PEGMATITE ONE LITHIUM AND GOLD CORP.

(FORMERLY MADI MINERALS LTD.)

Condensed Interim Consolidated Financial Statements

For the nine months ended May 31, 2023

Expressed in Canadian Dollars - Unaudited

NOTICE TO READER

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

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

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

PEGMATITE ONE LITHIUM AND GOLD CORP. (FORMERLY MADI MINERALS LTD.)
Condensed Interim Consolidated Statement of Financial Position
(Expressed in Canadian dollars - Unaudited)

	May 31, 2023	August 31, 2022
ASSETS		
Current assets		
Cash	$ 194,232	$ 102,195
Amounts recoverable	24,768	17,375
Prepaid expenses	19,233	-
	238,233	119,570
Non-current assets		
Exploration and evaluation assets (Note 6)	1,655,814	1,614,006
	$ 1,894,047	$ 1,733,576
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	$ 75,289	$ 68,825
	75,289	68,825
Shareholders' equity		
Share capital (Note 7)	2,345,111	1,949,611
Reserves (Note 7)	213,315	137,115
Deficit	(739,668)	(421,975)
	1,818,758	1,664,751
	$ 1,894,047	$ 1,733,576

Nature and continuance of operations (Note 1)
Subsequent event (Note 12)

Approved by the Board of Directors and authorized for issue on July 31, 2023:

"Ross Mitgang" Director — Ross Mitgang

"Binyomin Posen" Director — Binyomin Posen

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

PEGMATITE ONE LITHIUM AND GOLD CORP. (FORMERLY MADI MINERALS LTD.)
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars - Unaudited)

	Three months ended May 31, 2023	Three months ended May 31, 2022	Nine months ended May 31, 2023	Nine months ended May 31, 2022
EXPENSES				
Consulting fees (Note 8)	$ 10,000	$ 22,000	$ 29,500	$ 22,000
Filing and transfer agent fees	3,277	24,772	19,822	30,551
Management fees (Note 8)	6,000	31,500	20,000	46,500
Office (Note 8)	2,817	1,821	11,594	2,145
Professional fees (Note 8)	58,136	63,700	141,871	75,354
Share-based compensations	50,300	69,200	76,200	69,200
Shareholder information	10,860	2,000	18,300	2,000
Travel and promotion	42	92	406	2,592
Loss before income taxes	(141,432)	(215,085)	(317,693)	(250,342)
Deferred income tax recovery	-	-	-	9,515
Loss and comprehensive loss for the period	$ (141,432)	$ (215,085)	$ (317,693)	$ (240,827)
Weighted average number of outstanding common shares – basic and diluted	34,325,001	12,419,232	31,104,122	10,873,078
Basic and diluted loss per common share	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.02)

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

PEGMATITE ONE LITHIUM AND GOLD CORP. (FORMERLY MADI MINERALS LTD.)
Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars - Unaudited)

	Number of shares	Amount	Option Reserves	Warrant Reserves	Deficit	Total
Balance, August 31, 2021	10,100,001	$ 272,751	$ 22,282	$ -	$ (63,417)	$ 231,616
Shares issued pursuant to IPO	4,025,000	402,500	-	-	-	402,500
Share issue costs – cash	-	(88,907)	-	-	-	(88,907)
Share issue costs – warrants	-	(29,100)	-	29,100	-	-
Share issued for option exercise	200,000	26,367	(6,367)	-	-	20,000
Share-based payment	-	-	69,200	-	-	69,200
Loss for the period	-	-	-	-	(240,827)	(240,827)
Balance, May 31, 2022	14,325,001	583,611	85,115	29,100	(304,244)	393,582
Share-based payment	-	-	22,900	-	-	22,900
Shares issued pursuant to amalgamation	12,000,000	1,366,000	-	-	-	1,366,000
Loss for the period	-	-	-	-	(117,731)	(117,731)
Balance, August 31, 2022	26,325,001	1,949,611	108,015	29,100	(421,975)	1,664,751
Shares issued for private placements	7,900,000	395,000	-	-	-	395,000
Share issue costs – cash	-	(5,000)	-	-	-	(5,000)
Shares issued for exploration and evaluations assets	100,000	5,500	-	-	-	5,500
Share-based payment	-	-	76,200	-	-	76,200
Loss for the period	-	-	-	-	(317,693)	(317,693)
Balance, May 31, 2023	34,325,001	$ 2,345,111	$ 184,215	$ 29,100	$ (739,668)	$ 1,818,758

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

PEGMATITE ONE LITHIUM AND GOLD CORP. (FORMERLY,MADI MINERALS LTD.)
Condensed Interim Consolidated Statement of Cash Flows
(Expressed in Canadian dollars - Unaudited)
Nine months ended May 31,

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period	$ (317,693)	$ (240,827)
Items not involving cash:		
Deferred income tax recovery	-	(9,515)
Share-based compensation	76,200	69,200
Changes in non-cash working capital items:		
Amounts recoverable	(7,393)	(4,589)
Decrease (increase) prepaid expenses and deposits	(19,233)	5,000
Accounts payable and accrued liabilities	6,464	8,295
Net cash used in operating activities	(261,655)	(172,436)
CASH FLOW FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(36,308)	(10,000)
Net cash used in investing activities	(36,308)	(10,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from private placements	395,000	402,500
Share issue costs - cash	(5,000)	(88,907)
Option exercised		20,000
Net cash provided by financing activities	390,000	333,593
Change in cash during the period	92,037	151,157
Cash, beginning of period	102,195	128,331
Cash, end of period	$ 194,232	$ 279,488
Interest received	$ -	$ -
Interest paid	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 11)

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

1. Nature and continuance of operations

Pegmatite One Lithium and Gold Corp. (formerly Madi Minerals Ltd.) (the "Company") was incorporated on March 4, 2021 under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's registered office is Suite 250 – 750 West Pender Street, Vancouver, BC, V6C 2T7 and its corporate office and principal place of business of the Company is Suite 201 - 10 Wanless Avenue, Toronto, Ontario, Canada, M4N 1V6.

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

On April 11, 2022, the Company completed its initial public offering (the "IPO") of 4,025,000 common shares of the Company at a price of $0.10 per common share for gross proceeds of $402,500. The shares were approved for listing on the Canadian Securities Exchange (the "CSE") and commenced trading on the CSE on April 12, 2022, under the symbol ("MADI").

On January 18, 2023, the Company changed its name from 'Madi Minerals Ltd.' to 'Pegmatite One Lithium and Gold Corp.'

The Company's shares is traded under the new symbol 'PGA' from January 27, 2023.

<u>Going concern</u>

These condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof. The Company has sustained losses from operations and expects to incur further losses in the development of its business and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As at May 31, 2023 the Company had a working capital of $162,944 (August 31, 2022 – $50,745). Based on its current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its current plans. These material uncertainties may cast substantial doubt about the Company's ability to continue as a going concern.

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

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

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

2. Significant accounting policies and basis of preparation

The condensed interim consolidated financial statements were authorized for issue on July 31, 2023 by the directors of the Company.

Statement of compliance

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

Basis of preparation

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

This condensed interim consolidated financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended August 31, 2022. These interim financial statements have been prepared using the same accounting policies and methods of application as those in the annual financial statements.

Basis of consolidation

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

The Company incorporated a wholly-owned subsidiary, 1000256194 Ontario Ltd., on July 12, 2022 in the Province of Ontario. This entity was later amalgamated with Casey Jones Lithium Inc. ("Casey") into one company, under the name 1000279021 Ontario Ltd., to acquire a mineral exploration property (Notes 5 and 6). The Company holds a 100% interest in 1000279021 Ontario Ltd. These condensed interim consolidated financial statements include the accounts of 1000279021 Ontario Ltd.

3. Significant accounting judgements and estimates

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

3. Significant accounting judgements and estimates (continued)

Significant accounting judgments

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

i) Going concern

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

Significant accounting estimates

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

i) Exploration and evaluation costs

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

4. Significant accounting policies

Cash

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

Foreign currency translation

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

Exploration and evaluation assets

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

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

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

4. Significant accounting policies (continued)

Exploration and evaluation assets (continued)

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

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

Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in other income for the period. If a property is abandoned, the acquisition, deferred exploration and development costs will be written off to other expenses.

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

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

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

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

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

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

4. Significant accounting policies (continued)

Impairment

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

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

Share capital

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

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

Share issuance costs

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

4. Significant accounting policies (continued)

Flow-through shares

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

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

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

Earnings (loss) per share

Earnings (loss) per share is calculated on the basis of the weighted average number of common shares outstanding during the period. The Company follows the treasury share method to calculate the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Existing share options and share purchase warrants have not been included in the computation of diluted loss per share, as it would be anti-dilutive. For the period ended May 31 2023, 3,250,000 (2022 – Nil) options and 7,402,500 (2022 – Nil) warrants were not included in the calculation of diluted earnings per share as their inclusion was anti-dilutive.

Share-based payments

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

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

All equity-settled share-based payments are reflected in share-based payments reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

4. Significant accounting policies (continued)

Share-based payments (continued)

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

Income taxes

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

Deferred income tax is recorded using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Business combination

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree or assumed and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be a liability is recognized either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

4. Significant accounting policies (continued)

Business combination (continued)

Goodwill is initially measured as the excess of the aggregate of the fair value of consideration transferred over the fair value of identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Financial instruments

Under IFRS 9, *Financial Instruments*, financial assets and financial liabilities are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: 1) amortized cost, 2) fair value through other comprehensive income (FVTOCI), and 3) fair value through profit or loss (FVTPL).

i) Measurement – initial recognition

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

ii) Classification – financial assets

Amortized cost:

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

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

FVTOCI:

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

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

4. Significant accounting policies (continued)

Financial instruments (continued)

ii) Classification – financial assets (continued)

FVTPL:

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

iii) Classification – financial liabilities

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

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

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

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

	IFRS 9 classification
Financial Asset	
Cash	FVTPL
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost

Impairment of Financial assets

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

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

4. Significant accounting policies (continued)

Derecognition

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

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

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

Adoption of new accounting standards, interpretations and amendments

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

5. Acquisition of Casey Jones Lithium Inc.

On August 8, 2022, the Company completed a three-cornered amalgamation to which the Company's wholly-owned subsidiary, 1000256194 Ontario Ltd., amalgamated with Casey and continued as one entity. The amalgamated entity, 1000279021 Ontario Ltd., became a wholly-owned subsidiary of the Company. In consideration of completing the transaction, the Company issued 12,000,000 common shares, of which:

i) 4,000,000 shares are issued without legend or restrictions;
ii) 4,000,000 shares must not be traded before December 8, 2022; and
iii) 4,000,000 shares must not be traded before April 8, 2023.

The shares issued were valued at $1,366,000 using the Company's share price on the date of share issuance of $0.135, adjusted for a discount of $254,000 using option pricing model to account timing of the share releases due to the restrictions noted above. The estimated discount of $254,000 was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 160% (determined based on comparable publicly listed entities); an expected life of 0.67 years; a dividend yield of 0%; and a risk-free rate of 3.28%. The Company paid transaction costs of $24,379.

The transaction did not constitute a business combination, as 1000279021 Ontario Ltd. did not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the amalgamation of 1000279021 Ontario Ltd. was accounted for as an asset acquisition, whereby the purchase price was allocated to the identifiable assets and liabilities of the Company based on their relative fair values at date of purchase. The net assets acquired pursuant to the acquisition were as follows:

(Expressed in Canadian dollars - unaudited)

5. Acquisition of Casey Jones Lithium Inc. (continued)

Total Purchase Price:		
Issuance of 12,000,000 common shares	$	1,366,000
Transaction costs		24,379
	$	1,390,379
Net assets acquired:		
Exploration and evaluation assets (Morrison River Property (Note 6))	$	1,390,379

6. Exploration and evaluation assets

Georgina Property (British Columbia)

On March 29, 2021, the Company entered into an option agreement to acquire up to a 75% interest in a mining claim in the Nanaimo Mining Division, British Columbia.

During the period ended August 31, 2021, to acquire a 51% interest in the property, the Company issued 100,000 common shares and paid $5,000 in cash to the vendor.

To earn the further 24% of the total 75% interest, the Company must pay the Optionor $10,000 on or before March 29, 2022 (paid), issue 100,000 common shares on or before the date that is six months from the date of the initial listing of the Company's shares on CSE (issued at a value of $5,500), and incur aggregate exploration expenditures of $200,000 of which $75,000 must be incurred before March 29, 2022 (incurred) and $125,000 on or before the first anniversary of the initial listing of the Company's shares on an exchange. Should the Company not earn the additional 24% interest, the property will revert back to the vendor. The property is subject to a net smelter royalty of 2% payable to the vendor.

Morrison River Property (Ontario)

On August 8, 2022, the Company entered into an agreement to acquire a 100% interest in the Morrison River Property through the acquisition of 100% of the common shares of a privately held company that owns the property (Note 5).

During the year ended August 31, 2022, the Company issued 12,000,000 common shares (issued at a value of $1,366,000); and paid other transaction costs of $24,379 related to acquiring the privately held company through amalgamation.

(Expressed in Canadian dollars - unaudited)

6. Exploration and evaluation assets (continued)

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

		Georgina		Morrison River Property		Total
Balance, August 31, 2021	**$**	**119,075**	**$**	**-**	**$**	**119,075**
Acquisition costs:						
Cash		10,000		-		10,000
Acquisition of Casey (Note 5)		-		1,390,379		1,390,379
		10,000		1,390,379		1,400,379
Exploration costs:						
Assays and testing		18,145		-		18,145
Geological consulting		55,765		-		55,765
Travel, accommodation, and supplies		25,070		-		25,070
Exploration cost recovery		(4,428)		-		(4,428)
		94,552		-		94,552
Balance, August 31, 2022		**223,627**		**1,390,379**		**1,614,006**
Acquisition costs:						
Issuance of shares		5,500		-		5,500
		5,500		-		5,500
Exploration costs:						
Mapping and surveying		1,500		27,930		29,430
Staking		-		6,878		6,878
		1,500		34,808		36,308
Balance, May 31, 2023	**$**	**230,627**	**$**	**1,425,187**	**$**	**1,655,814**

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issuances

Nine months ended May 31, 2023

On December 12, 2022, the Company issued a total of 100,000 common shares with a fair value of $5,500 for acquisition of Georgina Property (Note 6).

On December 19, 2022, the Company completed a non-brokered private placement of 1,800,000 flow-through units at a price of $0.05 for gross proceeds of $90,000. Each flow-through unit consists of one common share and one half of one common share purchase warrant. Each warrant is exercisable into an additional common share at a price of $0.10 until December 19, 2025. The Company paid issuance costs of $5,000.

Concurrently, the Company completed a non-flow-through private placement of 6,100,000 units at a price of $0.05 for gross proceeds of $305,000. Each unit consists of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of $0.10 until December 19, 2025.

Year ended August 31, 2022

On April 11, 2022, the Company completed its IPO of 4,025,000 common shares at a price of $0.10 for total proceeds of $402,500. Research Capital Corporation acted as agent for the IPO. The agent received a cash commission equal to 10% of the gross proceeds of the IPO and a corporate finance fee of $25,000. In addition, the Company granted the agent, and its selling group, agent's warrants entitling the holder to purchase an aggregate of 402,500 shares at a price of $0.10 per share until April 11, 2024. The agent's warrants were allocated a fair value of $29,100. The Company also paid other issuance costs of $23,657.

On April 12, 2022, the Company issued 200,000 common shares for $20,000 pursuant to options exercise and allocated $6,367 from contributed surplus to share capital.

On August 8, 2022, the Company issued 12,000,000 common shares valued at $1,366,000 pursuant to the amalgamation agreement with Casey and 1000256194 Ontario Ltd., a wholly owned subsidiary of the Company incorporated solely for the purposes of the transaction (Note 5). The shares issued are subject to the following trading restrictions:

i) 4,000,000 shares are issued without legend or restrictions;
ii) 4,000,000 shares must not be traded before December 8, 2022; and
iii) 4,000,000 shares must not be traded before April 8, 2023.

Stock options

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

(Expressed in Canadian dollars - unaudited)

7. Share capital (continued)

Stock options (continued)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. The pricing models adopted by management do not necessarily provide a consistent single measure of the fair value of the Company's share options and other share-based transactions.

Nine months ended May 31, 2023, the Company,

On December 12, 2022, the Company granted 500,000 stock options that vested upon grant and are exercisable at a price of $0.055 until December 12, 2027 to an officer. The estimated fair value of the options was $25,900 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 165% (determined based on comparable publicly listed entities); an expected life of 5 years; a dividend yield of 0%; and a risk-free rate of 3.85%.

On April 4, 2023, the Company granted 1,250,000 stock options that vested upon grant and are exercisable at a price of $0.065 until March 17, 2026 to officers, directors and consultants. The estimated fair value of the options was $50,300 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 161% (determined based on comparable publicly listed entities); an expected life of 2 years; a dividend yield of 0%; and a risk-free rate of 3.52%.

Year ended August 31, 2022

On May 4, 2022, the Company granted 800,000 stock options that vested upon grant and are exercisable at a price of $0.10 until May 4, 2025 to senior officers and directors The estimated fair value of the options was $69,200 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 170% (determined based on comparable publicly listed entities); an expected life of 3 years; a dividend yield of 0%; and a risk-free rate of 2.59%.

On August 18, 2022, the Company granted 200,000 stock options that vested upon grant and are exercisable at a price of $0.135 until August 18, 2025 to a director. The estimated fair value of the options was $22,900 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 163% (determined based on comparable publicly listed entities); an expected life of 3 years; a dividend yield of 0%; and a risk-free rate of 3.28%.

A summary of change in stock options is as follows:

	Number of Options		**Weighted average exercise price**
Balance, August 31, 2021	700,000	$	0.10
Granted	1,000,000		0.11
Exercised	(200,000)		0.10
Balance, August 31, 2022	1,500,000		0.10
Granted	1,750,000		0.06
Balance, May 31, 2023	3,250,000	$	0.08

As at May 31, 2023, the Company's options had a weighted average remaining life of 2.36 years (2022 – Nil years).

(Expressed in Canadian dollars - unaudited)

7. Share capital (continued)

Stock options (continued)

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

Number of Options	Exercise Price	Expiry date	Exercisable
500,000	$0.10	August 30, 2024	500,000
800,000	$0.10	May 4, 2025	800,000
200,000	$0.135	August 18, 2025	200,000
500,000	$0.055	December 12, 2027	500,000
1,250,000	$0.065	April 04, 2025	1,250,000
3,250,000			3,250,000

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

	May 31, 2023	August 31, 2022
Risk-free interest rate	3.61%	2.73%
Exercise price	$0.062	$0.11
Expected life of options	2.86 years	3.00 years
Expected annualized volatility	162%	169%
Expected dividend rate	-	-

Volatility is determined based on comparable publicly listed entities.

Warrants

Year ended August 31, 2022

On April 11, 2022, the Company granted 402,500 agent's warrants and are exercisable at a price of $0.10 until April 11, 2024.

A summary of change in warrants is as follows:

	Number of Warrants		Weighted average exercise price
Balance, August 30, 2021	-	$	-
Granted	402,000		0.10
Balance, August 31, 2022	402,000		0.10
Granted	7,000,000		0.10
Balance, May 31, 2023	7,402,000	$	0.10

As at May 31, 2023, the Company's warrants had a weighted average remaining life of 1.71 years (2022 – Nil years).

(Expressed in Canadian dollars - unaudited)

7. Share capital (continued)

Warrants (continued)

Details of warrants outstanding as at May 31, 2023 are as follows:

Number of Warrants	Exercise Price	Expiry date
402,000	$0.10	April 11, 2024
7,000,000	$0.10	December 19, 2025
7,402,000		

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

	May 31, 2023	August 31, 2022
Risk-free interest rate	-	3.28%
Exercise price	-	$0.10
Expected life of options	-	2.00 years
Expected annualized volatility	-	152%
Expected dividend rate	-	-

Volatility is determined based on comparable publicly listed entities.

8. Related party transactions

Key management compensation

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

	Nine months ended May 31, 2023	Nine months ended May 31, 2022
Consulting	$ 9,000	$ -
Management fee	20,000	46,500
Office	-	500
Professional fee	-	10,800
Share-based payments	52,056	25,950
Total	**$ 87,056**	**$ 83,750**

During the period ended May 31, 2023, the Company:

i) paid or accrued management fees of $9,000 (2022 - $46,500) and office expenses of $Nil (2022 - $500) to a company owned by the former CEO of the Company.

ii) paid or accrued management fees of $7,000 (2022 - $46,500) to the former CEO of the Company.

iii) paid or accrued management fees of $4,000 (2022 - $Nil) to the CEO of the Company.

8. Related party transactions (continued)

Key management compensation (continued)

iv) paid or accrued consulting fees of $9,000 (2022 - $Nil) to the CFO of the Company.

v) paid or accrued professional fees of $Nil (2022 - $10,800) to the former CFO of the Company.

vi) granted 1,150,000 (2022 – 300,000) stock options with a value of $52,056 (2022 - $25,950) to the CEO and former CEO of the Company.

As at May 31, 2023, due to related parties amounted to $2,100 (2022 – $2,000) included in accounts payable and accrued liabilities on the statements of financial position.

9. Capital management

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

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

10. Financial instruments and risks

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

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

Level 1 – Quoted Prices in Active Markets for Identical Assets
Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

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

10. Financial instruments and risks (continued)

Level 2 – Significant Other Observable Inputs
Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Significant Unobservable Inputs
Unobservable (supported by little or no market activity) prices.

Financial Instrument Risks

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

a) Credit risk

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

b) Interest rate risk

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

c) Market risk

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

d) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. As at May 31, 2023, the Company manages this risk by monitoring its working capital to ensure its expenditures will not exceed available resources. As at May 31, 2023, the Company had cash of $194,232 (August 31, 2022 – $102,195) and a working capital of $162,944(August 31, 2022 – $50,745). The Company may not be able to settle accounts payable and accrued liabilities of $75,289 (August 31, 2022 – $68,825). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

e) Currency risk

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

11. Subsequent events

Subsequent to May 31, 2023, the Company:

i) entered into an option agreement with an Arm's length party to acquire a 100% interest in the Frazer Lake-Mound Property, Ontario, Canada.

Pursuant to the agreement, the Company will acquire the interest in the property by paying the optionor a total cash consideration of $250,001 as follows:

a) $1 on June 28, 2028, and
b) $250,000 on or before June 28, 2024.

In addition, pursuant to the agreement, the Company will issue the Optionor 7,000,000 warrants on or before July 5, 2023, each warrant will entitle the holder to acquire one common share of the Company at a price of $0.05 until June 28, 2025. In addition, the Company also will issue the optionor 20,000,000 common shares on or before June 28, 2024.

The Company will grant the optionor a royalty of 2.0% of net smelter returns from minerals mined and removed from the property, of which the Company may purchase 1.0% at any time by paying a total of $1,500,000 to the optionor.