Balance, March 31, 2023	32,000	897,143	214,857	513,191	1,657,191
Exploration costs					
Balance, September 30, 2022	148,375	800,442	293,604	22,500	1,264,921
Assays and testing	-	-	25,623	-	25,623
Geological consulting	-	20,300	197,863	33,750	251,913
Travel	-	-	54,630	-	54,630
Cost recovery	(65,000)	-	-	-	(65,000)
Balance, March 31, 2023	83,375	820,742	571,720	56,250	1,532,087
Total balance, March 31, 2023	\$ 115,375	\$ 1,717,885	\$ 786,577	\$ 569,441	\$ 3,189,278

ROCKLAND RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

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For the six months ended March 31, 2023

4. Exploration and evaluation assets (cont'd)

	Summit Old Timer, British Columbia	Cole Gold Mines Property, Ontario	Stetham Uranium, Ontario	Electra Property, Mexico	Lithium Butte Property, Utah	Fish Springs Property, Utah	Total
Acquisition costs							
Balance, September 30, 2021	\$ 7,000	\$ 517,143	\$ -	\$ -	\$ -	\$ -	\$ 524,143
Cash	10,000	100,000	13,250	54,627	186,771	413,308	777,956
Shares	15,000	100,000	90,000	847,200	-	-	1,052,200
Write-off	-	-	(103,250)	(901,827)	-	-	(1,005,077)
Balance, September 30, 2022	32,000	717,143	-	-	186,771	413,308	1,349,222
Exploration costs							
Balance, September 30, 2021	174,764	489,026	-	-	-	-	663,790
Assays and testing	-	60,468	-	-	40,551	-	101,019
Geological consulting	5,917	144,024	2,200	59,002	138,073	22,500	371,716
Field supplies	194	74,935	806	-	69,433	-	145,368
Drilling	-	31,045	-	-	-	-	31,045
Travel	-	7,781	-	-	45,547	-	53,328
Cost recovery	(32,500)	(6,837)	-	-	-	-	(39,337)
Write-off	-	-	(3,006)	(59,002)	-	-	(62,008)
Balance, September 30, 2022	148,375	800,442	-	-	293,604	22,500	1,264,921
Total balance, September 30, 2022	\$ 180,375	\$ 1,517,585	\$ -	\$ -	\$ 480,375	\$ 435,808	\$ 2,614,143

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5. Share capital

Authorized share capital

Unlimited number of common shares without par value.

At March 31, 2023, there were 55,517,787 (September 30, 2022 – 38,605,217) issued and fully paid common shares.

Issuances

Period ended March 31, 2023

On December 8, 2022, the Company issued 15,005,000 units at a price of \$0.06 per unit for gross proceeds of \$900,300. Each unit is comprised of one common share and one transferable share purchase warrant. Each whole warrant will entitle the holder to purchase one share for \$0.10 until December 8, 2024. The Company paid finders' fees of \$48,600 in cash.

On December 13, 2022, the Company issued 407,570 common shares valued at \$34,643 pursuant to the investor and outreach campaign services.

On January 27, 2023, the Company issued 1,500,000 common shares valued at \$105,000 pursuant to the acquisition of Cole Gold Mines Property.

Year ended September 30, 2022

On October 6, 2021, the Company issued 120,000 common shares pursuant to an exercise of warrants at a price of \$0.10 for total proceeds of \$12,000. The fair value of \$9,689 was transferred from reserves to share capital.

On October 18, 2021, Company issued 600,000 common shares valued at \$90,000 pursuant to the acquisition of Stetham Uranium Project.

On November 9, 2021, Company issued 100,000 common shares valued at \$15,000 pursuant to the acquisition of Old Timers Property.

On November 16, 2021, Company issued 4,000,000 common shares valued at \$780,000 pursuant to the acquisition of Elektra Project.

On November 26, 2021, the Company issued 89,250 common shares pursuant to an exercise of warrants at a price of \$0.10 for total proceeds of \$8,925. The fair value of \$7,207 was transferred from reserve to share capital.

On November 29, 2021, Company issued 280,000 common shares valued at \$67,200 as finder's fee for the Elektra Project.

On December 1, 2021, the Company issued 200,000 common shares pursuant to an exercise of options at a price of \$0.10 for total proceeds of \$20,000. The fair value of \$8,200 was transferred from reserves to share capital.

On February 3, 2022, the Company issued 88,000 common shares pursuant to an exercise of warrants at a price of \$0.10 for total proceeds of \$8,800. The fair value of \$7,106 was transferred from reserve to share capital.

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5. Share capital (cont'd)

Issuances (cont'd)

On February 23, 2022, the Company issued 6,530,000 units at a price of \$0.20 per unit for gross proceeds of \$1,306,000. Each unit is comprised of one common share and one-half transferable share purchase warrant. Each whole warrant will entitle the holder to purchase one share for \$0.30 until February 23, 2024. Finders' fees of \$30,520 in cash and 152,600 finder's warrants (valued at \$19,700) with terms the same as the private placement warrants.

On August 8, 2022, the Company issued 480,769 common shares valued at \$100,000 pursuant to the acquisition of Cole Gold Mines Property.

Stock options

The Company adopted a stock option plan to grant options to individuals exercisable up to 10 years from the date of grant to purchase shares at the market price, less applicable discount, if any. Such grants not to exceed an aggregate of 10% of the issued and outstanding shares and vesting periods will be determined by the Board of Directors.

Period ended March 31, 2023

On October 4, 2022, the Company granted 1,200,000 stock options exercisable at a price of \$0.12 until October 4, 2025 to consultants, officers and directors. The estimated fair value of the options was \$99,500 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 160%; an expected life of 3 years; a dividend yield of 0%; and a risk-free rate of 3.71%.

On March 30, 2023, the Company granted 50,000 stock options exercisable at a price of \$0.07 until March 30, 2025 to a consultant. The estimated fair value of the options was \$2,900 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 160%; an expected life of 2 years; a dividend yield of 0%; and a risk-free rate of 3.79%.

Year ended September 30, 2022

On December 1, 2021, the Company granted 350,000 stock options exercisable at a price of \$0.25 until December 1, 2022 to consultants. The estimated fair value of the options was \$47,600 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 153%; an expected life of 1 year; a dividend yield of 0%; and a risk-free rate of 0.92%.

On January 17, 2022, the Company granted 400,000 stock options exercisable at a price of \$0.25 until January 17, 2024 to consultants. The estimated fair value of the options was \$62,900 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 155%; an expected life of 2 years; a dividend yield of 0%; and a risk-free rate of 1.20%.

On August 4, 2022, the Company granted 800,000 stock options exercisable at a price of \$0.20 until August 4, 2025 to consultants, senior officers and directors. The estimated fair value of the options was \$97,900 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 159%; an expected life of 3 years; a dividend yield of 0%; and a risk-free rate of 3.14%.

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5. Share capital (cont'd)**Stock options (cont'd)**

	Number of options	Weighted average exercise price
Balance at September 30, 2021	2,550,000	\$ 0.25
Issued	1,550,000	0.22
Exercised	(200,000)	0.10
Expired	(1,550,000)	0.26
Balance at September 30, 2022	2,350,000	0.24
Issued	1,250,000	0.12
Expired/Cancelled	(1,100,000)	0.26
Balance at March 31, 2023	2,500,000	\$ 0.17

The average trading price was \$Nil (2022 - \$0.18) when stock options were exercised.

Details of options outstanding as at March 31, 2023 are as follows:

Number of Options	Exercise Price	Expiry Date	Exercisable
150,000	\$0.27	April 28, 2023*	150,000
100,000	\$0.27	June 3, 2023	100,000
200,000	\$0.25	January 17, 2024	200,000
50,000	\$0.07	March 30, 2025	50,000
800,000	\$0.20	August 4, 2025	800,000
1,200,000	\$0.12	October 4, 2025	1,200,000
2,500,000			2,500,000

* subsequently expired.

As at March 31, 2023 the options outstanding had a weighted average exercise price of \$0.17 and a weighted average life of 2.07 years.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	March 31, 2023	September 30, 2022
Risk-free interest rate	3.71%	2.14%
Exercise price	\$0.12	\$0.22
Expected life of options	2.96 years	2.29 years
Expected annualized volatility	160%	157%
Expected dividend rate	-	-

Volatility is determined based on comparable publicly listed entities.

ROCKLAND RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements

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5. Share capital (cont'd)**Warrants**

On February 23, 2022, the Company granted 152,600 broker's warrants exercisable at a price of \$0.30 until February 23, 2024. The estimated fair value of the options was \$19,700 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 153%; an expected life of 2 years; a dividend yield of 0%; and a risk-free rate of 1.49%.

	Number of warrants	Weighted average exercise price
Balance at September 30, 2021	6,058,400	\$ 0.29
Issued	3,417,600	0.30
Exercised	(297,250)	0.10
Balance at September 30, 2022	9,178,750	0.30
Issued	15,005,000	0.10
Expired	(105,250)	0.10
Balance at March 31, 2023	24,078,500	\$ 0.18

Number of Warrants	Exercise Price	Expiry Date
435,900	\$0.30	April 27, 2023*
3,265,000	\$0.30	February 23, 2024
152,600	\$0.30	February 23, 2024
15,005,000	\$0.10	December 8, 2024
5,220,000	\$0.20**	April 27, 2025**
<u>24,078,500</u>		

* Subsequently expired.

** Company extended expiry date from April 27, 2023 to April 27, 2025 and amended the exercise price from \$0.30 to \$0.20.

As at March 31, 2023 the warrants outstanding had a weighted average exercise price of \$0.15 and a weighted average life of 1.63 years.

The following weighted average assumptions were used for the Black-Scholes valuation of warrants granted:

	March 31, 2023	September 30, 2022
Risk-free interest rate	-	1.49%
Exercise price	-	\$0.30
Expected life of warrants	-	2.00 years
Expected annualized volatility	-	153%
Expected dividend rate	-	-

Volatility is determined based on comparable publicly listed entities.

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6. Related party transactions

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

The remuneration of directors and key management personnel made during the period are as follows:

	Period ended March 31, 2023	Period ended March 31, 2022
Consulting fees	\$ 6,000	\$ 6,000
Exploration services	123,263	54,641
Management fees	72,000	72,000
Share-based payment	20,729	-
Total	\$ 221,992	\$ 132,641

As at March 31, 2023, the Company has \$1,050 (September 30, 2022 - \$19,607) due to an officer of the Company.

Amounts due to related parties are non-interest bearing with no specific terms of repayment.

7. Financial instruments and risks

The Company's financial instruments are comprised of cash, marketable securities, reclamation bond, and accounts payable and accrued liabilities. The carrying value of accounts payable and accrued liabilities as presented in the statements of financial position is a reasonable estimate of its fair value.

Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value financial assets and liabilities are described below.

Level 1 – Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash and marketable securities are valued using quoted market prices in active markets. Accordingly, it is included in Level 1 of the fair value hierarchy.

Level 2 – Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

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7. Financial instruments and risks (cont'd)

Level 3 – Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices.

Financial Instrument Risks

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

a) Credit risk

The Company is exposed to credit concentration risk by holding cash. This risk is minimized by holding the investments in large Canadian financial institutions. The Company has no accounts receivable exposure.

b) Interest rate risk

The Company is exposed to minimal interest rate risk. Fluctuations in market interest rates do not have a significant impact on the Company's operations.

c) Price risk

The Company is exposed to equity price risk for fluctuating values of its publicly traded marketable securities and other corporate investments. The Company has no control over these fluctuations and does not hedge its investments.

d) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. As at March 31, 2023, the Company manages this risk by monitoring its working capital to ensure its expenditures will not exceed available resources. As at March 31, 2023, the Company had cash of \$329,420 (September 30, 2022 - \$377,671) and a working capital of \$436,262 (September 30, 2022 – \$427,397). The Company may not be able to settle accounts payable and accrued liabilities of \$33,954 (September 30, 2022 - \$159,310). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

e) Currency risk

Currency risk is the risk from fluctuations in foreign exchange rates and the degree of volatility of these rates. At March 31, 2023, the Company's cash is held in Canadian dollars and accordingly the Company is not exposed to currency risk.

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7. Financial instruments and risks (cont'd)

Capital management

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its mineral properties; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk. The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and receivables. The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the period ended March 31, 2023.

8. Subsequent event

Subsequent to March 31, 2023, the Company entered into an option agreement to acquire a 100% interest in the Wapistan Lithium Project located within the James Bay region of Quebec.

To acquire a 100% interest, the Company is required to issue 10,800,000 common shares and pay \$400,000 in cash as follows:

- i) cash payment of \$200,000 and 5,400,000 common shares upon execution of the agreement (subsequently paid and issued)
- ii) cash payment of \$200,000 and 5,400,000 common shares on or before April 20, 2024.

The property is subject to a NSR of 2% payable to the vendors, of which 1.0% can be repurchased for a cash payment of \$1,000,000.