CLEAR SKY LITHIUM CORP.
(formerly PW1 Ventures Corp.)

Consolidated Financial Statements

For the years ended August 31, 2022 and 2021

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Clear Sky Lithium Corp. (formerly PW1 Ventures Corp.)

Opinion

We have audited the consolidated financial statements of Clear Sky Lithium Corp. (formerly PW1 Ventures Corp.) (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

December 16, 2022

CLEAR SKY LITHIUM CORP. (formerly PW1 Ventures Corp.)
Consolidated Statements of Financial Position
As at August 31, 2022 and 2021
(Expressed in Canadian dollars)

	Note	**August 31, 2022**	August 31, 2021
		$	$
ASSETS			
Current			
Cash		**444,917**	156,408
Prepaid expense	5	**187,503**	-
Unit subscription receivable	9(a)	**-**	2,000
GST receivable		**31,390**	560
		663,810	158,968
Exploration and evaluation assets	6	**1,834,720**	-
Total assets		**2,498,530**	158,968
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8,10	**177,814**	61,290
Deposit paid for shares and warrants	9(c)	**-**	73,458
Subscription liabilities	9(d)	**-**	119,001
Promissory notes	4,12	**26,222**	-
Total liabilities		**204,036**	253,749
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	9(a)	**3,769,004**	1,437
Obligation to issue shares	4,6	**38,951**	-
Reserves	9(b)	**1,173,415**	564
Deficit		**(2,686,876)**	(96,782)
Total shareholders' equity (deficiency)		**2,294,494**	(94,781)
Total liabilities and shareholders' equity (deficiency)		**2,498,530**	158,968

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Marco Montecinos"	/s/ "Robert Birmingham"
Director	Director

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

CLEAR SKY LITHIUM CORP. (formerly PW1 Ventures Corp.)
Consolidated Statements of Loss and Comprehensive Loss
For the years ended August 31, 2022 and 2021
(Expressed in Canadian dollars, except number of shares)

		Years ended August 31,	
	Note	**2022**	2021
		$	$
Operating expenses			
Acquisition expense	4	**1,044,609**	-
Bank charges		**938**	99
Consulting fees	10	**157,370**	-
Exploration and evaluation expenditures	7	**28,946**	-
General and administrative		**133,063**	-
Legal and professional fees	10	**336,530**	11,365
Marketing		**316,590**	21,000
Salaries and wages	10	**180,478**	53,767
Share-based compensation	9(b),10	**322,794**	-
Transfer agent and regulatory fees		**61,331**	5,400
Total operating expenses		**2,582,649**	91,631
Other expenses			
Foreign exchange loss		**7,445**	-
Net loss and comprehensive loss		**2,590,094**	91,631
Loss per share			
Basic and diluted		**0.15**	17.60
Weighted average number of common shares outstanding			
Basic and diluted		**17,254,594**	5,206

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

CLEAR SKY LITHIUM CORP. (formerly PW1 Ventures Corp.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended August 31, 2022 and 2021
(Expressed in Canadian dollars, except number of shares)

	Number of common shares	Share capital	Obligation to issue shares	Reserves	Deficit	Total
	#	$	$	$	$	$
Balance, August 31, 2020	1	1	-	-	(5,151)	(5,150)
Units issued for private placements	100,000	1,436	-	564	-	2,000
Net loss and comprehensive loss for the year	-	-	-	-	(91,631)	(91,631)
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
Unit issuance costs	-	(21,350)	-	-	-	(21,350)
Obligation to issue shares for the SPA Transaction	-	-	38,951	-	-	38,951
Share issued for the purchase of Halo project	1,865,269	1,212,425	-	-	-	1,212,425
Share issued for finders' fees	118,406	76,964	-	-	-	76,964
Special warrants issued	-	-	-	27,500	-	27,500
Warrants and special warrants exercised	5,525,023	719,004	-	(134,002)	-	585,002
Stock options exercised	150,000	45,236	-	(15,236)	-	30,000
Conversion of restricted share units	50,000	26,500	-	(26,500)	-	-
Share-based compensation	-	-	-	322,794	-	322,794
Net loss and comprehensive loss for the year	-	-	-	-	(2,590,094)	(2,590,094)
Balance, August 31, 2022	**28,476,739**	**3,769,004**	**38,951**	**1,173,415**	**(2,686,876)**	**2,294,494**

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

CLEAR SKY LITHIUM CORP. (formerly PW1 Ventures Corp.)
Consolidated Statements of Cash Flows
For the years ended August 31, 2022 and 2021
(Expressed in Canadian dollars)

	Years ended August 31, 2022	2021
	$	$
Operating activities		
Net loss for the year	**(2,590,094)**	(91,631)
Adjustment for non-cash items:		
Acquisition expense	**1,044,609**	-
Share-based compensation	**322,794**	-
Foreign exchange loss	**590**	-
Changes to non-cash working capital items:		
Prepaid expense	**(187,503)**	-
GST receivable	**(30,830)**	(560)
Accounts payable and accrued liabilities	**84,762**	56,290
Net cash used in operating activities	**(1,355,672)**	(35,901)
Investing activities		
Cash acquired from SPA acquisition	**11,800**	-
Payment on behalf of 1291455BC prior to the SPA Transaction	**(59,103)**	-
Payment for acquiring the Halo project	**(417,831)**	-
Net cash used in investing activities	**(465,134)**	**-**
Financing activities		
Proceeds from issuance of units	**1,664,664**	-
Unit issuance costs	**(21,350)**	-
Payment of subscription liabilities	**(119,001)**	-
Proceeds from exercising warrants	**585,002**	-
Proceeds from exercising stock options	**30,000**	-
Payment of the promissory note	**(30,000)**	-
Deposit for unit subscription	**-**	45,958
Deposit for warrants subscription	**-**	9,000
Refundable share subscription deposits	**-**	119,001
Net cash provided by financing activities	**2,109,315**	173,959
Net change in cash	**288,509**	138,058
Cash, beginning of year	**156,408**	18,350
Cash, end of year	**444,917**	156,408

The accompanying notes are an integral part of these 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, V6E 0C3.

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 consolidated financial statements for the years ended August 31, 2022 and 2021 (the "financial statements") have been adjusted retrospectively to reflect the share consolidation.

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

On July 7, 2022, the Company's common shares commenced trading on OTC Markets Exchange under the ticker symbol "CSKYF".

On July 12, 2022, the Company's common shares commenced trading on Frankfurt Stock Exchange under the ticker symbol "FRA: K4A / WKN: A3DM2W".

The financial statements have been prepared on a going concern basis, which assumes the Company will continue in operations 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 $2,590,094 for year ended August 31, 2022 and has working capital surplus of $459,774, and accumulated deficit of $2,686,876 as at August 31, 2022. 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 PRESENTATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issuance on December 16, 2022.

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

b) Basis of measurement

These 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 financial statements have been prepared using the accrual basis of accounting except for cashflow information. These financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. References to "US$" are United States dollars.

2. BASIS OF PRESENTATION (continued)

c) Basis of consolidation

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

	Country of incorporation	Percentage Ownership	Principal activity
1291455 B.C. LTD	Canada	100%	Holding company and mineral exploration
Clear Sky Lithium Nevada Inc	US	100%	Mineral exploration

3. SIGNIFICANT ACCOUNTING POLICIES

a) Exploration and evaluation assets and expenditures

Acquisition costs for exploration and evaluation assets, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs include cash consideration and the value of common shares, based on fair value at issuance, issued for mineral properties pursuant to the terms of the underlying agreement. Exploration expenditures, net of recoveries, are not capitalized but recorded in the consolidated statements of loss and comprehensive loss as incurred.

After an exploration and evaluation asset is determined by management to be commercially viable and technically feasible, exploration and evaluation expenditures on the property will first be assessed for impairment before being capitalized as property and equipment. The Company has no exploration and evaluation assets that have been determined by management to be commercially viable and technically feasible as at August 31, 2022.

Capitalized acquisition costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work being carried out by the Company on a property, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

b) Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage, which is created on an ongoing basis during production, are provided for at their net present values and charged against profits as extraction progresses.

c) Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity enters transactions. The functional currency of the Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the statement of financial position, while non-monetary assets and liabilities are translated at historical rates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of net loss in the period in which they occur.

d) Financial instruments

IFRS 9 *financial instruments* addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI"), and at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

The Company's financial instruments are classified as follows:

Financial instruments	Classification
Financial assets:	
Cash	Amortized cost
Unit subscription receivable	Amortized cost
GST receivable	Amortized cost
Financial liabilities:	
Accounts payable and accrued liabilities	Amortized cost
Deposit paid for shares and warrants	Amortized cost
Subscription liability	Amortized cost
Promissory notes	Amortized cost

Financial assets

Fair value through profit or loss – financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Changes in fair value are recognized in the Consolidated Statements of Loss and Comprehensive Loss.

Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) The objective of the Company's business model for these financial assets is to hold and collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

Equity investments at FVTOCI

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

Financial liabilities

All financial liabilities are initially recorded at fair value and classified as FVTPL or other financial liabilities. Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets at amortized cost

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information. If it has been determined that there is a significant increase in risk, then the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in profit or loss the amount of expected credit losses (or reversal), as an impairment gain or loss, that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

e) Income taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized either in other comprehensive income (loss) or directly in equity, in which case it is recognized in other comprehensive income (loss) or in equity, respectively. Mining duties, taxes, royalties, and withholding taxes are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax. This is considered to be the case when they are imposed by a government authority and the amount payable is calculated by reference to taxable income.

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

Deferred tax expense is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax expense is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax expense is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and deferred income tax liabilities are offset only when there is a legally enforceable right to set off current tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity.

f) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive instruments. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In years where a loss is reported, diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Share-based compensation and share-based payments

The Company grants common share purchase options ("options") and restricted share units ("RSU") to directors, officers, employees and consultants. The fair value of options and RSUs, determined at the date of the grant, is charged to the statement of loss and comprehensive loss, with an offsetting credit to reserves, over the vesting period. If and when the options or RSU's are exercised, the applicable original amounts of reserves are transferred to share capital.

The fair value of a share-based compensation award is measured at the date of the grant. The estimated fair value of options is measured using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility. The expected term of options granted is determined based on historical data on the average hold period before exercise, expiry or cancellation. Expected volatility is estimated with reference to the historical volatility of the share price of the Company.

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 to be measured at fair value of the equity issued. Otherwise, share-based payments are measured at the fair value of goods or services received.

h) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects.

When equity offerings consist of common shares issued with attached warrants, if both instruments are classified as equity, the net proceeds are allocated based on the relative fair value of each component of equity. In determining the fair value of warrants, the Company uses the Black-Scholes option pricing model.

i) Critical accounting estimates, judgments and assumptions

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Valuation of share-based compensation

The Company determines the fair value of share-based compensation granted using the Black-Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility and expected life of the option. Changes in these inputs and underlying assumption used to develop them can materially affect the fair value estimate.

Functional currency

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures requires significant judgment.

Impairment of exploration and evaluation assets

The Company is required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely, and exploration and evaluation assets should be impaired.

(Expressed in Canadian dollars, except where noted)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities

The measurement of a deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

j) Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB or IFRIC that are mandatory for future accounting periods which are not expected to have a material effect on the Company's consolidated financial statements. There were no new standards adopted by the Company during the year ended August 31, 2022 having a material effect on the Company's consolidated financial statements.

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 warrant. Each warrant is exercisable to acquire one common share at a price of $0.10 for 36 months after the closing date. The fair value of a common share was estimated at $0.164 per share based on the implied price from a subsequent financing on January 17, 2022 (Note 9a). The fair value of warrants was determined using the Black-Scholes option pricing model with the following assumptions: a share price of $0.164, an exercise price of $0.10, an estimated weighted average life of three years, volatility of 114%, and a risk-free interest rate of 0.94%. Pursuant to the terms of the SPA Transaction, the Company also assumed the obligation to issue shares with the total fair value of $38,951 (Note 6a).

As 1291455BC did not meet the definition of a business under in IFRS 3 *Business Combinations*, the SPA Transaction was accounted for as an asset acquisition under IFRS 2 *Share-based Payment*. Accordingly, the fair value of the consideration in excess of the fair value of the net liabilities assumed, was 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 warrants issued	429,664
Obligation to issue shares (Note 6)	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 (US$ $20,000)	(25,632)
Due to related parties [(1)]	(30,000)
Due to Clear Sky Lithium Corp. [(2)]	(59,103)
Net liabilities assumed	**(7,197)**
Acquisition expense	**1,044,609**

(Expressed in Canadian dollars, except where noted)

4. ACQUISITION (continued)

(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 was repaid in cash on June 24, 2022.

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

5. PREPAID EXPENSE

	August 31, 2022	August 31, 2021
	$	$
Marketing	**163,482**	-
Consulting fees	**13,125**	-
Exploration and evaluation expenditures	**896**	-
Legal and professional fees	**10,000**	-
	187,503	**-**

6. EXPLORATION AND EVALUATION ASSETS

A summary of exploration and evaluation asset acquisition costs for the years ended August 31, 2022 and 2021 is as follows:

	Eli Property	**Halo Project**	**Total**
	$	**$**	**$**
As at August 31, 2021 and 2020	-	-	-
Acquisition costs	127,500	1,630,256	1,757,756
Finder's fee shares	-	76,964	76,964
As at August 31, 2022	**127,500**	**1,707,220**	**1,834,720**

a) Eli Property

As a result of the SPA Transaction (Note 4), on December 23, 2021, the Company acquired a 100% interest in 26 unpatented mining claims situated in Eureka County and Nye County, Nevada, (the "Eli Property") with a fair value of $127,500. The fair value on acquisition was determined based on the price that was paid by 1291455BC in an arm's length transaction prior to it being acquired by the Company.

On November 16, 2021, the Company's subsidiary, 1291455BC, purchased a 100% interest in the Eli Property for purchase consideration comprising US$50,000 cash and 100,000 common shares of 1291455BC with a contractual value of US$50,000 (the "share contractual value") or US$0.50 per share. On June 13, 2022, the Company completed the initial public offering process and was listed on CSE with the share price of $0.25, which is lower than the agreed price of US$0.50. Pursuant to the agreement, an obligation to issue 155,804 shares with a value 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%) from the production of minerals from the Eli Property and any unpatented mining claims that the Company locates in an identified area of interest.

b) Halo Project

On August 4, 2022, the Company entered into an option agreement with Halo Lithium LLC (the "Optionor") to acquire a 100% interest in ninety-eight mineral claims located in Esmeralda and Nye Counties, Nevada, ("Halo Project"). The option agreement requires a series of cash payments, reimbursement of expenses and share consideration as follows:

(Expressed in Canadian dollars, except where noted)

6. EXPLORATION AND EVALUATION ASSETS (continued)

- $319,914 (US$250,000) cash, $97,917 (US$76,518) reimbursement of expenses, and 1,865,269 common shares of the Company payable within five days of the effective date of the agreement (fully paid and issued). The fair value of this first tranche of shares was assessed as $1,212,425 based on the $0.65 per share market price on the date of issuance, which was within five days of the execution of the option agreement.
- US$200,000 cash and 1,250,000 common shares of the Company payable on or before the August 4, 2023.
- US$200,000 cash and 500,000 common shares of the Company payable on or before the August 4, 2024.

The claims are subject to a 1% net smelter royalty (“NSR”) to the Optionor, subject to a buyback right whereby the Company is entitled to purchase one half of the NSR from the Optionor for a cash payment of US$1,000,000 any time prior to the commencement of commercial production.

Pursuant to the Halo Project option agreement, the Company incurred finder’s fees requiring the issuance of common shares (“Finder’s fee shares”) in separate tranches as follows:

- 118,406 common shares due within five days of the execution of the option agreement (issued).
- 75,000 common shares and common shares equal to US$12,000 due on August 4, 2023.
- 30,000 common shares and common shares equal to US$12,000 due on August 4, 2024.

The fair value of the first tranche of the Finder’s fee shares was recognized at $76,964 being the $0.65 per share market price on the date of issuance, which was within five days of the execution of the option agreement (issued). Pursuant to the finder’s fee agreement, the Company is only obligated to issue the remaining common shares, as and when the option agreement payments are made.

7. EXPLORATION AND EVALUATION EXPENDITURES

A summary of exploration and evaluation expenditures for all properties for the year ended August 31, 2022 is as follows:

	Eli Property	**Halo Project**	**Total**
	$	**$**	**$**
Exploration and evaluation expenditures:			
Geological	13,849	-	13,849
Geophysics	13,136	-	13,136
Equipment, vehicles, and field supplies	1,961	-	1,961
	28,946	**-**	**28,946**

For the year ended August 31, 2021, there were no exploration and evaluation expenditures.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2022	August 31, 2021
	$	$
Accounts payables	**169,890**	23,916
Payroll liabilities	**3,374**	20,980
Accrued liabilities	**4,550**	16,394
	177,814	61,290

9. SHARE CAPITAL AND RESERVES

a) Share capital

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Issued

As at August 31, 2022, there were 28,476,739 issued and fully paid common shares outstanding (August 31, 2021 - 100,001).

Share capital transactions

During the year ended August 31, 2022, the Company completed the following transactions:

On August 31, 2022, the Company issued 50,000 common shares pursuant to the conversion of 50,000 restricted share units.

On August 9, 2022, the Company issued 1,865,269 and 118,406 common shares as consideration for the Halo Project mineral property option and related finder's fee respectively (Note 6b).

During the year ended August 31, 2022, the Company issued 150,000 common shares pursuant to the exercise of stock options.

During the year ended August 31, 2022, the Company issued 5,250,023 common shares pursuant to the exercise of outstanding warrants.

On February 16, 2022, the Company issued 275,000 common shares pursuant to the exercise of 275,000 special warrants (Note 9b).

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 common share of the Company and one warrant, with each warrant entitling the holder thereof to purchase one 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: a share price on the issue date of $0.16, an 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 (Note 4). 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. The Company incurred total share issuance costs of $13,450.

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 common share and one 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 financial statements have been adjusted retrospectively 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 warrant, with each warrant entitling the holder thereof to purchase one 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 fair value of $0.015 and each warrant has a fair value of $0.005, using the Black-Scholes option pricing model with the following assumptions for the warrants: expected life of three years, a 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. The Company incurred total share issuance costs of $7,900.

(Expressed in Canadian dollars, except where noted)

9. 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 warrant, with each warrant entitling the holder thereof to purchase one 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: a share price on the issue date of $0.02, an exercise price of $0.10, estimated weighted average life of three years, volatility of 114%, and a risk-free interest rate of 0.58%. Applying the relative fair value approach, the fair value of share capital on the issue date 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 was recorded as unit subscription receivable, this amount was subsequently received.

b) Reserves

i. Warrants

A summary of the Company's warrants activity is presented below:

	Warrants outstanding and exercisable	Weighted average exercise price
	#	$
Balance, August 31, 2020	-	-
Granted	100,000	0.10
Balance, August 31, 2021	100,000	0.10
Granted	20,943,040	0.18
Exercised	(5,525,023)	0.11
Balance, August 31, 2022	**15,518,017**	**0.21**

The warrants outstanding and exercisable at August 31, 2022 have the following expiry dates and exercise prices:

Expiry date	Outstanding	Exercisable	Weighted average exercise price	Weighted average contractual remaining life
	#	#	$	Years
August 12, 2024	60,000	60,000	$0.10	1.96
September 28, 2024	6,790,781	6,790,781	$0.10	2.08
December 23, 2024	2,934,036	2,934,036	$0.10	2.32
January 17, 2025	5,733,200	5,733,200	$0.40	2.38
	15,518,017	**15,518,017**	**$0.21**	**2.34**

On October 15, 2021, the Company issued 275,000 special warrants at the price of $0.10 per special warrant. As of August 31, 2021, the Company collected subscription proceeds of $27,500 (2020 - $18,500) (Note 9c). 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 9a).

ii. Stock options

The Company established a stock option plan (the "Option Plan") for the benefit of full-time and part-time employees, officers, directors, and consultants of the Company and its affiliates. The maximum number of shares available under the Option Plan is limited to 10% of the issued common shares of the Company and are exercisable within a maximum of ten years. The Board of Directors has the exclusive power over the granting of stock options, the exercise price, the term, and their vesting and cancellation provisions.

(Expressed in Canadian dollars, except where noted)

9. SHARE CAPITAL AND RESERVES (continued)

A summary of the Company's stock option activity is presented below:

	Options outstanding	Weighted average exercise price
	#	$
Balance, August 31, 2021 and 2020	-	-
Granted	2,240,000	0.24
Exercised	(150,000)	0.20
Balance, August 31, 2022	**2,090,000**	**0.24**

On August 18, 2022, the Company granted 150,000 fully vested options to an officer of the Company. The exercise price of the options is $0.53 with an expiry date of August 18, 2024. The fair value of the options was determined to be $47,216 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, a risk-free interest rate of 3.40%, expected volatility of 114%, and 0% expected dividend yield.

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. The fair value of the options was determined to be $28,150 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, a risk-free interest rate of 3.09%, expected volatility of 114% and 0% expected dividend yield.

On June 13, 2022, the Company granted 1,400,000 fully vested options to officers, directors and consultants of the Company. The exercise price of the options is $0.25 with an expiry date of June 13, 2024. The fair value of the options was determined to be $207,796 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, a risk-free interest rate of 3.35%, expected volatility of 114%, and 0% expected dividend yield.

On September 28, 2021, the Company granted 500,000 irrevocable common share 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, a risk-free interest rate of 0.64%, expected volatility of 114% and 0% expected dividend yield.

The following range of inputs were used in the Black-Scholes pricing model for options granted in the year:

Expected life (years)	2-3years
Dividend yield	0%
Volatility rate	114%
Risk-free interest rate	0.64%-3.40%
Fair value per option	**$0.01-$0.31**

The expected life in years represents the period of time the options granted are expected to be outstanding. The volatility rate is based on comparable companies with a historical volatility. The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.

The following are the stock options outstanding and exercisable as of August 31, 2022:

Expiry date	Outstanding	Exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	$	Years
September 28, 2024	450,000	450,000	0.10	2.08
June 13, 2024	1,300,000	1,300,000	0.25	1.79
June 30, 2024	190,000	190,000	0.25	1.83
August 18, 2024	150,000	150,000	0.53	1.97
	2,090,000	**2,090,000**	**0.24**	**1.87**

(Expressed in Canadian dollars, except where noted)

9. SHARE CAPITAL AND RESERVES (continued)

iii. Restricted share units

Each RSU is comprised of one common share of the Company. On August 18, 2022, the Company granted 250,000 RSUs to an officer of the Company at a price of $0.53; These 250,000 RSUs vest in five equal instalments of 50,000 RSUs on August 18, 2022 and at the end of each six month period thereafter. The fair value of the RSU is the market price at the date of grant of $0.53. During the year ended August 31, 2022, the Company recorded share-based compensation expense of $35,701 (2021 - $nil) related to the vesting of these RSUs.

The following is a summary of the Company's RSUs for years ended August 31, 2022 and 2021:

	Number of RSUs	Weighted average exercise price
	#	$
Balance, August 31, 2021 and 2020	-	-
Granted	250,000	0.53
Converted	(50,000)	0.53
Balance, August 31, 2022	**200,000**	**0.53**
Weighted average contractual life remaining (years)		**1.22**

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 9a). The deposit of $27,500 was collected for the warrant issuance on October 15, 2021 (Note 9b).

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 year ended August 31, 2022.

10. 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:

	Years ended August 31,	
	2022	2021
	$	$
Key management compensation included in the salaries and wages	**175,000**	50,000
Legal and professional fees provided by a company owned by an officer	**102,980**	-
Consulting fees provided by a company owned by an officer	**12,500**	-
Exploration and evaluation expenditures provided by a company owned by a director	**28,946**	-
Share-based compensation	**136,831**	**-**
	456,257	50,000

(Expressed in Canadian dollars, except where noted)

10. RELATED PARTY TRANSACTIONS (continued)

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

	August 31, 2022	August 31, 2021
	$	$
Accounts payable and accrued liabilities	**19,654**	16,394

Accounts payable and accrued liabilities as at August 31, 2022 and 2021 are non-interest bearing and due within 90 days of year end.

11. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	Years ended August 31, 2022	2021
	$	$
Net loss for the year	**2,590,094**	91,631
Combined federal and provincial statutory income tax rates	**27%**	27%
Expected income tax recovery based on statutory rates	**(699,326)**	(24,740)
Non-deductible expenditures and non-taxable revenues	**369,199**	-
Effects on income taxes of:		
Change in deferred tax asset not recognized	**330,127**	24,740
Income tax expense	**-**	-

The components of the Company's unrecognized deferred tax assets are as follows:

	August 31, 2022	August 31, 2021
	$	$
Share issuance costs	**4,612**	-
Non-capital loss carries forwards	**349,595**	26,131
Mineral resource properties	**7,817**	**-**
Investment in subsidiaries	**(1)**	**-**
Deferred tax assets not recognized	**(362,023)**	(26,131)
	-	-

As of August 31, 2022 and 2021, the Company had the carry forwards balance as follows:

	2022	**Expiry date range**	2021	Expiry date range
	$	Year	$	Year
Temporary differences				
Share issuance costs	**17,080**	2042 to 2045	-	-
Non-capital losses	**1,294,798**	2039 to 2042	96,782	2039 to 2041
Mineral resource properties	**28,947**	No expiry date	-	No expiry date

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward years to utilize all deferred tax assets.

12. 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).

As at August 31, 2022, Company's financial instruments consist of cash, accounts payables and accrued 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 August 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 of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. The Company's cash and the unit subscription receivable are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with financial institutions of high credit worthiness.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common stock or debt as required.

At August 31, 2022, the Company had cash of $444,917 and accounts payable and accrued liabilities of $177,814 with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities as at August 31, 2022. The Company assessed its liquidity risk as low as at August 31, 2022, however, will require additional financing to fund future operations.

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.

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:

	August 31, 2022 $	August 31, 2021 $
Promissory note (note 4)	**26,222**	-

As at August 31, 2022, the Company had exposure to foreign currency risk, as a promissory note of $26,222 was denominated in US dollars. A 2% change in the foreign exchange rates would result in an impact of approximately $590 to the Company's net loss. The Company assessed its financial currency risk as low as at August 31, 2022. The Company does not currently use financial instruments designed to hedge these market risks.

13. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain its ability to continue as a going concern.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's properties are in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the year ending August 31, 2022. The Company is not subject to any external covenants.

14. SEGMENTED INFORMATION

The Company operates in one business segment being the exploration and development of resource properties located in Nevada, the United States of America.

15. SUBSEQUENT EVENTS

In September through December 2022, the Company issued 3,404,139 common shares pursuant to the exercise of outstanding warrants for cash proceeds of $340,414.

In September through December 2022, the Company issued 290,000 common shares pursuant to the exercise of outstanding stock options for cash proceeds of $42,500.

On September 23, 2022, the Company granted 200,000 RSUs to a consultant of the Company. These 200,000 RSUs vest in five equal instalments of 40,000 RSUs on September 23, 2022 and at the end of each six month period thereafter.

On October 14, 2022, the Company repaid the US$20,000 outstanding promissory note (Note 4 and Note 12).

On October 25, 2022, the Company granted 50,000 stock options to a director of the Company. Each stock option entitles the holder to purchase one common share at an exercise price of $0.55. All the stock options were vested and exercisable upon issuance. The stock options expire on October 25, 2024.