POWR LITHIUM CORP. (formerly Clear Sky Lithium Corp.)

Consolidated Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of POWR Lithium Corp. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity 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, 2023 and 2022, 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.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 18, 2023

POWR LITHIUM CORP. (formerly Clear Sky Lithium Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	**August 31, 2023**	August 31, 2022
		$	$
ASSETS			
Current			
Cash		**75,124**	444,917
Prepaid expense	6	**13,935**	187,503
GST receivable		**84,206**	31,390
		173,265	663,810
Exploration and evaluation assets	7	**2,401,806**	1,834,720
Total assets		**2,575,071**	2,498,530
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9,11	**642,345**	177,814
Promissory note	5	**-**	26,222
Obligation to issue shares	16(a)	**20,000**	-
Total liabilities		**662,345**	204,036
SHAREHOLDERS' EQUITY			
Share capital	10(b)	**4,969,868**	3,769,004
Obligation to issue shares	5,7(a)	**38,951**	38,951
Reserves		**1,539,139**	1,173,415
Deficit		**(4,635,232)**	(2,686,876)
Total shareholders' equity		**1,912,726**	2,294,494
Total liabilities and shareholders' equity		**2,575,071**	2,498,530

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

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

/s/ "Marco Montecinos"	*/s/ "Mark Mukhija"*
Director	Director

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

POWR LITHIUM CORP. (formerly Clear Sky Lithium Corp.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except number of shares)

	Note	Years ended August 31, 2023	2022
		$	$
Operating expenses			
Acquisition expense	5	**-**	1,044,609
Bank charges		**1,674**	938
Consulting and management fees	11	**490,533**	157,370
Exploration and evaluation expenditures	8,11	**226,928**	28,946
General and administrative		**213,233**	133,063
Legal and professional fees	11	**204,533**	336,530
Marketing		**280,631**	316,590
Salaries and wages	11	**-**	180,478
Share-based compensation	10, 11	**477,175**	322,794
Transfer agent and regulatory fees		**46,751**	61,331
		1,941,458	2,582,649
Other expenses			
Foreign exchange		**(6,898)**	(7,445)
Net loss and comprehensive loss		**(1,948,356)**	(2,590,094)
Net loss per share:			
Basic and diluted		**(0.06)**	(0.15)
Weighted average number of common shares:			
Basic and diluted		**32,719,159**	17,254,594

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

POWR LITHIUM CORP. (formerly Clear Sky Lithium Corp.)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years ended August 31,	
	2023	2022
	$	$
Operating activities:		
Net loss for the year	**(1,948,356)**	(2,590,094)
Items not affecting cash:		
Acquisition expense	**-**	1,044,609
Share-based compensation	**477,175**	322,794
Unrealized foreign exchange	**-**	590
Changes in non-cash working capital:		
Prepaid expense	**173,568**	(187,503)
GST receivable	**(52,816)**	(30,830)
Accounts payable and accrued liabilities	**464,531**	84,762
Cash used in operating activities	**(885,898)**	(1,355,672)
Investing activities:		
Cash acquired from the SPA Transaction	**-**	11,800
Payment on behalf of 1291455BC prior to the SPA Transaction	**-**	(59,103)
Payment for the acquiring of the Halo Project	**(264,400)**	(417,831)
Cash used in investing activities	**(264,400)**	(465,134)
Financing activities:		
Payment of subscription liabilities	**-**	(119,001)
Proceeds from exercise of stock options	**42,500**	30,000
Proceeds from exercise of warrants	**410,889**	585,002
Proceeds from issuance of common shares in a private placement	**350,000**	-
Proceeds from issuance of units	**-**	1,664,664
Proceeds from obligation to issue shares	**20,000**	-
Repayment of promissory note	**(26,222)**	(30,000)
Share issuance costs	**(16,662)**	-
Unit issuance costs	**-**	(21,350)
Cash provided by financing activities	**780,505**	2,109,315
Change in cash	**(369,793)**	288,509
Cash, beginning of year	**444,917**	156,408
Cash, end of year	**75,124**	444,917

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

POWR LITHIUM CORP. (formerly Clear Sky Lithium Corp.)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Obligation to issue shares	Reserves	Deficit	Total shareholders' equity
	#	$	$	$	$	$
Balance, August 31, 2021	100,001	1,437	-	564	(96,782)	(94,781)
Units issued in 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 fully vested RSUs	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
Warrants exercised	4,108,889	454,409	-	(43,520)	-	410,889
Stock options exercised	290,000	57,431	-	(14,931)	-	42,500
Conversion of fully vested RSUs	100,000	53,000	-	(53,000)	-	-
Share issued in a private placement	3,500,000	350,000	-	-	-	350,000
Share issuance costs	-	(16,662)	-	-	-	(16,662)
Share issued for the purchase of Halo Project	1,250,000	268,750	-	-	-	268,750
Share issued for finders' fees	157,840	33,936	-	-	-	33,936
Share-based compensation	-	-	-	477,175	-	477,175
Net loss and comprehensive loss for the year	-	-	-	-	(1,948,356)	(1,948,356)
Balance, August 31, 2023	**37,883,468**	**4,969,868**	**38,951**	**1,539,139**	**(4,635,232)**	**1,912,726**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

POWR Lithium Corp. (formerly Clear Sky Lithium 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 and changed its name from Clear Sky Lithium Corp. to POWR Lithium Corp. on January 30, 2023. The address of the Company's registered and records office is 1021 West Hastings Street, 9th floor, Vancouver, BC, V6E 0C3.

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 (the "OTCQB") under the ticker symbol "CSKYF". As of February 3, 2023, common shares quoted on the OTCQB use the symbol "PWRLF".

On July 12, 2022, the Company's common shares commenced trading on Frankfurt Stock Exchange ("FSE") under the ticker symbol "FRA: K4A / WKN: A3DM2W". As of February 3, 2023, common shares are trading on FSE under the ticker symbol "6JX".

a) Going concern

These consolidated financial statements for the years ended August 31, 2023 and 2022 (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. During the year ended August 31, 2023, the Company incurred a net loss and comprehensive loss of $1,948,356 (2022 - $2,590,094). As at August 31, 2023, the Company had working capital deficiency of $489,080, and accumulated deficit of $4,635,232 (August 31, 2022 - working capital surplus of $459,774 and $2,686,876, 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 that may cast significant doubt 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.

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements were approved and authorized for issuance by the Company's Board of Directors on December 18, 2023.

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 presentation

These financial statements have been prepared on an historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. The functional currency is the currency of the primary economic environment in which an entity operates. References to "US$" are United States dollars.

2. BASIS OF PRESENTATION (continued)

d) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

A summary of the Company's subsidiaries included in these financial statements as at August 31, 2023 is as follows:

Name of subsidiary	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 profit or 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, 2023.

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) Foreign exchange

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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
Financial liabilities:	
Accounts payable and accrued liabilities	Amortized cost
Obligation to issue shares (presented under current liabilities)	Amortized cost
Promissory note	Amortized cost

<u>Financial assets</u>

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.

<u>Financial liabilities</u>

All financial liabilities are initially recorded at fair value and classified as FVTPL or amortized cost.

Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs and 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.

<u>Impairment of financial assets at amortized cost</u>

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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 profit or 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.

In situations where equity instruments are issued to non-employees, the transaction is measured with reference to fair value of the goods or services received, unless the fair value of the goods and services cannot be reliably measured, in which case the transaction is measured at fair value of the equity issued.

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) 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, 2023 having a material effect on the Company’s consolidated financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to exercise significant judgments in applying the Company's accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual future outcomes could differ from present estimates and assumptions, which may require material adjustments to the Company's financial statements. Revisions to accounting estimates are accounted for prospectively.

Significant judgments exercised by management in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

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

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Management assesses the Company's ability to continue as a going concern at each reporting date using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates and assumptions of future cash flows and other events (Note 1(a)), whose subsequent changes could materially impact the validity of the assessment.

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.

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.

(Expressed in Canadian dollars, except where noted)

5. 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 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 composed 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 10(b)). 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 assumed the obligation to issue shares with the total fair value of $38,951 (Note 7(a)).

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.

A summary of the fair values of the purchase price and net liabilities assumed as at December 23, 2021 acquisition date is as follows:

	$
Purchase price:	
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 7(a))	38,951
	1,037,412
Fair value of net liabilities assumed:	
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 POWR Lithium Corp. [2]	(59,103)
	(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 principal amount was repaid in cash on June 24, 2022.
(2) The balance due to POWR Lithium Corp. was eliminated on consolidation.

(Expressed in Canadian dollars, except where noted)

6. PREPAID EXPENSE

A summary of the Company's prepaid expense is as follows:

	August 31, 2023	August 31, 2022
	$	$
Consulting and management fees	**-**	13,125
Exploration and evaluation expenditures	**-**	896
Legal and professional fees	**10,000**	10,000
Marketing	**-**	163,482
Transfer agent and regulatory fees	**3,935**	-
	13,935	187,503

7. EXPLORATION AND EVALUATION ASSETS

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

	ELi Property	**Halo Project**	**Total**
	$	$	$
Balance, August 31, 2021	-	-	-
Acquisition costs	127,500	1,630,256	1,757,756
Finder's fee shares	-	76,964	76,964
Balance, August 31, 2022	127,500	1,707,220	1,834,720
Acquisition costs	-	533,150	533,150
Finder's fee shares	-	33,936	33,936
Balance, August 31, 2023	**127,500**	**2,274,306**	**2,401,806**

a) ELi Property

As a result of the SPA Transaction (Note 5), 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, 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 was lower than the share contractual value of US$0.50. Pursuant to the agreement, an obligation to issue shares of $38,951 was recognized in connection with this requirement (Note 5). In addition, the Company agreed to provide the seller with a gross returns mineral production royalty of 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 98 mineral claims located in Esmeralda and Nye Counties, Nevada, (the "Halo Project"). The option agreement requires a series of cash payments, reimbursement of expenses and share consideration as follows:

- $319,914 (US$250,000) cash, $97,917 (US$76,518) reimbursement of expenses, and 1,865,269 common shares of the Company payable on or before August 9, 2022 (fully paid and issued). The fair value of this first tranche of shares was measured as $1,212,425 based on a $0.65 per share market price on the date of issuance.
- US$200,000 cash and 1,250,000 common shares of the Company payable on or before the August 4, 2023 (fully paid and issued). The fair value of this second tranche of shares was measured as $268,750 based on a $0.22 per share market price on the date of issuance.
- US$200,000 cash and 500,000 common shares of the Company payable on or before the August 4, 2024.

(Expressed in Canadian dollars, except where noted)

7. EXPLORATION AND EVALUATION ASSETS (continued)

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 effective date of the agreement (issued).
- 75,000 common shares and common shares equal to US$12,000 due on August 4, 2023 (issued).
- 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 measured as $76,964 based on the $0.65 per share market price on August 9, 2022, the date of issuance. The fair value of the second tranche of the Finder's fee shares was measured at $33,936 based on the $0.22 per share market price on August 4, 2023, the date of issuance.

8. EXPLORATION AND EVALUATION EXPENDITURES

A summary of the Company's exploration and evaluation expenditures for the year ended August 31, 2023 is as follows:

	ELi Property	**Halo Project**	**Total**
	$	$	$
Geological	59,235	7,247	66,482
Geophysics	5,443	87,414	92,857
Mining claims and maintenance	7,650	29,216	36,866
Drilling	-	30,723	30,723
	72,328	**154,600**	**226,928**

A summary of the Company's exploration and evaluation expenditures for the year ended August 31, 2022 is as follows:

	ELi Property	**Halo Project**	**Total**
	$	$	$
Geological	13,849	-	13,849
Geophysics	13,136	-	13,136
Mining claims and maintenance	1,961	-	1,961
	28,946	**-**	**28,946**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	August 31, 2023	August 31, 2022
	$	$
Accounts payables	**638,145**	169,890
Payroll liabilities	**-**	3,374
Accrued liabilities	**4,200**	4,550
	642,345	177,814

10. SHARE CAPITAL

a) Authorized share capital

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

b) Issued share capital

As at August 31, 2023, there were 37,883,468 issued and fully paid common shares outstanding (August 31, 2022 - 28,476,739).

During the year ended August 31, 2023, the Company had the following share capital transactions:

- The Company issued 4,108,889 common shares pursuant to the exercise of outstanding warrants for cash proceeds of $410,889. In connection with the exercised warrants, $43,520 was transferred from reserves to share capital.
- The Company issued 290,000 common shares pursuant to the exercise of outstanding stock options for cash proceeds of $42,500. In connection with the exercised stock options, $14,931 was transferred from reserves to share capital.
- On August 22, 2023, the Company issued 50,000 common shares pursuant to the conversion of 50,000 restricted share units.
- On August 4, 2023, the Company issued 1,250,000 and 157,840 common shares as consideration for the Halo project mineral property option and related finder's fee respectively (Note 7(b)).
- On July 21, 2023, the Company issued 3,500,000 common shares pursuant to a private placement for cash proceeds of $333,338, net of share issuance costs.
- On February 21, 2023, the Company issued 50,000 common shares pursuant to the conversion of 50,000 restricted share units.

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

- The Company issued 50,000 common shares pursuant to the conversion of 50,000 restricted share units.
- The Company issued 150,000 common shares pursuant to the exercise of stock options for cash proceeds of $30,000. In connection with the exercised stock options, $15,236 was transferred from reserves to share capital.
- The Company issued 5,250,023 common shares pursuant to the exercise of outstanding warrants for cash proceeds of $585,002. In connection with the exercised warrants, $134,002 was transferred from reserves to share capital.
- 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 7(b)).
- On February 16, 2022, the Company issued 275,000 common shares pursuant to the exercise of 275,000 special warrants (Note 10(c)).
- 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 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: a share price on the issue date of $0.25, 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 5). 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 post-consolidation common share and one warrant (Note 5).
- 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)

10. SHARE CAPITAL (continued)

c) Warrants

A summary of the Company's warrants activity is as follows:

	Number of warrants	Weighted average exercise price
	#	$
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
Exercised	(4,108,889)	0.14
Balance, August 31, 2023	**11,409,128**	**0.25**

A summary of the Company's outstanding and exercisable warrants as at August 31, 2023 is as follows:

Expiry date	Number of warrants	Weighted average exercise price	Weighted average contractual remaining life
	#	$	Years
September 28, 2024	2,931,692	0.10	1.08
December 23, 2024	2,744,236	0.10	1.31
January 17, 2025	5,733,200	0.40	1.38
	11,409,128	**0.25**	**1.29**

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. 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 10(b)).

On October 5, 2023, the Company amended the terms of a series of 5,733,200 outstanding warrants which were issued on January 17, 2022 in a private placement of units. None of the warrants had been exercised on the date of the amendment. Each warrant outstanding previously entitled the holder to purchase one common share of the Company at a price of $0.40 until January 17, 2025. Under the terms of the amendment, the exercise price of the warrants has been reduced to $0.25. There was no change made to the expiry date of the warrants (Note 16(e)).

d) 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)

10. SHARE CAPITAL (continued)

During the year ended August 31, 2023, the Company recorded share-based compensation expense of $322,437 (2022 - $287,093) related to the vesting of stock options.

A summary of the Company's stock options activity is as follows:

	Number of stock options	Weighted average exercise price
	#	$
Balance, August 31, 2021	-	-
Granted	2,240,000	0.24
Exercised	(150,000)	0.20
Balance, August 31, 2022	2,090,000	0.24
Granted	1,350,000	0.33
Exercised	(290,000)	0.33
Expired	(25,000)	0.33
Balance, August 31, 2023	**3,125,000**	**0.33**

On January 10, 2023, the Company granted 1,300,000 stock options to certain directors, officers, and consultants of the Company. Each stock option entitles the holder to purchase one common share at an exercise price of $0.435. All the stock options vested and were exercisable upon issuance. The stock options expire on January 10, 2025. The fair value of the options was determined to be $306,022 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, a risk-free interest rate of 3.95%, expected volatility of 114%, and 0% expected dividend yield.

On October 25, 2022, the Company granted 50,000 fully vested 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 vested and were exercisable upon issuance. The stock options expire on October 25, 2024. The fair value of the options was determined to be $16,415 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, a risk-free interest rate of 4.14%, expected volatility of 114%, and 0% expected dividend yield.

During the year ended August 31, 2023, the weighted average share price on the date of exercise of the share purchase options was $0.57 per share (2022 - $0.20).

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.

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL (continued)

A summary of the Company's assumptions used in the Black-Scholes option pricing model for stock options granted during the years ended August 31, 2023 and 2022 is as follows:

Expected life	2 - 3 years
Dividend yield	0%
Volatility rate	114%
Risk-free interest rate	0.64% - 4.14%

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.

A summary of the Company's outstanding and exercisable stock options as at August 31, 2023, is as follows:

Expiry date	**Outstanding and exercisable**	**Weighted average exercise price**	**Weighted average remaining life**
	#	$	Years
September 28, 2024	300,000	0.10	1.08
June 13, 2024	1,195,000	0.25	0.79
June 30, 2024	140,000	0.25	0.83
August 18, 2024	150,000	0.53	0.97
October 25, 2024	50,000	0.55	1.15
January 10, 2025	1,290,000	0.44	1.36
	3,125,000	**0.33**	**1.07**

e) Restricted share units

Each restricted share unit ("RSU") is comprised of one common share of the Company.

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. The fair value of the RSU is the market price at the date of grant of $0.49.

On August 18, 2022, the Company granted 250,000 RSUs to an officer of the Company. 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, 2023, the Company recorded share-based compensation expense $154,738 (2022 - $35,701) related to the vesting of these RSUs.

A summary of the Company's RSUs activity is as follows:

	Number of RSUs	**Weighted average exercise price**
	#	$
Balance, August 31, 2021	-	-
Granted	250,000	0.53
Converted	(50,000)	0.53
Balance, August 31, 2022	200,000	0.53
Granted	200,000	0.49
Converted	(100,000)	0.53
Balance, August 31, 2023	**300,000**	**0.50**

The weighted average contractual life remaining of RSU's outstanding as at August 31, 2023 is 1.02 years.

(Expressed in Canadian dollars, except where noted)

11. 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.

A summary of the Company's amounts paid to key management personnel and/or entities over which they have control for the years ended August 31, 2023 and 2022 are as follows:

	2023	2022
	$	$
Consulting and management fees provided by a company owned by an officer	**150,000**	12,500
Exploration and evaluation expenditures provided by a company owned by a director	**14,494**	28,946
Legal and professional fees provided by a company owned by an officer	**95,120**	102,980
Salaries and wages paid to key management personnel	**-**	175,000
Share-based compensation	**127,473**	136,831
	387,087	456,257

A summary of the Company's balances due to related parties is as follows:

	August 31, 2023	August 31, 2022
	$	$
Accounts payable and accrued liabilities	**76,388**	19,654

Accounts payable and accrued liabilities due to related parties are non-interest bearing and on demand.

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.

Company's financial instruments consist of cash, accounts payables and accrued liabilities, obligation to issue shares (presented under current liabilities) and promissory note. The carrying values of these financial instruments approximate their respective fair values due to the term of these instruments.

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

a) 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 is exposed to credit risk. The Company reduces its credit risk by placing cash with financial institutions of high credit worthiness.

(Expressed in Canadian dollars, except where noted)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) 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 shares or debt as required. The Company is exposed to liquidity risk through its accounts payable and accrued liabilities, and obligation to issue shares (presented in current liabilities). Management mitigates this risk by monitoring its cash position and issuing shares or debt as required.

At August 31, 2023, the Company had cash of $75,124 (August 31, 2022 - $444,917) and accounts payable and accrued liabilities of $642,345 (August 31, 2022 - $177,814) with contractual maturities of less than one year. The Company did not have sufficient cash to meet its current liabilities as at August 31, 2023. The Company is exposed to liquidity risk as at August 31, 2023, and will require additional financing to fund future operations.

On September 29, 2023, the Company issued 10,000,000 units at $0.20 per unit for gross proceeds of $2,000,000 (Note 16(a)).

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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 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. A summary of the Company's carrying amounts of the foreign currency denominated monetary assets is as follows:

	August 31, 2023	August 31, 2022
	$	$
Promissory note	**-**	26,222

As at August 31, 2023, the Company had no exposure to foreign currency risk as the promissory note of $26,222 was repaid on October 27, 2022.

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 adjusts 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 ended August 31, 2023. The Company is not subject to any external covenants.

(Expressed in Canadian dollars, except where noted)

14. INCOME TAXES

A summary of the Company's reconciliation of income taxes at statutory rates for the years ended August 31, 2023 and 2022, is as follows:

	2023	2022
	$	$
Net loss for the year	**(1,948,356)**	(2,590,094)
Expected income tax recovery based on statutory rates	**(526,056)**	(699,326)
Non-deductible expenditures and non-taxable revenues	**128,837**	369,199
Other	**9,575**	-
Change in deferred tax asset not recognized	**387,644**	330,127
Income tax expense	**-**	-

A summary of the Company's significant components of unrecognized deferred tax assets is as follows:

	August 31, 2023	August 31, 2022
	$	$
Share issuance costs	**13,402**	4,612
Allowable capital losses	**201**	-
Non-capital loss carries forwards	**683,260**	349,595
Mineral resource properties	**53,734**	7,817
Investment in subsidiaries	**-**	(1)
Other	**(54)**	-
Deferred tax assets not recognized	**(750,543)**	(362,023)
	-	-

A summary of the Company's significant components of unrecognized deductible temporary difference and unused non-capital losses for which no deferred tax asset is recognized is as follows:

	August 31, 2023	**Expiry date range**	August 31, 2022	Expiry date range
	$	**Year**	$	Year
Temporary differences				
Share issuance costs	**49,639**	**2043 to 2047**	17,080	2042 to 2045
Allowable capital losses	**745**	**No expiry date**	-	No expiry date
Non-capital losses	**2,532,827**	**See below**	1,294,798	2039 to 2042
Mineral resource properties	**255,874**	**No expiry date**	28,947	No expiry date
Other	**(203)**	**No expiry date**	-	No expiry date

As at August 31, 2023, the Company has $2,522,777 (August 31, 2022 - 1,294,151) of Canadian non-capital income tax losses (unrecognized) which will expire over 2039 to 2043 (August 31, 2022 - expire over 2039 to 2042) and $10,050 (August 31, 2022 - $647) of the United States of America non-capital income tax losses (unrecognized) which will carry forward indefinitely.

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.

15. 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.

16. SUBSEQUENT EVENTS

a) Units issued

On September 29, 2023, the Company issued 10,000,000 units at $0.20 per unit for gross proceeds of $2,000,000. Of the $2,000,000 gross proceeds, $20,000 was received during the year ended August 31, 2023, and is included under obligation to issue shares within current liabilities. Each unit comprises one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.40 until September 27, 2025. The warrants were valued using a Black-Scholes option pricing model with the following assumptions: an exercise price of $0.40, estimated weighted average life of two years, volatility of 114%, and a risk-free interest rate of 4.87%. Applying the relative fair value approach, each common share has a $0.166 fair value, and each warrant has a $0.034 fair value. As a result, the fair value of share capital on the date of issuance was $1,659,231 and the fair value allocated to the warrant reserve was $340,769.

The Company paid cash for finders fee's of $73,003 and issued 427,777 finder's warrants in connection with this transaction. The fair value of the finder's warrants was determined to be $38,589 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, a risk-free interest rate of 4.87%, expected volatility of 114%, and 0% expected dividend yield. Therefore, total share issuance costs recorded as a reduction to share capital in connection with this unit issuance was $111,592.

b) Debt settlement with units

Concurrently with the private placement that was completed on September 29, 2023, the Company settled outstanding payables totaling $142,750 for consideration of 713,750 units at a price of $0.20. Each unit comprises one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.40 until September 27, 2025. The warrants were valued using a Black-Scholes option pricing model with the following assumptions: an exercise price of $0.40, estimated weighted average life of two years, volatility of 114%, and a risk-free interest rate of 4.87%. Applying the relative fair value approach, each common share has a $0.166 fair value, and each warrant has a $0.034 fair value. As a result, the fair value of share capital on the date of issuance was $118,428 and the fair value allocated to the warrant reserve was $24,322. 196,678 of these units were issued to the CEO of the Company to settle $39,375 in accounts payables which were outstanding at August 31, 2023.

c) Stock options issued

On September 29, 2023, the Company granted 1,350,000 stock options to consultants of the Company. Each stock option entitles the holder to purchase one common share at an exercise price of $0.23. All the stock options vested and were exercisable upon issuance and expire on September 29, 2028. The fair value of the options was determined to be $254,853 using the Black-Scholes option pricing model with the following assumptions: expected life of five years, a risk-free interest rate of 4.83%, expected volatility of 114%, and 0% expected dividend yield.

d) RSU's issued

On September 29, 2023, the Company granted 3,275,000 RSU's to certain consultants and an officer of the Company. These RSU's will vest on January 30, 2024. The fair value of the RSU is the market price at the date of grant of $0.23.

On September 29, 2023, the Company granted 250,000 RSUs to a consultant of the Company. 50,000 of RSU's will vest on March 29, 2024, 100,000 of the RSU's will vest on September 29, 2024, and the remaining 100,000 RSU's will vest on March 29, 2025. The fair value of the RSU is the market price at the date of grant of $0.23.

e) Warrant exercise price adjustment

On October 5, 2023, the Company amended the terms of a series of 5,733,200 outstanding warrants which were issued on January 17, 2022 in a private placement of units. None of the warrants had been exercised on the date of the amendment. Each warrant outstanding previously entitled the holder to purchase one common share of the Company at a price of $0.40 until January 17, 2025. Under the terms of the amendment, the exercise price of the warrants has been reduced to $0.25. There was no change made to the expiry date of the warrants. The amendment was accounted for as a $37,280 increase in reserves, with a corresponding decrease in deficit.