

CLEAR SKY LITHIUM CORP.

(formerly PW1 Ventures Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended May 31, 2022 and 2021

(Expressed in Canadian dollars - Unaudited)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three and nine months ended May 31, 2022 and 2021.

Pursuant to subsection 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations, issued by the Canadian Securities Administrators, if an auditor has not performed a review of the 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 consolidated financial statements of Clear Sky Lithium Corp. (the "Company") for the interim period ended May 31, 2022 and 2021, have been prepared in accordance with the International Accounting Standard 34 - *Interim Financial Reporting* as issued by the International Accounting Standards Board, and are the responsibility of the Company's management.

The Company's independent auditors, Dale Matheson Carr-Hilton Labonte LLP Chartered Professional Accountants, have not performed a review of these condensed interim consolidated financial statements

July 15, 2022

CLEAR SKY LITHIUM CORP. (formerly PW1 Ventures Corp.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars - Unaudited)

| | Note | May 31, 2022 \$ | August 31, 2021 \$ |
|--|-------|-----------------------|--------------------------|
| ASSETS | | | |
| Current: | | | |
| Cash | | 1,237,291 | 156,408 |
| Unit subscription receivable | 7a | - | 2,000 |
| GST receivable | | 12,164 | 560 |
| | | 1,249,455 | 158,968 |
| Exploration and evaluation asset | 5 | 127,500 | - |
| Total assets | | 1,376,955 | 158,968 |
| LIABILITIES | | | |
| Current: | | | |
| Accounts payable and accrued liabilities | 6,8 | 244,648 | 61,290 |
| Deposit paid for shares and warrants | 7b,7c | - | 73,458 |
| Subscription liabilities | 7d | - | 119,001 |
| Promissory notes | 4,9 | 55,296 | - |
| Total liabilities | | 299,944 | 253,749 |
| SHAREHOLDERS' EQUITY (DEFICIENCY) | | | |
| Share capital | 7a | 1,737,725 | 1,437 |
| Obligation to issue shares | 4,5 | 38,951 | - |
| Reserves | 7b | 1,002,790 | 564 |
| Deficit | | (1,702,455) | (96,782) |
| Total shareholders' equity (deficiency) | | 1,077,011 | (94,781) |
| Total liabilities and shareholders' equity (deficiency) | | 1,376,955 | 158,968 |

Nature of operations and going concern (Note 1)
Subsequent events (Note 10)

These financial statements were approved and authorized for issue by the Board of Directors on July 15, 2022.

/s/ "Craig Engelsman"
Director

/s/ "Robert Birmingham"
Director

CLEAR SKY LITHIUM CORP. (formerly PW1 Ventures Corp.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except number of shares - Unaudited)

| | Note | Three months ended May 31, | | Nine months ended May 31, | |
|---|-------------|-----------------------------------|---------------|----------------------------------|---------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | \$ | \$ | \$ | \$ |
| Operating expenses | | | | | |
| Acquisition expense | 4 | - | - | 1,044,609 | - |
| Advertising | | 25,350 | 21,000 | 37,850 | 21,000 |
| Bank charges | | 112 | 27 | 227 | 63 |
| General and administrative | | 33,122 | - | 80,815 | - |
| Legal and professional fees | 8 | 83,371 | 4,333 | 319,353 | 4,501 |
| Listing fees | | - | 5,400 | - | 5,400 |
| Salaries and wages | 8 | 40,369 | - | 117,958 | - |
| Share-based compensation | 7b,8 | - | - | 3,931 | - |
| Total operating expenses | | 182,324 | 30,760 | 1,604,743 | 30,964 |
| Other expenses | | | | | |
| Foreign exchange loss | | 1,166 | - | 930 | - |
| Net loss and comprehensive loss | | 183,490 | 30,760 | 1,605,673 | 30,964 |
| Loss per share | | | | | |
| Basic and diluted | | 0.01 | 30,760 | 0.11 | 30,964 |
| Weighted average number of common shares outstanding | | | | | |
| Basic and diluted | | 21,043,041 | 1 | 15,247,889 | 1 |

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

CLEAR SKY LITHIUM CORP. (formerly PW1 Ventures Corp.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars, except number of shares - Unaudited)

| | Number of common shares | Share capital | Obligation to issue shares | Reserves | Deficit | Total |
|--|-------------------------------|------------------|----------------------------------|------------------|--------------------|------------------|
| | # | \$ | \$ | \$ | \$ | \$ |
| Balance, August 31, 2020 | 1 | 1 | - | - | (5,151) | (5,150) |
| Net loss and comprehensive loss for the period | - | - | - | - | (30,964) | (30,964) |
| Balance, May 31, 2021 | 1 | 1 | - | - | (36,115) | (36,114) |
| Units issued for private placements | 100,000 | 1,436 | - | 564 | - | 2,000 |
| Net loss and comprehensive loss for the period | - | - | - | - | (60,667) | (60,667) |
| Balance, August 31, 2021 | 100,001 | 1,437 | - | 564 | (96,782) | (94,781) |
| Units issued for private placements | 17,199,304 | 1,139,991 | - | 568,631 | - | 1,708,622 |
| Units issued for the SPA Transaction | 3,468,736 | 568,797 | - | 429,664 | - | 998,461 |
| Obligation to issue shares for the SPA Transaction | - | - | 38,951 | - | - | 38,951 |
| Special warrants issued | - | - | - | 27,500 | - | 27,500 |
| Special warrants exercised | 275,000 | 27,500 | - | (27,500) | - | - |
| Share-based compensation | - | - | - | 3,931 | - | 3,931 |
| Net loss and comprehensive loss for the period | - | - | - | - | (1,605,673) | (1,605,673) |
| Balance, May 31, 2022 | 21,043,041 | 1,737,725 | 38,951 | 1,002,790 | (1,702,455) | 1,077,011 |

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

CLEAR SKY LITHIUM CORP. (formerly PW1 Ventures Corp.)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

| | Nine months ended May 31, | |
|---|---------------------------|-----------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Operating activities | | |
| Net loss for the period | (1,605,673) | (30,964) |
| Adjustment for non-cash items: | | |
| Acquisition expense | 1,044,609 | - |
| Share-based compensation | 3,931 | - |
| Foreign exchange gain | (336) | - |
| Changes to non-cash working capital items: | | |
| GST receivable | (11,604) | (250) |
| Accounts payable and accrued liabilities | 151,596 | 20,332 |
| Net cash used in operating activities | (417,477) | (10,882) |
| Investing activities | | |
| Cash acquired from SPA acquisition | 11,800 | - |
| Payment on behalf of 1291455BC prior to the SPA Transaction | (59,103) | - |
| Net cash used in investing activities | (47,303) | - |
| Financing activities | | |
| Proceeds from issuance of units | 1,664,664 | - |
| Payment of subscription liabilities | (119,001) | - |
| Deposit for unit subscription | - | 27,925 |
| Deposit for warrants subscription | - | 9,000 |
| Refundable share subscription deposits | - | 3,334 |
| Net cash provided by financing activities | 1,545,663 | 40,259 |
| Increase in cash | 1,080,883 | 29,377 |
| Cash, beginning of period | 156,408 | 18,350 |
| Cash, end of period | 1,237,291 | 47,727 |

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Clear Sky Lithium Corp. (formerly PW1 Ventures Corp.) (the "Company") is in the business of the exploration and evaluation of mineral properties. The Company was incorporated under the Business Corporations Act of British Columbia on June 25, 2018. On May 18, 2021, the Company changed its name from PW1 Ventures Corp. to Clear Sky Lithium Corp. The address of the Company's registered and records office is 1021 West Hastings Street, 9th floor, Vancouver, BC, V6E0C3.

On December 22, 2021, the Company consolidated its common shares on a 2:1 basis. Shares outstanding of 22,732,200 were consolidated into 11,366,104 shares. As a result, all information relating to basic and diluted loss per share, issued and outstanding common shares, and per share amounts in these interim financial statements have been adjusted retroactively to reflect the share consolidation.

These condensed interim consolidated financial statements (the "interim financial statements") have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a net loss and net comprehensive loss of \$1,605,673 for nine months ended May 31, 2022 (2021 - \$30,964) and has working capital surplus of \$949,511, and accumulated deficit of \$1,702,455 as at May 31, 2022 (August 31, 2021 - \$94,781 working capital deficiency and \$96,782, respectively). The Company has no source of operating cash flows, and there is no assurance that sufficient funding (including adequate financing) will be available to conduct the required exploration and development of mineral property projects. These factors present a material uncertainty over the Company's ability to continue as a going concern.

The application of the going concern assumption is dependent on the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern. These adjustments could be material.

The coronavirus pandemic continues to have global impacts on workforces, economies, and financial markets. It is not possible for the Company to predict the duration or magnitude of any adverse effects that the pandemic may have on the Company's business or ability to raise funds. As of the date of these financial statements, COVID-19 has had no impact on the Company's ability to access capital but there is no certainty as to how future developments may impact the Company's ability to raise funding or conduct exploration and evaluation activities should travel restrictions related to COVID-19 be extended or expanded in scope.

2. BASIS OF PREPARATION

a) Statement of compliance

These interim financial statements were approved and authorized for issuance on July 15, 2022 by the directors of the Company.

These interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements including International Accounting Standard 34 - *Interim Financial Reporting*. These interim financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the Company's audited financial statements for the years ended August 31, 2021 and 2020 (the "annual financial statements"), which include the information necessary or useful to understanding the Company's business and financial statement presentation.

b) Basis of presentation

These interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these interim financial statements have been prepared using the accrual basis of accounting except for cashflow information. These interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. References to "USD" are United States dollars.

2. BASIS OF PRESENTATION (continued)

c) Basis of consolidation

These interim financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control is based on whether an investor has power over the investee and the ability to use its power over the investee to affect the amount of the returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases.

These interim financial statements incorporate the accounts of the Company and the following subsidiaries:

| | Country of incorporation | Holding | Functional currency |
|------------------------------|-------------------------------------|----------------|--------------------------------|
| 1291455 B.C. LTD | Canada | 100% | Canadian dollar |
| Clear Sky Lithium Nevada Inc | US | 100% | Canadian dollar |

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied and disclosed in Note 3 of the annual financial statements. During the nine months ended May 31, 2022, the Company adopted the new policies below as a result of the acquisition in Note 4.

a) Estimates and critical judgments by management

Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each consolidated statement of financial position date, monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical exchange rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical exchange rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Business combination versus asset acquisition

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. The assessment required management to assess the inputs, processes and outputs of the company acquired at the time of acquisition. Pursuant to the assessment, the SPA Transaction (Note 4) was considered to be an asset acquisition and an estimate of fair value of the acquired assets and liabilities were used in asset allocation. The excess of the consideration paid over the acquisition-date fair values of the net assets acquired, was recognized as acquisition expense as of the acquisition date.

4. ACQUISITION

On December 23, 2021, the Company closed its acquisition of 1291455 B.C. LTD. ("1291455BC"), a Canada and US based mining and exploration company.

Pursuant to the terms of the share purchase agreement (the "SPA Transaction"), the Company has acquired all of the issued and outstanding common shares of 1291455BC for consideration of \$1,037,412 which was satisfied by the issuance of 3,468,736 units; each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of \$0.10 for 36 months after the closing date. The Company estimated the fair value of the shares to be \$0.164 based on the implied price from a subsequent financing (Note 7a). The fair value of warrants was determined using the Black-Scholes option pricing model with the following assumptions: share price on date of grant of \$0.164, exercise price of \$0.10, estimated weighted average life of three years, volatility of 114%, and risk-free interest rate of 0.94%. Pursuant to the terms of the SPA Transaction, the Company also assumed to the obligation to issue shares with the total fair value of \$38,951 (Note 5).

CLEAR SKY LITHIUM CORP. (formerly PW1 Ventures Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended May 31, 2022 and 2021
(Expressed in Canadian dollars, except where noted)

4. ACQUISITION (continued)

The acquisition is considered a purchase of 1291455's net assets by the Company as 1291455 did not qualify as a business according to the definition in IFRS 3 - *Business Combinations*. The transaction was therefore accounted for in accordance with guidance provided in IFRS 2 - *Share-Based Payment*. As the fair value of the consideration is \$1,037,412, which is greater than the fair value of the net assets acquired and because the Company cannot specifically identify any goods or services that relate to this excess, the excess consideration of \$1,044,609 be recognized as an acquisition expense.

The following table summarizes the purchase price allocation:

| | December 23, 2021 |
|---|-------------------|
| | \$ |
| Consideration: | |
| Fair value of the 3,468,736 common shares issued | 568,797 |
| Fair value of the 3,468,736 common share purchase warrants issued | 429,664 |
| Obligation to issue shares (Note 5) | 38,951 |
| Total consideration | 1,037,412 |
| Cash | 11,800 |
| Exploration and evaluation asset | 127,500 |
| Accounts payable and accrued liabilities | (31,762) |
| Promissory note (USD \$20,000) (Note 9) | (25,632) |
| Due to related parties ⁽¹⁾ | (30,000) |
| Due to Clear Sky Lithium Corp ⁽²⁾ | (59,103) |
| Net liabilities acquired | (7,197) |
| Acquisition expense | 1,044,609 |

⁽¹⁾ On March 29, 2022, the Company's subsidiary entered into a promissory note in the principal amount of \$30,000 with a former director of 1291455BC. The promissory note is without interest and due on demand at any time after 13 months following the listing of the Company's common shares on the Canadian Securities Exchange or other recognized stock exchange in Canada. The amount is repayable in cash.

⁽²⁾ Upon consolidation, the balance due to Clear Sky Lithium Corp was classified as intercompany and was eliminated on consolidation.

5. EXPLORATION AND EVALUATION ASSET AND EXPENDITURES

The following table provides a summary of exploration and evaluation asset acquisition costs:

| | Eli Property |
|--------------------------------|----------------|
| | \$ |
| Balance at August 31, 2021 | - |
| Additions - acquisition costs | 127,500 |
| Balance at May 31, 2022 | 127,500 |

As a result of the SPA Transaction (Note 4), on December 23, 2021, the Company' acquired 100% interest in 26 unpatented mining claims situated in Eureka County and Nye County, Nevada, (the "Eli Property") with the fair value of \$127,500.

On November 16, 2021, the Company's subsidiary, 1291455, purchased a 100% interest in 26 unpatented mining claims situated in Eureka County and Nye County, Nevada, (the "Eli Property") for purchase consideration comprising US\$50,000 cash and 100,000 common shares of the Company with a contractual value of US\$50,000 (the "share contractual value") or US\$0.50 per share. In the event that the initial public sale or offering price (the "future share price") of the Company's shares is less than USD\$0.50 per share, then the number of shares to be delivered to the seller shall be equal to the share contractual value divided by the future share price. An obligation to issue shares of \$38,951 is recognized in connection with this requirement (Note 4). The Company will also provide the seller with a gross returns mineral production royalty of two percent (2.0%) from the production of minerals from the Eli Property and any unpatented mining claims that the Company locates in an identified area of interest.

There have been no exploration expenditures since the acquisition date.

CLEAR SKY LITHIUM CORP. (formerly PW1 Ventures Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended May 31, 2022 and 2021
(Expressed in Canadian dollars, except where noted)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | May 31, 2022 | August 31, 2021 |
|---------------------|---------------------|------------------------|
| | \$ | \$ |
| Accounts payables | 241,148 | 23,916 |
| Payroll liabilities | - | 20,980 |
| Accrued liabilities | 3,500 | 16,394 |
| Total | 244,648 | 61,290 |

7. SHARE CAPITAL AND RESERVES

a) Share capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued

During the nine months ended May 31, 2022, the Company completed the following transactions:

On February 16, 2022, the Company issued 275,000 common shares pursuant to the exercise of 275,000 special warrants (Note 7b).

On January 17, 2022, the Company issued 5,933,200 units at a price of \$0.25 for gross proceeds of \$1,483,300. Each unit consists of one post-consolidation common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one post-consolidation common share of the Company at a price of \$0.40 per share for a period of thirty-six months from the issuance date. The warrants were valued using a Black-Scholes option pricing model with the following assumptions: share price on date of grant of \$0.25, exercise price of \$0.40, estimated weighted average life of three years, volatility of 114%, and a risk-free interest rate of 0.94%. Applying the relative fair value approach, each common share has a \$0.164 fair value, and each warrant has a \$0.086 fair value. As a result, the fair value of share capital on the date of issuance was \$972,097 and the fair value allocated to the warrant reserve was \$511,203.

On December 23, 2021, the Company completed the SPA Transaction with the shareholders of 1291455BC. whereby the Company purchased all the outstanding shares of 1291455BC in exchange for the issuance of 3,468,736 units, each unit comprised of one post-consolidation common share and one common share purchase warrant (Note 4).

On December 22, 2021, the Company consolidated its common shares on a 2:1 basis. Shares outstanding of 22,732,200 were consolidated into 11,366,104 shares. As a result, all information relating to basic and diluted loss per share, issued and outstanding common shares, and per share amounts in these interim financial statements have been adjusted retroactively to reflect the share consolidation.

On September 28, 2021, the Company issued 11,266,104 units at a price of \$0.02 for gross proceeds of \$225,322. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.10 per share for a period of thirty-six months from the issuance date. Applying the relative fair value method, each common share has a \$0.015 fair value and each warrant has a \$0.005 fair value, using the Black-Scholes option pricing model with the following assumptions for the warrants: expected life of three years, risk-free interest rate of 0.64%, expected volatility of 114% and 0% expected dividend yield. As a result, the fair value of share capital on the date of issuance was \$167,894 and the fair value allocated to the warrant reserve was \$57,428.

7. SHARE CAPITAL AND RESERVES (continued)

During the year ended August 31, 2021, the Company completed the following transactions:

On August 12, 2021, the Company issued 100,000 units at a price of \$0.02 for gross proceeds of \$2,000. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.05 per share for a period of thirty-six months from the issuance date. The warrants were valued using a Black-Scholes option pricing model with the following assumptions: share price on date of grant of \$0.02, exercise price of \$0.10, estimated weighted average life of three years, volatility of 114%, and risk-free interest rate of 0.58%. Applying the relative fair value approach, the fair value of share capital on the date of issuance was \$1,436 and fair value allocated to the warrant reserve was \$564. As at August 31, 2021, the proceeds from the placement of these units were not received and as such \$2,000 is recorded as unit subscription receivable, this amount was subsequently received during the period ended February 28, 2022.

b) Reserves

i. Warrants

On October 15, 2021, the Company issued 275,000 special warrants at the price of \$0.10 per special warrant. The proceeds of \$27,500 were received during the year ended August 31, 2021 (Note 7c). Each special warrant, upon exercise, entitles the holder to receive one common share of the Company for no additional consideration. The special warrants will, if not exercised earlier, be deemed to be exercisable on the earlier of (i) the fifth business day after the date on which the Company obtains a receipt from the applicable securities commission in Canada for the final prospectus qualifying the distribution of the Company's shares to be issued upon the exercise or deemed exercise of the special warrants, and (ii) February 16, 2022. The warrants were exercised and converted to 275,000 common shares on February 16, 2022 (Note 7a).

ii. Stock options

On September 28, 2021, the Company granted 500,000 irrevocable common share purchase options to a service provider and a former officer from the Company. Each option entitles the holder to purchase one common share at an exercise price of \$0.10. All the options were vested and exercisable upon issuance. The options expire on September 28, 2024. The fair value of the options was determined to be \$3,931 using the Black-Scholes option pricing model with the following assumptions: expected life of 3 years, risk-free interest rate of 0.6% based on the bond rate of the Bank of Canada, expected volatility of 114% and 0% expected dividend yield.

c) Deposits paid for shares and warrants

As at August 31, 2021 the Company had received a total deposit of \$73,458 for shares and warrants to be issued. The deposits for the private placements on September 28, 2021 and January 17, 2022 were \$18,033 and \$27,925, respectively (Note 7a). The deposit of \$27,500 was collected for the warrant issuance on October 15, 2021 (Note 7b).

d) Subscription liabilities

As at August 31, 2021, the Company received a total deposit of \$119,001 for a financing that did not close. The deposits were returned to the subscribers during the nine months ended May 31, 2022.

8. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

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 management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Amounts paid to key management personnel and/or entities over which they have control are as follows:

| | Three months ended May 31, 2022 | Nine months ended May 31, 2022 |
|--|------------------------------------|-----------------------------------|
| | \$ | \$ |
| Key management compensation | 37,500 | 112,500 |
| Professional services provided by a company owned by a shareholder | - | 5,000 |
| Professional services provided by a company owned by an officer | 21,412 | 83,630 |
| Share-based compensation | - | 1,965 |
| Total | 58,912 | 203,095 |

There was no related party transactions for the three and nine months ended May 31, 2021.

Balances due to related parties as at May 31, 2022 and August 31, 2021, were as follows:

| | May 31, 2022 | August 31, 2021 |
|--|--------------|-----------------|
| | \$ | \$ |
| Accounts payable and accrued liabilities | 7,534 | 16,394 |

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash, accounts payables and accrued liabilities, deposit paid for shares and warrants, subscription liabilities and promissory notes. The carrying values of these financial instruments approximate their respective fair values due to the term of these instruments.

As at May 31, 2022, the Company did not have any financial instruments measured at fair value.

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at May 31, 2022, the Company had cash of \$1,237,291 (August 31, 2021 - \$91,449) with a large Canadian bank and \$nil (August 31, 2021 - \$64,959) in a lawyer's trust account. The Company assessed credit risk as low.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at May 31, 2022, the Company has current liabilities totaling \$299,944 (August 31, 2021 - \$253,749) and is not exposed to significant liquidity risk at this time. However, since the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through private placements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not significantly exposed to market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk as at May 31, 2022.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies (US\$). The carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

| | May 31, 2022 | August 31, 2021 |
|-----------------|---------------------|-----------------|
| | \$ | \$ |
| Promissory note | 25,296 | - |

As at May 31, 2022, the Company had exposure to foreign currency risk, as a promissory note of \$25,296 was denominated in US dollars. A 1% change in the foreign exchange rates would result in an impact of approximately \$336 to the Company's net loss. The Company assessed its financial currency risk as low as at May 31, 2022.

Price risk

This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken. Fluctuations in pricing may be significant.

The Company does not currently use financial instruments designed to hedge these market risks.

10. SUBSEQUENT EVENTS

On June 13, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") under the ticker symbol "POWR".

On June 13, 2022, the Company granted 1,400,000 irrevocable options to officers, directors and consultants of the Company. Each option entitles the holder to purchase one common share at an exercise price of \$0.25. All the options were vested and exercisable upon issuance. The options expire on June 13, 2024.

On June 30, 2022, the Company granted 190,000 irrevocable options to consultants of the Company. Each option entitles the holder to purchase one common share at an exercise price of \$0.25. All the options were vested and exercisable upon issuance. The options expire on June 30, 2024.