Form 51-102F4
Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of Company

Nevada Lithium Resources Inc. ("**Nevada Lithium**")
Suite 1500, 1055 West Georgia Street
Vancouver, British Columbia V6E 4N7

1.2 Executive Officer

Stephen Rentschler
Chief Executive Officer and Director
Suite 1500, 1055 West Georgia Street
Vancouver, British Columbia V6E 4N7
E-mail: sr@nvlithium.com
Telephone: (647) 254-9795

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

On July 7, 2023, Nevada Lithium and Iconic Minerals Ltd. ("**Iconic**") completed a plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (British Columbia) (the "**Act**"). Pursuant to the Arrangement, Nevada Lithium acquired Iconic's 50% interest in the Bonnie Claire lithium project (the "**Iconic Interest**") located in Nye County, Nevada.

In order to effect the transfer of the claims comprising the Iconic Interest, such claims were first transferred from Bonaventure Nevada Inc., a wholly-owned Nevada subsidiary of Iconic, to a newly incorporated Nevada subsidiary of Iconic MergeCo (as defined herein).

The Arrangement was completed pursuant to an arrangement agreement dated March 24, 2023, as amended (the "**Arrangement Agreement**"), between Nevada Lithium, Iconic, a wholly-owned subsidiary of Nevada Lithium, 1406917 B.C. Ltd. ("**Nevada Lithium MergeCo**") and a wholly-owned subsidiary of Iconic, 1259318 B.C. Ltd. ("**Iconic MergeCo**"). In connection with the Arrangement, Iconic MergeCo amalgamated with Nevada Lithium MergeCo and continued as one corporation under the Act and is called Bonnie Claire Holdings Corp. ("**Amalco**"). Amalco is now a wholly-owned subsidiary of Nevada Lithium.

The Arrangement was approved by the shareholders of Iconic at an annual general and special meeting of shareholders held on May 26, 2023, and the Supreme Court of British Columbia issued a final order approving the Arrangement on May 31, 2023.

Further information about the Arrangement can be found in the management information circular of Iconic dated April 28, 2023, which can be accessed under Iconic's issuer profile on SEDAR+ at www.sedarplus.ca. Certain matters relating to the Arrangement were approved by the shareholders of Nevada Lithium at a special meeting of shareholders held on June 7, 2023. A copy of the management information circular of Nevada Lithium dated May 8, 2023 can be accessed under Nevada Lithium's issuer profile on SEDAR+ at www.sedarplus.ca

Nevada Lithium is a mineral exploration and development company focused on shareholder value creation through its core asset, the Bonnie Claire Property, where it now holds a 100% interest. A recently completed National Instrument 43-101 compliant preliminary economic assessment return attractive investment metrics and Nevada Lithium is actively advancing the Bonnie Claire Property towards pre-feasibility.

2.2 Acquisition Date

July 7, 2023.

2.3 Consideration

Pursuant to the Arrangement:

(i) Nevada Lithium issued an aggregate of 66,912,827 common shares in the capital of Nevada Lithium ("**Nevada Lithium Shares**") as consideration for the Arrangement (collectively, the "**Consideration Shares**"), of which 60,221,528 Consideration Shares were received by the Iconic shareholders and 6,691,299 were received by Iconic.

(ii) Nevada Lithium issued to Iconic an aggregate of 4,000,000 Nevada Lithium warrants, each of which entitle the holder thereof to purchase one Nevada Lithium Share for a period of two years from the closing of the Arrangement at an exercise price of $0.20 per Nevada Lithium Share;

(iii) Nevada Lithium granted to certain eligible persons associated with Iconic an aggregate of 3,930,000 stock options, bearing the same terms as the Nevada Lithium stock options that were outstanding immediately prior to the completion of the Arrangement, including as to duration and exercise price; and

(iv) Nevada Lithium paid to Iconic a $500,000 structuring fee and reimbursed certain expenses and contractual obligations of Iconic in the amounts of $297,282.02 and USD$250,991.01, in respect of the Iconic Interest arising prior to the effective date of the arrangement, including legal, contract management and other professional fees incurred by Iconic in connection with the Arrangement.

2.4 Effect on Financial Position

Except as otherwise publicly disclosed and in the ordinary course of Nevada Lithium's business, Nevada Lithium presently has no plans or proposals for material changes in Nevada Lithium's business affairs or the affairs of Amalco that may have a significant effect on the results of operations and financial position of Nevada Lithium.

2.5 Prior Valuations

No valuation opinion was obtained in the last 12 months by Nevada Lithium or Iconic, as no such valuation opinion was required by securities legislation or a Canadian exchange or market to support the Consideration under the Arrangement. However, Iconic obtained a fairness opinion from Evans & Evans, Inc. dated March 27, 2023, attesting to the fairness of the Arrangement to Iconic and the Iconic shareholders, from a financial point of view.

2.6 Parties to Transaction

The Arrangement was not with an "informed person" (as such term is defined in Section 1.1 of National Instrument 51-102 – *Continuous Disclosure Obligations*), associate or affiliate of Nevada Lithium.

2.7 Date of Report

September 22, 2023.

Item 3 Financial Statements and Other Information

- Carve-out financial statements of the Iconic Interest for the years ended August 31, 2022 (audited) and 2021 (unaudited), including the related notes thereto, are attached hereto as Schedule "A".

- Carve-out unaudited financial statements of the Iconic Interest for the three and nine months ended May 31, 2023 and 2022, including the related notes thereto, are attached hereto as Schedule "B".

SCHEDULE "A"

ANNUAL FINANCIAL STATEMENTS

(See attached)

ICONIC MINERALS LTD.

BONNIE CLAIRE PROPERTY

CARVE OUT FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEAR ENDED AUGUST 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Iconic Minerals Ltd.

Opinion

We have audited the accompanying carve-out financial statements of the Bonnie Claire property from Iconic Minerals Ltd. (the "Entity"), which comprise the carve-out statement of financial position as at August 31, 2022, and the carve-out statements of loss and comprehensive loss, changes in equity, and cash flows for the year then ended, and notes to the carve-out financial statements, including a summary of significant accounting policies.

In our opinion, these carve-out financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Carve-out Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the carve-out 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The carve-out financial statements as at and for the year ended August 31, 2021, are unaudited. Accordingly, we do not express an opinion on them.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the carve-out financial statements, which indicates that the Entity had restricted cash of $3,702,014 on hand, was not generating revenues, and is dependent upon support from its current parent company Iconic Minerals Ltd. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Basis of Preparation

We draw attention to the fact that as described in Note 2 in the carve-out financial statements, the Entity did not operate as a separate legal entity during the year ended August 31, 2022. The carve-out financial statements for the above year is, therefore, not necessarily indicative of the results that would have occurred if the Entity had been a separate stand-alone entity during the period presented or of future results of the Entity. Our opinion is not modified in respect of this matter.

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

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

In preparing the carve-out financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Carve-out Financial Statements

Our objectives are to obtain reasonable assurance about whether the carve-out 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 carve-out 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 carve-out 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 Entity'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 Entity'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 carve-out 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out 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.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

September 22, 2023

ICONIC MINERALS LTD
Bonnie Claire Lithium Claims

Carve-Out Statements of Financial Position
(Expressed in Canadian dollars)

As at	August 31, 2022 -$-	August 31, 2021 (unaudited) -$-
ASSETS		
Current assets		
Restricted cash (Note 4)	3,702,014	1,133,063
Prepaids	63,646	-
	3,765,660	1,133,063
Non-current assets		
Exploration and evaluation assets (Note 5)	3,705,381	3,679,785
TOTAL ASSETS	**7,471,041**	**4,812,848**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilites (Note 6)	1,590,783	955,295
Advances from operating partner (Note 1 and 4)	3,702,014	1,133,063
	5,292,797	2,088,358
Rehabilitation obligation (Note 1)	26,080	25,223
TOTAL LIABILITIES	5,318,877	2,113,581
EQUITY		
Reserves (Note 12)	5,813,905	5,734,437
Share based compensation reserve (Note 8)	1,756,450	1,756,450
Performance shares issuable (Note 8)	259,256	233,647
Deficit	(5,677,447)	(5,025,267)
TOTAL EQUITY	**2,152,164**	**2,699,267**
TOTAL LIABILITIES AND EQUITY	**7,471,041**	**4,812,848**

Basis of preparation and Going Concern (Note 2)
Subsequent events (Note 14)

Approved by the Directors on September 22, 2023

"Jurgen Wolf" ***"Richard Kern"***

ICONIC MINERALS LTD
Bonnie Claire Lithium Claims

Carve-Out Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Years Ended August 31, 2022 -$-	2021 (unaudited) -$-
EXPENSES		
Business development (Note 7)	202,122	249,365
Consulting (Note 7)	103,438	131,389
Foreign exchange loss (gain)	45,338	(68,470)
Management fees (Note 7)	47,741	68,387
Office administration (Note 7)	136,886	107,039
Professional fees	182,478	85,633
Shareholder communications	59,015	66,115
Share based compensation (Notes 7 and 8)	-	926,857
Transfer agent and regulatory fees	-	17,404
	(777,018)	**(1,583,719)**
Operator fees (Note 1)	124,838	42,599
Loss and comprehensive loss for the year	**(652,180)**	**(1,541,120)**

ICONIC MINERALS LTD
Bonnie Claire Lithium Claims

Carve-Out Statements of Changes in Equity
(Expressed in Canadian dollars)

	Funded by Iconic Minerals Ltd.	Share based compensation reserve	Performance shares issuable	Deficit	Total
Balance at August 31, 2020 (unaudited)	**4,706,382**	**845,343**	**182,859**	**(3,484,147)**	**2,250,437**
Funding provided by Iconic Minerals Ltd.	1,028,055	-	-	-	1,028,055
Share based compensation	-	911,107			911,107
Performance shares issuable	-	-	50,788	-	50,788
Loss for the year	-	-	-	(1,541,120)	(1,541,120)
Balance at August 31, 2021 (unaudited)	**5,734,437**	**1,756,450**	**233,647**	**(5,025,267)**	**$2,699,267**
Funding provided by Iconic Minerals Ltd.	79,468	-	-	-	79,468
Performance shares issuable	-	-	25,609	-	25,609
Loss for the year	-	-	-	(652,180)	(652,180)
Balance at August 31, 2022	**5,813,905**	**1,756,450**	**259,256**	**(5,677,447)**	**$ 2,152,164**

See accompanying notes to the carve out financial statements

ICONIC MINERALS LTD
Bonnie Claire Lithium Claims
Carve-Out Statements of Cash Flows
(Expressed in Canadian dollars)

	Years Ended August 31, 2022 -$-	2021 (unaudited) -$-
OPERATING ACTIVITIES		
Loss for the year	(652,180)	(1,541,120)
Adjustments for non-cash items:		
Share-based compensation (net)	-	911,107
Foreign exchange	(122,321)	(965)
Net change in non-cash working capital accounts:		
Advance from operating partner	2,568,951	1,133,062
Prepaids	(63,646)	-
Accounts payable and accrued liabilities	42,257	(212,677)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	**1,773,061**	**289,407**
INVESTING ACTIVITIES		
Exploration and evaluation assets expenditures	(1,905,527)	(1,032,865)
Recoveries of exploration and evaluation assets	2,498,771	848,466
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	**593,244**	**(184,399)**
FINANCING ACTIVITIES		
Advances from Iconic Minerals Ltd.	79,468	1,028,055
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	**79,468**	**1,028,055**
Effect of foreign exchange on restricted cash	123,178	-
Increase in restricted cash in the year	2,568,951	1,133,063
Restricted cash, beginning	1,133,063	-
RESTRICTED CASH, ENDING	**3,702,014**	**1,133,063**

The significant non-cash transactions during the years presented include:

	August 31,2022 -$-	August 31,2021 -$-
Accounts payable related to exploration and evaluation assets	1,224,170	630,939
Performance shares issuable for exploration and evaluation assets	25,609	50,788

See accompanying notes to the carve out financial statements

1. PROPERTY OPTION AGREEMENT

In December 2015, Iconic Minerals Ltd. ("ICM") entered into a Property Option Agreement for the Bonnie Claire Properties ("BC") with a party related by virtue of a common director to acquire a 100% interest in certain lithium claims located in Nye County, Nevada.

ICM earned its 100% interest in the property by paying US$96,500 and incurring expenditures totaling US$1,300,000.

ICM has estimated a rehabilitation obligation of $26,080 (2021 - $25,223) related to this property.

In January 2018, ICM entered into an exclusive licensing agreement with St-Georges Eco-Mining Corp. ("SX"), a non-arm's length transaction by virtue of a common chief financial officer, to utilize its proprietary lithium extraction, purification and processing technology. The agreement grants ICM the exclusive right to a site license within the state of Nevada, to use SX's proprietary and related technology, products, patents and future improvements for the purpose of extracting, processing and selling lithium. Pursuant to the agreement, SX has agreed to provide engineering and technical services on all licensed production sites.

In consideration for the licensing rights, ICM agreed to issue SX a total of 5,000,000 common shares in stages over a 36-month period, subject to performance benchmarks. The performance shares vest in three tranches which are subject to the forfeiture rates of 0%, 25%, and 25% respectively.

In July 2019, SX completed a performance benchmark resulting in ICM issuing 2,000,000 common shares with a value of $234,000 to SX. The shares will remain in escrow for three years.

During the year ended August 31, 2022, ICM recorded a total of $259,256 (2021 - $233,647) to performance shares issuable to record the fair value of the shares should the performance benchmarks be achieved. ICM has agreed to pay a Net Revenue Interest Royalty (NRI) of 5% on all minerals produced and sold on all production sites licensed with SX's technologies. ICM is entitled to receive 20% of royalties received by SX from other operations within a specified area.

On November 30, 2020, ICM and its wholly owned subsidiary entered into an option agreement with Nevada Lithium Corp. ("Nevada Lithium") and subsequently amended the agreement, which provides for the earn-in by Nevada Lithium of up to a 50% interest in the BC lithium property and the subsequent formation of a joint venture among ICM and Nevada Lithium.

On November 30, 2020, ICM entered into an agreement to amend the option agreement dated December 8, 2015 so as to: (i) reduce the 4.5% NSR royalty to 2.0% payable to the vendor of the BC option agreement, and remove the right of BC to buy back any portion of the NSR.

Pursuant to the option agreement, Nevada Lithium may exercise the option in three stages by funding US$5,600,000 in cumulative exploration expenditures on the BC property as follow:

- Option Phase I – acquire 20% interest in the property by advancing funds for exploration expenditures totaling US$1,600,000 on or before March 8, 2021; (received)
- Option Phase II – acquire 15% interest in the property by advancing funds for exploration expenditures totaling US$2,000,000 on or before December 1, 2021; (received)
- Option Phase III – acquire 15% interest in the property by advancing funds for exploration expenditures totaling US$2,000,000 on or before December 15, 2021. (received)

Upon the exercise of the option, Nevada Lithium fully earned its option for 50% ownership in the BC Property. ICM and Nevada Lithium will form a joint venture, with the initial joint venture interests of the parties being 50% as to ICM and 50% as to Nevada Lithium.

As at August 31, 2022, ICM has $3,702,014 (2021 - $1,133,063) remaining in advances from Nevada Lithium, and recorded $124,838 (2021- $42,599) in operator fee income from Nevada Lithium during the year ended August 31, 2022 for operator fees.

These carve-out financial statements represent the historical operations of the Bonnie Claire Lithium Property since acquisition by ICM. The assets, liabilities, expenses and cash flows of the operations included in the exploration business optioned by ICM (the "Entity") have been derived from ICM's historical financial information. The operations of the Entity were not a separate legal entity during the periods presented as the Entity was part of ICM.

These carve-out financial statements were authorized for issuance by the Board of directors of ICM on September 22, 2023.

2. BASIS OF PRESENTATION AND GOING CONCERN

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC").

These carve-out financial statements have been prepared on the historical cost basis. In addition, the carve out financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These carve-out financial statements are presented in Canadian dollars, which is also the Entity's functional currency.

The purpose of these carve-out financial statements is to provide general purpose historical financial information of the carve-out Entity in connection with the option agreement detailed in Note 1. Therefore, these carve-out financial statements present the historical financial information of ICM that make up the Entity, either fully, or partially, where only specifically identifiable assets and liabilities are included, and allocations of shared income and expenses of ICM that are attributable to the Entity.

The basis of preparation for the carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in equity of the Entity have been applied. The carve-out financial statements have been extracted from historical accounting records with estimates used, when necessary, for certain allocations.

The carve-out statements of financial position reflect the assets and liabilities recorded by ICM which have been assigned to the Entity on the basis that they are specifically identifiable and attributable to the Entity.

The carve-out statements of loss and comprehensive loss included a pro-rata allocation of ICM's income and expenses incurred in each of the periods presented based on the percentage of exploration and evaluation activity on the carve-out exploration and evaluation assets being transferred, compared to the expenditures incurred on all of ICM's exploration and evaluation assets, and in certain cases is based on specifically identifiable activities attributable to the Entity. The percentages are considered reasonable under the circumstances.

Management cautions readers of these carve-out financial statements that the Entity's results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Entity been a separate entity. Further, the allocation of income and expense in the carve-out statements of loss and comprehensive loss do not necessarily reflect the nature and level of the Entity's future income and operating expenses. ICM's investment in the Entity, presented as equity in these carve-out financial statements, includes the accumulated total loss and comprehensive loss of the Entity.

These carve-out financial statements have been prepared on a going concern basis, which assumes that the Entity will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At August 31, 2022, the Entity had restricted cash of $3,702,014 on hand, and not generating material revenues. Whether and when the Entity can obtain profitability and positive cash flows from operations is uncertain. These material uncertainties may cast significant doubt on the ability of the Entity to continue as a going concern. The Entity's ability to continue its operations is dependent upon support from its current parent company ICM. These carve-out financial statements do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Entity be unable to continue as a going concern. Such adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

The following is the Entity's accounting policy for financial assets and liabilities:

Financial assets:

The Entity classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI"), or at amortized cost.

The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Entity can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of loss and comprehensive loss in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized 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 loss in the period.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment. The Entity's restricted cash is recognized at amortized cost.

Impairment of financial assets at amortized cost: The Entity recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Financial liabilities

The Entity classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Entity's accounting policy for each category is as follows:

Financial liabilities at FVTPL: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Financial liabilities at amortized cost: This category includes accounts payable and accrued liabilities which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at FVTPL are recognized in the statement of loss and comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

b) Share-based compensation

The Entity benefits from ICM's stock option plan which allows directors, officers, employees and consultants to acquire shares of ICM. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black‑Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

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

c) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Entity intends to settle its current tax assets and liabilities on a net basis.

d) Exploration and evaluation assets

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditures are depreciated over the expected productive life of the asset. Costs for a producing asset are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. At the end of each reporting period, the Entity's assets are reviewed to determine whether there is any indication that these assets are impaired. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomical;
- Title to the asset is compromised;
- Fluctuations in the metal prices render the project uneconomical;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Entity may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Entity's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from their disposition thereof.

When entitled, the Entity records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Entity is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

e) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. 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 periods. A reversal of an impairment loss is recognized in profit or loss.

<u>New accounting standards issued and not yet effective</u>

Certain IFRS pronouncements that are mandatory for accounting years beginning on or after September 1, 2022 have been issued. The Entity anticipates that the application of these new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

<u>Significant judgments, estimates and assumptions</u>

The preparation of these carve-out financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the carve-out financial statements and the reported expenses during the period. Actual results could differ from these estimates.

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

Valuation of exploration and evaluation assets

The carrying value and the recoverability of exploration and evaluation assets, which are included in the carve-out statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

Valuation of share-based payments

The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

Pro-rata allocation of ICM's income and expenses

The pro-rata allocation of ICM's income and expenses indirectly attributable to the BC Property. Generally, the pro-rata allocation of ICM's shared income and expenses shall be allocated based on a reasonable method. In determining this method, Management has assessed various approaches, and concluded that an allocation based on the percentage of exploration and evaluation activities on the carve-out exploration and evaluation assets, compared to the expenditures incurred on all of ICM's exploration and evaluation assets is the most reasonable.

Rehabilitation obligation

ICM has recorded an estimated present value of a rehabilitation obligation that is expected to be paid at a future date, determined by estimates of amounts to be paid in future years. Such estimates are revised based on market conditions.

4. RESTRICTED CASH

At August 31, 2022, the Entity classified $3,702,014 (2021 - $1,133,063) as restricted cash. This amount is from Nevada Lithium for exploration on the BC project pursuant to the option agreement. Partner advances expected to be used within the following 12 months are included with current assets.

5. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Entity has investigated title to its exploration and evaluation assets and, to the best of its knowledge, they are in good standing.

(Expressed in Canadian dollars)

The following table summarizes the schedule of exploration and evaluation assets:

	$
Beginning balance September 1, 2020	**3,468,875**
Claims renewals and reclamation bonds	365,963
Consulting geological	242,459
Drilling, geophysical and assay	367,405
Fieldwork	1,440
Site office and administration	9,502
Performance shares	50,788
Travel	21,819
	1,059,376
	4,528,251
Less: Recoveries	(848,466)
Ending balance August 31, 2021	**3,679,785**

	$
Beginning balance September 1, 2021	**3,679,785**
Claims renewals and reclamation bonds	223,688
Consulting geological	175,153
Drilling, geophysical and assay	1,677,890
Fieldwork	249,956
Site office and administration	96,645
Travel	75,426
Performance shares	25,609
	2,524,367
	6,204,152
Less:	
Recoveries	(2,498,771)
Ending balance August 31, 2022	**3,705,381**

6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	August 31, 2022 - $ -	**August 31, 2021 - $ -**
Accounts payable and accrued liabilities	834,319	326,255
Amounts due to related parties (Note 7)	756,464	629,040
	1,590,783	955,295

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES

The Entity defines key management as directors and officers of BC. During the year ended August 31, 2022 and 2021, transactions with key management were as follows:

	2022 - $ -	2021 - $ -
Management fees paid or accrued to the CEO and CFO	47,741	68,387
Fees paid or accrued to the CEO or Company under control by CEO included in exploration and evaluation assets	123,878	11,761
Consulting fees paid or accrued to a company controlled by the corporate manager	42,240	32,762
Consulting fees to a company controlled by director	42,240	20,476
Fees paid or accrued to a company controlled by the corporate manager for office administration	132,000	102,380
Fees paid or accrued to a company controlled by the corporate manager for business development	158,400	122,856
Share-based compensation	-	579,692
Total	546,499	938,314

The amounts due to key management personnel as at August 31, 2022 and 2021 were as follows:

	2022 - $ -	2021 - $ -
Included in accounts payable and accrued liabilities are amounts due to the corporate manager or companies controlled by the corporate manager	23,828	655
Included in accounts payable are amounts due to the CEO and companies controlled by the CEO.	732,636	629,040
Total	756,464	629,695

The remuneration of directors and other key management personnel, which include the amounts disclosed above for the year ended August 31, 2022 and 2021, were as follows:

	2022 - $ -	2021 - $ -
Short-term employee benefits – management, administrative, and consulting fees	132,221	121,625
Share-based compensation	-	579,692

8. RESERVES

Stock options

ICM's stock option plan allows for the granting of options to acquire a number of common shares equal to 10% of the issued and outstanding common shares at the time of the grant. Options granted under the plan will vest at a schedule determined by the board of directors.

Share-based payment

On September 2, 2020, a total of 7,500,000 stock options were granted to purchase common shares, exercisable on or before September 2, 2022, at an exercise price of $0.11 per share. The estimated grant date fair value of these options was $472,660.

(Expressed in Canadian dollars)

The grant date fair values of the options granted above were based on the following assumptions: share price at grant date of $0.10; exercise price of $0.11; expected life of 2 years; expected volatility of 131%; risk free interest rate of 0.24%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

On February 4, 2021, a total of 3,000,000 stock options were granted to purchase common shares, exercisable on or before February 4, 2023, at an exercise price of $0.25 per share. The estimated grant date fair value of these options was $454,197.

The grant date fair values of the options granted above were based on the following assumptions: share price at grant date of $0.24; exercise price of $0.25; expected life of 2 years; expected volatility of 129%; risk free interest rate of 0.17%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

	August 31, 2022		August 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	10,250,000	$ 0.15	-	-
Options granted	-	-	10,500,000	$ 0.15
Options exercised	-	-	(250,000)	$ 0.11
Options outstanding, end of the year	10,250,000	$ 0.15	10,250,000	$ 0.15
Options exercisable, end of the year	10,250,000	$ 0.15	10,250,000	$ 0.15

In connection to an exclusive definitive licensing agreement with St-Georges, as of August 31, 2022, the Entity has recorded the cumulative fair value of performance shares issuable as $259,256 (2021 - $233,647) based on meeting certain future performance benchmarks.

9. SEGMENTED INFORMATION

The Entity operates in one business segment being the acquisition and exploration of exploration assets.

10. CAPITAL MANAGEMENT

The Entity does not have share capital and its equity is a carve-out amount from ICM's equity. The Entity has no debt and does not expect to enter into debt financing. The Entity manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of underlying assets. The Entity is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Entity has no traditional revenue sources. The Entity's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation, is primarily dependent upon its continued ability to find and develop mineral property interests, and there being a favorable market in which to sell or option the mineral properties interest; and/or its ability to borrow or raise additional funds from equity markets. The Entity's objective when managing capital is to safeguard its ability to continue as a going concern in order to carry out exploration and evaluation activities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

11. FINANCIAL INSTRUMENTS AND RISK

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.
The Entity's risk exposures and the impact on the Entity's carve-out financial instruments are summarized below:

Liquidity risk

The Entity's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2022, the Entity had a restricted cash balance of $3,702,014 to settle current liabilities of $5,292,797. The Entity is dependent upon support from its current parent company ICM and its operating partner to meet liabilities when due.

Credit risk

Credit risk is the risk of potential loss to the Entity if the counterparty to a financial instrument fails to meet its contractual obligations. The Entity's credit risk is primarily attributable to its liquid financial assets.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

b) Interest rate risk

The Entity has no interest-bearing debt.

b) Foreign currency risk

The Entity operates in Canada and the United States. It has a foreign exchange risk with respect to US accounts payable of $1,337,153. If the Canadian dollar changes by one percent against all foreign currencies, with all other variables held constant, the impact of the foreign currency change on its foreign denominated financial instruments would result in a reduction or increase of after-tax net loss of approximately $13,500 for the year ended August 31, 2022.

c) Price risk

The Entity is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Entity's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Entity closely monitors the commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Entity.

12. RESERVES

Reserves is comprised of funding from ICM and equity settled share-based payments. Funding from ICM represents their accumulated net contributions. Equity settled share-based payments represents the Entity's pro-rata portion of ICM's share-based payment expense. This has been allocated as the Entity benefits from ICM's stock option plan which allows directors, officers, employees and consultants to acquire shares of ICM.

13. INCOME TAXES

During the years ended August 31, 2022 and 2021, the Entity did not have legal form as the Bonnie Claire Lithium Property was part of ICM.

Deferred income tax assets and liabilities are calculated using the difference between the carrying amount of the mineral property and its corresponding tax value. However, the Entity does not meet the criteria to recognize any deferred tax assets. Therefore, no deferred tax assets have been recorded.

Expenses presented on the carve-out statements of loss and comprehensive loss represent an allocation of ICM's expenses and do not represent tax deductible expenses to the Entity.

14. SUBSEQUENT EVENTS

On September 7, 2022, ICM granted stock options to certain eligible directors, officers and consultants to purchase a total of 8,000,000 common shares. The stock options vest immediately and are exercisable, in whole or in part, on or before September 7, 2025 at an exercise price of $0.11 per share.

On July 7, 2023, ICM and Nevada Lithium completed the plan of arrangement under the Business Corporations Act (British Columbia). Nevada Lithium acquired ICM's 50% interest in the Bonnie Claire lithium project, and on completion of the arrangement, Nevada Lithium now holds a 100% interest in the Bonnie Claire project.

Nevada Lithium issued an aggregate of 66,912,827 common shares as consideration for the arrangement, of which 60,221,528 consideration shares were received by the shareholders of ICM, and 6,691,299 were received by ICM.

Nevada Lithium also issued an aggregate of 4,000,000 warrants to ICM at an exercise price of $0.20 per share for two years from the closing of the arrangement.

Nevada Lithium granted to certain eligible persons associated with ICM an aggregate of 3,930,000 stock options, exercisable at a price of $0.20 per share, expiring on September 29, 2026.

Nevada Lithium paid $500,000 to ICM as a structuring fee and reimbursed certain expenses and contractual obligations of ICM in respect of the Bonnie Claire Project including legal, contract management and other professional fees.

SCHEDULE “B”

INTERIM FINANCIAL STATEMENTS

(See attached)

ICONIC MINERALS LTD.

BONNIE CLAIRE LITHIUM PROPERTY

CONDENSED INTERIM CARVE OUT FINANCIAL STATEMENTS

(Unaudited - expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED MAY 31, 2023

ICONIC MINERALS LTD
Bonnie Claire Lithium Claims

Condensed Interim Carve-Out Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

As at	May 31, 2023 -$-	August 31, 2022 -$-
ASSETS		
Current assets		
Restricted cash (Note 4)	-	3,702,014
Prepaid expenses	67,970	63,646
	67,970	3,765,660
Non-current assets		
Exploration and evaluation assets (Note 5)	3,745,929	3,705,381
TOTAL ASSETS	**3,813,899**	**7,471,041**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilites (Notes 6 and 7)	1,429,182	1,590,783
Advances from operating partner (Note 1)	-	3,702,014
	1,429,182	5,292,797
Rehabilitation obligation (Note 1)	27,186	26,080
TOTAL LIABILITIES	1,456,368	5,318,877
EQUITY		
Reserves (Note 12)	7,066,065	5,813,905
Share-based payment reserve (Note 8)	2,320,643	1,756,450
Performance shares issuable (Note 1)	289,200	259,256
Deficit	(7,318,377)	(5,677,447)
TOTAL EQUITY	**2,357,531**	**2,152,164**
TOTAL LIABILITIES AND EQUITY	**3,813,899**	**7,471,041**

Basis of preparation and Going Concern (Note 2)
Subsequent Event (Note 13)

Approved by the Directors on September 22, 2023

"Jurgen Wolf" ***"Richard Kern"***

See accompanying notes to the condensed interim carve out financial statements

ICONIC MINERALS LTD
Bonnie Claire Lithium Claims
Condensed Interim Carve-Out Statements of Loss and Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

	Nine Months Ended May 31		Three Months Ended May 31	
	2023	**2022**	**2023**	**2022**
	-$-	**-$-**	**-$-**	**-$-**
EXPENSES				
Business development (Note 7)	121,930	110,342	46,247	36,515
Consulting (Note 7)	218,410	76,428	64,850	19,474
Foreign exchange loss (gain)	60,676	5,286	5,856	(1,832)
Management fees (Note 7)	60,688	60,874	19,312	20,263
Office administration (Note 7)	91,458	95,342	30,631	31,788
Professional fees	640,196	133,619	569,493	57,603
Shareholder communications	26,818	46,951	8,888	8,128
Share-based compensation (Notes 7 and 8)	564,193	-	-	5,879
Transfer agent and regulatory fees	39,972	31,860	25,328	-
	(1,824,341)	(560,702)	(770,605)	(177,818)
Operator fees (Note 1)	183,411	18,947	20,291	11,191
Loss and comprehensive loss for the period	(1,640,930)	(541,755)	(750,314)	(166,627)

See accompanying notes to the condensed interim carve out financial statements

ICONIC MINERALS LTD
Bonnie Claire Lithium Claims
Condensed Interim Carve-Out Statements of Changes in Equity
(Unaudited - expressed in Canadian dollars)

	Funded by Iconic Minerals Ltd.	Share-based compensation reserve	Performance shares issuable	Deficit	Total
Balance at August 31, 2021	**5,734,437**	**1,756,450**	**233,647**	**(5,025,267)**	**2,699,267**
Funding provided by Iconic Minerals Ltd.	537,531	-	-	-	537,531
Performance shares issuable	-	-	69,140	-	69,140
Loss for the period	-	-	-	(541,755)	(541,755)
May 31, 2022	**6,271,968**	**1,756,450**	**302,787**	**(5,567,022)**	**2,764,183**
Balance at August 31, 2022	**5,813,905**	**1,756,450**	**259,256**	**(5,677,447)**	**2,152,164**
Funding provided by Iconic Minerals Ltd.	1,252,160	-	-	-	1,252,160
Share-based compensation	-	564,193	-	-	564,193
Performance shares issuable	-	-	29,944	-	29,944
Loss for the period	-	-	-	(1,640,930)	(1,640,930)
Balance at May 31, 2023	**7,066,065**	**2,320,643**	**289,200**	**(7,318,377)**	**2,357,531**

ICONIC MINERALS LTD
Bonnie Claire Lithium Claims
Condensed Interim Carve-Out Statements of Cash Flows
(Unaudited - expressed in Canadian dollars)

	Nine Months Ended May 31 2023 -$-	2022 -$-
OPERATING ACTIVITIES		
Loss for the period	(1,640,930)	(541,755)
Adjustments for non-cash items:		
Share-based compensation	564,193	-
Foreign exchange loss	(31,222)	(20,976)
Net change in non-cash working capital accounts:		
Advance from operating partner	(3,702,014)	4,679,836
Prepaids	(4,324)	(63,646)
Accounts payable and accrued liabilities	230,673	603,851
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(4,583,624)**	**4,657,310**
INVESTING ACTIVITIES		
Exploration and evaluation assets expenditures	(4,091,100)	(916,789)
Recoveries of exploration and evaluation assets	3,688,222	380,672
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(402,878)**	**(536,117)**
FINANCING ACTIVITIES		
Advances from Iconic Minerals Ltd.	1,252,160	537,531
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	**1,252,160**	**537,531**
Effect of foreign exchange on restricted cash	32,328	21,112
Increase (decrease) in restricted cash in the period	(3,702,014)	4,679,836
Restricted cash, beginning	3,702,014	1,133,063
RESTRICTED CASH, ENDING	**-**	**5,812,899**

The significant non-cash transactions during the periods presented include:

	May 31, 2023 -$-	May 31, 2022 -$-
Accounts payable related to exploration and evaluation assets	831,896	1,224,170
Performance shares issuable for exploration and evaluation assets	29,944	69,140

See accompanying notes to the condensed interim carve out financial statements

1. PROPERTY OPTION AGREEMENT

In December 2015, Iconic Minerals Ltd. ("ICM") entered into a Property Option Agreement for the Bonnie Claire Lithium Properties ("BC") with a party related by virtue of a common director to acquire a 100% interest in certain lithium claims located in Nye County, Nevada.

ICM earned its 100% interest in the property by paying US$96,500 and incurring expenditures totaling US$1,300,000.

ICM has estimated a rehabilitation obligation of $27,186 (2022 - $26,080) related to this property.

In January 2018, ICM entered into an exclusive definitive licensing agreement with St-Georges Eco-Mining Corp. ("SX"), a non-arm's length transaction by virtue of a common chief financial officer, to utilize its proprietary lithium extraction, purification and processing technology. The agreement grants ICM the exclusive right to a site license within the state of Nevada, to use SX's proprietary and related technology, products, patents and future improvements for the purpose of extracting, processing and selling lithium. Pursuant to the agreement, SX has agreed to provide engineering and technical services on all licensed production sites.

In consideration for the licensing rights, ICM agreed to issue SX a total of 5,000,000 common shares in stages over a 36-month period, subject to performance benchmarks. The performance shares vest in three tranches which are subject to the forfeiture rates of 0%, 25%, and 25% respectively.

In July 2019, SX completed a performance benchmark resulting in ICM issuing 2,000,000 common shares with a value of $234,000 to SX. The shares will remain in escrow for three years.

During the period ended May 31, 2023, ICM recorded a total of $289,200 (2022 - $259,256) to performance shares issuable to record the fair value of the shares should the performance benchmarks be achieved. ICM has agreed to pay a Net Revenue Interest Royalty (NRI) of 5% on all minerals produced and sold on all production sites licensed with SX's technologies. ICM is entitled to receive 20% of royalties received by SX from other operations within a specified area.

On November 30, 2020, ICM and its wholly owned subsidiary entered into an option agreement with Nevada Lithium Corp. ("Nevada Lithium") and subsequently amended the agreement, which provides for the earn-in by Nevada Lithium of up to a 50% interest in the BC lithium property and the subsequent formation of a joint venture among ICM and Nevada Lithium.

On November 30, 2020, ICM entered into an agreement to amend the option agreement dated December 8, 2015 so as to: (i) reduce the 4.5% NSR royalty to 2.0% payable to the vendor of the BC option agreement, and remove the right of BC to buy back any portion of the NSR.

Pursuant to the Nevada Lithium Option Agreement, Nevada Lithium may exercise the option in three stages by funding US$5,600,000 in cumulative exploration expenditures on the BC property as follow:

- Option Phase I – acquire 20% interest in the property by advancing funds for exploration expenditures totaling US$1,600,000 on or before March 8, 2021; (received)

- Option Phase II – acquire 15% interest in the property by advancing funds for exploration expenditures totaling US$2,000,000 on or before December 1, 2021; (received)

- Option Phase III – acquire 15% interest in the property by advancing funds for exploration expenditures totaling US$2,000,000 on or before December 15, 2021. (received)

Upon the exercise of the option, Nevada Lithium fully earned its option for 50% ownership in the BC Property. ICM and Nevada Lithium will form a joint venture, with the initial joint venture interests of the parties being 50% as to ICM and 50% as to Nevada Lithium.

As at May 31, 2023, ICM has $Nil (December 31, 2022 - $3,702,014) in advances from Nevada Lithium, and recorded $183,411 (2022 - $18,947) operator fee income from Nevada Lithium during the period ended May 31, 2023 for operator fees.

These condensed interim carve-out financial statements represent the historical operations of the Bonnie Claire Lithium Property since acquisition by ICM. The assets, liabilities, expenses and cash flows of the operations included in the exploration business optioned by ICM (the “Entity”) have been derived from ICM’s historical financial information. The operations of the Entity were not a separate legal entity during the periods presented as the Entity was part of ICM.

These condensed interim carve-out financial statements were authorized for issuance by the Board of directors of the Company on September 22, 2023.

2. BASIS OF PRESENTATION AND GOING CONCERN

These unaudited condensed interim carve-out financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) IAS 34 and Interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”).

These condensed interim carve-out financial statements have been prepared on the historical cost basis and should be read in conjunction with the audited carve out financial statements for the year ended August 31, 2022. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These condensed interim carve-out financial statements are presented in Canadian dollars, which is also the Entity’s functional currency.

The purpose of these condensed interim carve-out financial statements is to provide general purpose historical financial information of the condensed interim carve-out Entity in connection with the option agreement detailed in Note 1. Therefore, these condensed interim carve-out financial statements present the historical financial information of ICM that make up the Entity, either fully, or partially, where only specifically identifiable assets and liabilities are included, and allocations of shared income and expenses of ICM that are attributable to the Entity.

The basis of preparation for the condensed interim carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in equity of the Entity have been applied. The condensed interim carve-out financial statements have been extracted from historical accounting records with estimates used, when necessary, for certain allocations.

The condensed interim carve-out statements of financial position reflect the assets and liabilities recorded by ICM which have been assigned to the Entity on the basis that they are specifically identifiable and attributable to the Entity.

The condensed interim carve-out statements of loss and comprehensive loss included a pro-rata allocation of ICM’s income and expenses incurred in each of the periods presented based on the percentage of exploration and evaluation activity on the carve-out exploration and evaluation assets being transferred, compared to the expenditures incurred on all of ICM’s exploration and evaluation assets, and in certain cases is based on specifically identifiable activities attributable to the Entity. The percentages are considered reasonable under the circumstances.

Management cautions readers of these condensed interim carve-out financial statements that the Entity’s results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Entity been a separate entity. Further, the allocation of income and expense in the condensed interim carve-out statements of loss and comprehensive loss do not necessarily reflect the nature and level of the Entity’s future income and operating expenses. ICM’s investment in the Entity, presented as equity in these condensed interim carve-out financial statements, includes the accumulated total loss and comprehensive loss of the Entity.

These condensed interim carve-out financial statements have been prepared on a going concern basis, which assumes that the Entity will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At May 31, 2023, the Entity was not generating revenues. Whether and when the Entity can obtain profitability and positive cash flows from operations is uncertain. These material uncertainties may cast significant doubt on the ability of the Entity to continue as a going concern. The Entity's ability to continue its operations is dependent upon support from its current parent company ICM. These condensed interim carve-out financial statements do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Entity be unable to continue as a going concern. Such adjustments could be material.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

The following is the Entity's accounting policy for financial assets and liabilities:

Financial assets:

The Entity classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI"), or at amortized cost.

The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Entity can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of loss and comprehensive loss in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized 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 loss in the period.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment. The Entity's restricted cash is recognized at amortized cost.

Impairment of financial assets at amortized cost: The Entity recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Financial liabilities

The Entity classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Entity's accounting policy for each category is as follows:

Financial liabilities at FVTPL: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Financial liabilities at amortized cost: This category includes accounts payable and accrued liabilities which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at FVTPL are recognized in the statement of loss and comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

b) Share-based compensation

The Entity benefits from ICM's stock option plan which allows directors, officers, employees and consultants to acquire shares of ICM. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black ‑ Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

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

c) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Entity intends to settle its current tax assets and liabilities on a net basis.

d) Exploration and evaluation assets

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditures are depreciated over the expected productive life of the asset. Costs for a producing asset are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. At the end of each reporting period, the Entity's assets are reviewed to determine whether there is any indication that these assets are impaired. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomical;
- Title to the asset is compromised;
- Fluctuations in the metal prices render the project uneconomical;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Entity may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Entity's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from their disposition thereof.

When entitled, the Entity records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Entity is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

e) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. 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 periods. A reversal of an impairment loss is recognized in profit or loss.

<u>New accounting standards issued and not yet effective</u>

Certain IFRS pronouncements that are mandatory for accounting years beginning on or after September 1, 2023 have been issued. The Entity anticipates that the application of these new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

<u>Significant judgments, estimates and assumptions</u>

The preparation of these carve-out financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the carve-out financial statements and the reported expenses during the period. Actual results could differ from these estimates.

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

Valuation of exploration and evaluation assets

The carrying value and the recoverability of exploration and evaluation assets, which are included in the carve-out statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

Valuation of share-based payments

The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

Pro-rata allocation of ICM’s income and expenses

The pro-rata allocation of ICM’s income and expenses indirectly attributable to the BC Property. Generally, the pro-rata allocation of ICM’s shared income and expenses shall be allocated based on a reasonable method. In determining this method, Management has assessed various approaches, and concluded that an allocation based on the percentage of exploration and evaluation activities on the carve-out exploration and evaluation assets, compared to the expenditures incurred on all of ICM’s exploration and evaluation assets is the most reasonable.

Rehabilitation obligation

ICM has recorded an estimated present value of a rehabilitation obligation that is expected to be paid at a future date, determined by estimates of amounts to be paid in future years. Such estimates are revised based on market conditions.

4. RESTRICTED CASH

At May 31, 2023, the Entity classified $Nil (August 31, 2022 - $3,702,014) as restricted cash. This amount is from Nevada Lithium for exploration on the BC project pursuant to the option agreement. Partner advances expected to be used within the following 12 months are included with current assets.

5. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Entity has investigated title to its exploration and evaluation assets and, to the best of its knowledge, they are in good standing.

(Unaudited - expressed in Canadian dollars)

The following table summarizes the schedule of exploration and evaluation assets:

	$
Beginning balance September 1, 2021	**3,679,785**
Claims renewals and reclamation bonds	223,688
Consulting geological	175,153
Drilling, geophysical and assay	1,677,890
Fieldwork	249,956
Performance shares	75,426
Site office and administration	96,645
Travel	25,609
	2,524,367
	6,204,152
Less: Recoveries	(2,498,771)
Ending balance August 31, 2022	**3,705,381**

	$
Beginning balance September 1, 2022	**3,705,381**
Claims renewals and reclamation bonds	270,790
Consulting geological	238,238
Drilling, geophysical and assay	2,878,976
Fieldwork	222,060
Performance shares	29,944
Site office and administration	9,490
Travel	59,272
	3,713,770
	7,419,151
Less:	
Recoveries	(3,668,222)
Ending balance May 31, 2023	**3,745,929**

6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	May 31, 2023 - $ -	**August 31, 2022 - $ -**
Accounts payable and accrued liabilities	1,185,936	834,319
Amounts due to related parties (Note 7)	243,246	756,464
	1,429,182	1,590,783

(Unaudited - expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES

The Entity defines key management as directors and officers of BC. During the periods ended May 31, 2023 and 2022, transactions with key management were as follows:

	2023 - $ -	2022 - $ -
Management fees paid or accrued to the CEO and CFO	60,688	60,874
Fees paid or accrued to the CEO or Company under control by CEO included in exploration and evaluation assets	48,281	59,279
Consulting fees paid or accrued to a company controlled by the corporate manager	38,910	29,212
Consulting fees to a company controlled by director	38,910	29,212
Fees paid or accrued to a company controlled by the corporate manager for office administration	88,431	91,287
Fees paid or accrued to a company controlled by the corporate manager for business development	106,117	109,544
Share-based compensation	416,092	-
Total	797,429	379,408

The amounts due to key management personnel related to the BC property at May 31, 2023 and August 31, 2022 is as follows:

	May 31, 2023 - $ -	August 31, 2022 - $ -
Included in accounts payable and accrued liabilities are amounts due to the corporate manager or companies controlled by the corporate manager	99,891	23,828
Included in accounts payable are amounts due to the CEO and companies controlled by the CEO.	143,355	732,636
Total	243,246	756,464

The remuneration of directors and other key management personnel, which include the amounts disclosed above for the periods ended May 31, 2023 and 2022, were as follows:

	2023 - $ -	2022 - $ -
Short-term employee benefits – management, administrative, and consulting fees	138,507	119,298
Share-based compensation	416,092	-

8. SHARE-BASED PAYMENT RESERVES

Stock options

ICM's stock option plan allows for the granting of options to acquire a number of common shares equal to 10% of the issued and outstanding common shares at the time of the grant. Options granted under the plan will vest at a schedule determined by the board of directors.

(Unaudited - expressed in Canadian dollars)

Share-based payment

On February 4, 2021, a total of 3,000,000 stock options were granted to purchase common shares, exercisable on or before February 4, 2023, at an exercise price of $0.25 per share. The estimated grant date fair value of these options was $454,197.

The grant date fair values of the options granted above were based on the following assumptions: share price at grant date of $0.24; exercise price of $0.25; expected life of 2 years; expected volatility of 129%; risk free interest rate of 0.17%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

On September 7, 2022, a total of 8,000,000 stock options were granted to purchase common shares, exercisable on or before September 7, 2025, at an exercise price of $0.11 per share. The estimated grant date fair value of these options was $564,193.

The grant date fair values of the options granted above were based on the following assumptions: share price at grant date of $0.10; exercise price of $0.11; expected life of 3 years; expected volatility of 121%; risk free interest rate of 3.57%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

	May 31, 2023		August 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	10,250,000	$ 0.15	10,250,000	$ 0.15
Options granted	8,000,000	0.11	-	-
Options expired	(10,250,000)	0.15	-	-
Options outstanding, end of the period	8,000,000	$ 0.11	10,250,000	$ 0.15
Options exercisable, end of the period	8,000,000	$ 0.11	10,250,000	$ 0.15

On September 2, 2022, 7,250,000 stock options expired unexercised.

On February 4, 2023, 3,000,000 stock options expired unexercised.

In connection to an exclusive definitive licensing agreement with St-Georges, as of May 31, 2023, the Entity has recorded the cumulative fair value of performance shares issuable as $289,200 (August 31, 2022 - $259,256) based on meeting certain future performance benchmarks.

9. SEGMENTED INFORMATION

The Entity operates in one business segment being the acquisition and exploration of exploration assets.

10. CAPITAL MANAGEMENT

The Entity does not have share capital and its equity is a carve-out amount from ICM's equity. The Entity has no debt and does not expect to enter into debt financing. The Entity manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of underlying assets. The Entity is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Entity has no traditional revenue sources. The Entity's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation, is primarily dependent upon its continued ability to find and develop mineral property interests, and there being a favorable market in which to sell or option the mineral properties interest; and/or its ability to borrow or raise additional funds from equity markets. The Entity's objective when managing capital is to safeguard its ability to continue as a going concern in order to carry out exploration and evaluation activities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

11. FINANCIAL INSTRUMENTS AND RISK

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

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

The Entity's risk exposures and the impact on the Entity's condensed interim carve-out financial instruments are summarized below:

Liquidity risk

The Entity's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2023, the Entity had a restricted cash balance of $Nil to settle current liabilities of $1,429,182. The Entity is dependent upon support from its current parent company and its operating partner to meet liabilities when due.

Credit risk

Credit risk is the risk of potential loss to the Entity if the counterparty to a financial instrument fails to meet its contractual obligations. The Entity's credit risk is primarily attributable to its liquid financial assets.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Entity has no interest-bearing debt.

b) Foreign currency risk

The Entity operates in Canada and the United States. It has a foreign exchange risk with respect to US accounts payable of CAD $839,756. If the Canadian dollar changes by one percent against all foreign currencies, with all other variables held constant, the impact of the foreign currency change on its foreign denominated financial instruments would result in a reduction or increase of after-tax net loss of approximately $8,400 for the period ended May 31, 2023.

c) Price risk

The Entity is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Entity's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Entity closely monitors the commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Entity.

12. RESERVES

Reserves is comprised of funding from ICM, and equity settled share-based payments. Funding from ICM represents their accumulated net contributions. Equity settled share-based payments represents the Entity's pro-rata portion of ICM's share-based payment expense. This has been allocated as the Entity benefits from ICM's stock option plan which allows directors, officers, employees and consultants to acquire shares of ICM.

13. SUBSEQUENT EVENT

On July 7, 2023, ICM and Nevada Lithium completed the plan of arrangement under the Business Corporations Act (British Columbia). Nevada Lithium acquired the Company's 50% interest in the Bonnie Claire lithium project, upon the completion of the arrangement, Nevada Lithium now holds a 100% interest in the Bonnie Claire project.

Nevada Lithium issued an aggregate of 66,912,827 common shares as consideration for the arrangement, of which 60,221,528 consideration shares received by the shareholders of ICM, and 6,691,299 received by ICM.

Nevada Lithium also issued an aggregate of 4,000,000 warrants to ICM at an exercise price of $0.20 per share for two years from the closing of the arrangement.

Nevada Lithium granted to certain eligible persons associated with ICM an aggregate of 3,930,000 stock options, exercisable at a price of $0.20 per share, expiring on September 29, 2026.

Nevada Lithium paid $500,000 to ICM for a structuring fee and reimbursed certain expenses and contractual obligations of ICM in respect of the Bonnie Claire Project including legal, contract management and other professional fees.