PEGMATITE ONE LITHIUM AND GOLD CORP.

(FORMERLY MADI MINERALS LTD.)

Consolidated Financial Statements

For the Years Ended August 31, 2023 and 2022

Expressed in Canadian Dollars

Crowe

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Independent Auditor's Report

To the Shareholders of Pegmatite One Lithium and Gold Corp.

Opinion

We have audited the consolidated financial statements of Pegmatite One Lithium and Gold Corp. (the "Group"), which comprise the consolidated statements of financial position as at August 31, 2023 and August 31, 2022 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at August 31, 2023 and August 31, 2022, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group'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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group’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 Group’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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Diana Huang.

Crowe Mackay LLP

Chartered Professional Accountants
Vancouver, Canada
December 22, 2023

PEGMATITE ONE LITHIUM AND GOLD CORP. (FORMERLY MADI MINERALS LTD.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	August 31, 2023	August 31, 2022
ASSETS		
Current assets		
Cash	$ 258,111	$ 102,195
Amounts recoverable	32,310	17,375
Prepaid expenses	19,609	-
	310,030	119,570
Non-current assets		
Exploration and evaluation assets (Note 6)	500,359	1,614,006
	$ 810,389	$ 1,733,576
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	$ 280,471	$ 68,825
Shareholders' equity		
Share capital (Note 7)	2,424,406	1,949,611
Reserves (Note 7)	363,096	137,115
Deficit	(2,257,584)	(421,975)
	529,918	1,664,751
	$ 810,389	$ 1,733,576

Nature and continuance of operations (Note 1)
Subsequent event (Notes 6 and 12)

Approved by the Board of Directors and authorized for issue on December 22, 2023:

"Ross Mitgang" Director — *"Binyomin Posen"* Director
Ross Mitgang — Binyomin Posen

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

PEGMATITE ONE LITHIUM AND GOLD CORP. (FORMERLY MADI MINERALS LTD.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
For the years ended August 31,

	2023	2022
EXPENSES		
Consulting fees (Note 8)	$ 33,350	$ 36,000
Filing and transfer agent fees	23,332	34,011
Management fees (Note 8)	56,000	85,000
Office (Note 8)	14,699	2,289
Professional fees (Note 8)	157,240	106,598
Share-based compensation (Notes 7 and 8)	76,200	92,100
Shareholder information	25,484	12,000
Travel and promotion	2,645	7,061
Write-off of explorations and evaluation asset (Note 6)	1,446,659	-
Loss before income taxes	(1,835,609)	(375,059)
Deferred income tax recovery (Note 11)	-	16,501
Loss and comprehensive loss for the year	$ (1,835,609)	$ (358,558)
Weighted average number of outstanding common shares – basic and diluted	31,948,004	12,499,316
Basic and diluted loss per common share	$ (0.06)	$ (0.03)

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

PEGMATITE ONE LITHIUM AND GOLD CORP. (FORMERLY MADI MINERALS LTD.)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	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	-	-	92,100	-	-	92,100
Share issued pursuant to amalgamation	12,000,000	1,366,000	-	-	-	1,366,000
Loss for the year	-	-	-	-	(358,558)	(358,558)
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	-	(46,274)	-	-	-	(46,274)
Shares issued for exploration and evaluation assets	100,000	5,500	-	-	-	5,500
Warrants issued for exploration and evaluation assets	-	-	-	171,000	-	171,000
Exercise of warrants	993,500	120,569	-	(21,219)	-	99,350
Share-based payment	-	-	76,200	-	-	76,200
Loss for the year	-	-	-	-	(1,835,609)	(1,835,609)
Balance, August 31, 2023	35,318,501	$ 2,424,406	$ 184,215	$ 178,881	$ (2,257,584)	$ 529,918

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

PEGMATITE ONE LITHIUM AND GOLD CORP. (FORMERLY MADI MINERALS LTD.)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
Years ended August 31,

	2023	2022
CASH FLOW USED IN OPERATING ACTIVITIES		
Loss for the year	$(1,835,609)	$ (358,558)
Items not involving cash:		
Deferred income tax recovery	-	(16,501)
Share-based compensation	76,200	92,100
Write-off of explorations and evaluation asset	1,446,659	-
Changes in non-cash working capital items:		
Amounts recoverable	(14,935)	(13,164)
Prepaid expenses	(19,609)	5,000
Accounts payable and accrued liabilities	106,626	60,325
Net cash used in operating activities	(240,668)	(230,798)
CASH FLOW USED IN INVESTING ACTIVITIES		
Exploration and evaluation assets	(51,492)	(128,931)
Net cash used in investing activities	(51,492)	(128,931)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from private placements	395,000	402,500
Share issue costs	(46,274)	(88,907)
Options exercised	-	20,000
Warrants exercised	99,350	-
Net cash from financing activities	448,076	333,593
Change in cash during the year	155,916	(26,136)
Cash, beginning of year	102,195	128,331
Cash, end of year	$ 258,111	$ 102,195
Interest received	$ -	$ -
Interest paid	$ -	$ -
Shares issued to acquire subsidiary	$ -	$ 1,366,000
Shares issued for exploration and evaluation assets	$ 5,500	$ -
Warrants issued for exploration and evaluation assets	$ 171,000	$ -
Exploration and evaluation assets included in accounts payable and accrued liabilities	$ 105,020	$ -
Fair value of broker's warrants	$ -	$ 29,100
Fair value of options exercised	$ -	$ 6,367
Fair value of warrants exercised	$ 21,219	$ -

The accompanying notes are an integral part of these 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 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 August 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.'

On January 27, 2023 the Company's shares began trading under the new symbol "PGA".

<u>Going concern</u>

These 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 August 31, 2023 the Company had a working capital of $29,559 (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.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

These 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.

2. Significant accounting policies and basis of preparation

The consolidated financial statements were authorized for issue on December 22, 2023 by the directors of the Company.

Statement of compliance

The 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").

Basis of preparation

The 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 or loss ("FVTPL"), which are stated at their fair value. The financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary as at August 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 consolidated financial statements include the accounts of 1000279021 Ontario Ltd.

3. Significant accounting judgements and estimates

The preparation of 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.

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.

3. Significant accounting judgements and estimates (continued)

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.

Exploration and evaluation assets

The assessment of impairment indicators under IFRS 6, if any, of the exploration and evaluation assets requires significant judgment. The recovery amount of the exploration and evaluation assets requires significant estimate. See note 6 for the impairment of Morrison River property.

4. Significant accounting policies

Cash

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

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars which are both the Company and the 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.

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.

4. Significant accounting policies (continued)

Exploration and evaluation assets (continued)

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.

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 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.

4. Significant accounting policies (continued)

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. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the equity financing agreement. Warrants that are part of units are valued using the 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.

Flow-through shares and units

The Company has from time to time, issued flow-through common shares and units to finance its exploration program. Pursuant to the terms of the flow-through agreements, these shares and units transfer the tax deductibility of qualifying resource expenditures to investors. At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows: i) share capital – the market trading price of the common shares, ii) flow-through share premium – equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and iii) warrant reserve – any excess.

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.

4. Significant accounting policies (continued)

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 year ended August 31, 2023, 2,100,000 (2022 – 1,500,000) options and 13,300,000 (2022 – 402,500) 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 option reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in option reserves is credited to share capital, adjusted for any consideration paid.

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 cancelled, the corresponding amount previously recorded remains in reserves.

4. Significant accounting policies (continued)

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.

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.

4. Significant accounting policies (continued)

Financial instruments (continued)

ii) Classification – financial assets (continued)

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.

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.

ii) 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

4. Significant accounting policies (continued)

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 are 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.

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 and future accounting standards, interpretations and amendments

The Company has not adopted any new standards during the year ended August 31, 2023 that would have a material impact on the Company.

A number of new standards, and amendments to standards and interpretations, are not effective and have not been early adopted in preparing these financial statements. The following accounting standards and amendments are effective for future periods:

i) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) - The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.
ii) Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies – These amendments help companies provide useful accounting policy disclosures. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

These amendments are effective for reporting periods beginning on or after January 1, 2024.

(Expressed in Canadian dollars)

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 the date of purchase. The net assets acquired pursuant to the acquisition were as follows:

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, the Company acquired 51% interest in the property by issuance of 100,000 common shares and paid $5,000 in cash to the vendor.

The Company earned the remaining 24% of the total 75% interest by making the following payments as follows:

i) $10,000 on or before March 29, 2022 (paid);
ii) 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 the CSE (issued at a value of $5,500); and
iii) exploration expenditures of $200,000 (incurred).

The property is subject to a net smelter royalty of 2% payable to the vendor.

6. Exploration and evaluation assets (continued)

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.

During the year ended August 31, 2023, the Company determined it would no longer explore the property which is an indicator of impairment under IFRS 6, resulting in an assessment of the property's recoverable amount. Subsequent to August 31, 2023, the Company entered into a non-binding agreement with Valor Resources Limited ("Valor") where Valor has an option to acquire a 100% interest in the property for total cash consideration of AUD$70,000 and 270,000,000 Valor Shares (Note 12). There is no firm commitment for Valor. As such, the Company has written off the property in full, recognizing an impairment loss of $1,446,659 during the year ended August 31, 2023.

Frazer Lake-Mound Property (Ontario)

On June 28, 2023, and amended on December 4, 2023, the Company entered into an option agreement to acquire a 100% interest in the Frazer Lake-Mound Property, Ontario, Canada.

Pursuant to the agreement, the Company will acquire 100% interest in the property by paying the following considerations:

i) $1 on June 28, 2023 (paid); and
ii) $25,000 on or before August 8, 2026
iii) Issue 7,000,000 warrants on or before July 5, 2023 (issued at a fair value of $171,000). Each warrant will entitle the holder to acquire one common share of the Company at a price of $0.05 until June 28, 2025.
iv) Issue 2,000,000 common shares on or before August 8, 2026.

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.

Frazer Lake Expansion

On August 8, 2023 and amended on December 4, 2023, the Company entered into an agreement to acquire a 100% interest to an additional 383 mining claims in the vicinity of the Frazer Lake Mound Property in northwestern Ontario, Canada.

Pursuant to the agreement, the Company will acquire 100% interest in the claims by making the payments as follows:

i) $25,000 on or before August 8, 2026; and
ii) Issuance of 3,200,000 common shares on or before August 8, 2026.

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 $750,000 to the optionor.

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

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

	Georgina	Morrison River Property	Frazer Lake-Mound 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:				
Staking	-	8,378	-	8,378
Issuance of shares	5,500	-	-	5,500
Issuance of warrants	-	-	171,001	171,001
Write-off	-	(1,398,757)	-	(1,398,757)
	5,500	(1,390,379)	171,001	(1,213,878)
Exploration costs:				
Assays and testing	-	-	16,856	16,856
Geological consulting	-	16,722	-	16,722
Mapping and surveying	1,500	31,180	44,400	77,080
Travel, accommodation, and supplies	-	-	37,475	37,475
Write-off	-	(47,902)	-	(47,902)
	1,500	-	98,731	100,231
Balance, August 31, 2023	**$ 230,627**	**$ -**	**$ 269,732**	**$ 500,359**

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Shares held in escrow

850,001 common shares issued on March 10, 2022 are subject to escrow provisions. As at August 31, 2023, 510,000 common shares (2022 – 765,001) remain in escrow. The remaining shares held in escrow will be released over a period of 36 months.

Issuances

Year ended August 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 the 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 $46,274. A value of $Nil was attributed to the flow-through premium liability in connection with the financing. As of August 31, 2023, the Company fulfilled its spending commitment.

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.

On August 15, 2023, the Company issued 293,500 common shares pursuant to the exercise of warrants for gross proceeds of $29,350, and accordingly, the Company reallocated $21,219 of reserves to share capital.

On August 21, 2023, the Company issued 700,000 common shares pursuant to the exercise of warrants for gross proceeds of $70,000.

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 reserves to share capital.

7. Share capital (continued)

Issuances (continued)

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.

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.

Year ended August 31, 2023

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 April 4, 2025 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%.

(Expressed in Canadian dollars)

7. Share capital (continued)

Stock options (continued)

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
Cancelled	(1,150,000)		0.10
Balance, August 31, 2023	2,100,000	$	0.07

The weighted average trading price of options exercised during the year ended May 31, 2023 is $Nil (2022 - $0.11).

As at August 31, 2023, the Company's options had a weighted average remaining life of 2.28 years (2022 – 2.49 years).

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

Number of Options	Exercise Price	Expiry date	Exercisable
150,000	$0.10	May 4, 2025	150,000
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
2,100,000			2,100,000

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

	August 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.

(Expressed in Canadian dollars)

7. Share capital (continued)

Warrants

Year ended August 31, 2023

On June 28, 2023, the Company granted 7,000,000 warrants pursuant to the acquisition of the Frazer Lake-Mound Property (Note 6) and are exercisable at a price of $0.05 until June 28, 2025.

On December 19, 2022, the Company granted 7,000,000 warrants pursuant to a private placement and are exercisable at a price of $0.10 until December 19, 2025.

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	402,500	0.10
Balance, August 31, 2022	402,500	0.10
Granted	14,000,000	0.08
Exercised	(993,500)	0.10
Cancelled	(109,000)	0.10
Balance, August 31, 2023	13,300,000	$ 0.07

As at August 31, 2023, the Company's warrants had a weighted average remaining life of 2.05 years (2022 – 1.61 years).

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

Number of Warrants	Exercise Price	Expiry date
7,000,000	$0.05	June 28, 2025
6,300,000	$0.10	December 19, 2025
13,300,000		

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

	August 31, 2023	August 31, 2022
Risk-free interest rate	4.47%	3.28%
Exercise price	$0.05	$0.10
Expected life of options	2.00 years	2.00 years
Expected annualized volatility	158%	152%
Expected dividend rate	-	-

Volatility is determined based on comparable publicly listed entities.

(Expressed in Canadian dollars)

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 year is as follows:

		Year ended August 31, 2023		Year ended August 31, 2022
Consulting fees	$	12,000	$	3,000
Management fees		56,000		85,000
Office		6,000		500
Professional fees		-		10,800
Share-based payments		52,056		48,850
Total	**$**	**126,056**	**$**	**148,150**

During the year ended August 31, 2023, the Company:

i) paid or accrued management fees of $Nil (2022 - $25,000) and office expenses of $6,000 (2022 - $500) to a company owned by the former CEO of the Company.

ii) paid or accrued management fees of $9,000 (2022 - $60,000) to the former CEO of the Company.

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

iv) paid or accrued management fees of $40,000 (2022 - $Nil) to the CEO of the Company.

v) paid or accrued consulting fees of $12,000 (2022 - $3,000) to the CFO of the Company.

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

vii) granted 1,150,000 (2022 – 500,000) stock options with a value of $52,056 (2022 - $48,850) to the CEO and former CEO of the Company.

As at August 31, 2023, due to related parties amounted to $42,613 (2022 – $1,050) included in accounts payable and accrued liabilities on the statements of financial position. These amounts are unsecured, non-interest bearing, and have no fixed terms of repayment.

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 year ended August 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 given its short term to maturity.

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. There were no transfers between levels of the fair value hierarchy during the year.

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.

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, liquidity risk and currency risk.

10. Financial instruments and risks (continued)

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) Price risk

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

d) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. As at August 31, 2023, the Company manages this risk by monitoring its working capital to ensure its expenditures will not exceed available resources. As at August 31, 2023, the Company had cash of $258,111 (2022 – $102,195) and a working capital of $29,559 (2022 – $50,745). The Company may not be able to settle accounts payable and accrued liabilities of $280,471 (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 are 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 August 31, 2023, the Company's cash is held in Canadian dollars and accordingly the Company is not exposed to currency risk.

(Expressed in Canadian dollars)

11. Income Taxes

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

	Years ended August 31, 2023	2022
Net loss before income taxes for the year	$ (1,835,609)	$ (375,059)
Statutory Canadian corporate tax rate	27%	27%
Anticipated tax recovery	$ (495,614)	$ (101,266)
Non-deduction expenses	411,526	25,808
Change in tax benefits not recognized	84,088	91,959
Total income tax recovery	$ -	$ (16,501)

The significant components of the Company's unrecognized deductible temporary differences are as follows:

	Years ended August 31, 2023	Expiry	2022	Expiry
Non-capital losses carried forward	$ 481,000	2041 – 2043	$ 233,000	2041 - 2042
Share issue costs	92,000	2026 - 2027	74,000	2026
Unrecognized deductible temporary differences	$ 573,000		$ 307,000	

The following is the analysis of recognized deferred tax assets and deferred tax liabilities:

	Years ended August 31, 2023	2022
Deferred tax liabilities		
Exploration and evaluation assets	$ (49,000)	$ (24,000)
Deferred tax liabilities	(49,000)	(24,000)
Deferred tax assets		
Non-capital losses	49,000	24,000
Deferred tax assets	49,000	24,000
Net deferred tax assets (liabilities)	$ -	$ -

Tax attributes are subject to review, and potential adjustment by tax authorities.

As of August 31, 2023, the Company has unrecognized deferred income tax liability of Nil (2022 - $375,000) due to temporary differences arising from the initial recognition of the acquisition of all of the issued and outstanding shares of Casey (Note 5).

12. Subsequent event

Subsequent to August 31, 2023, the Company into an agreement (the “Agreement”) to option out 100% interest of its Morrison River Property and Frazer Lake-Mound Property to Valor (the “Transaction”) as follows:

Morrison River Property

Pursuant to the Agreement, Valor may acquire a 100% interest (subject to existing net smelter returns) in the Morrison Property, which is a non-binding obligation of the parties, by Valor paying the Company a total of AUD$80,000 cash (or 20,000,000 ordinary shares in the capital of Valor (each a "Valor Share"), at Valor's election) and 250,000,000 Valor Shares, as follows:

i) AUD$20,000 cash or 5,000,000 Valor Shares, at Valor’s election, on the earlier of:
   a) Upon execution of a definitive agreement (the “Formal Agreement”); or
   b) December 31, 2023, or extended to the date when the Company has completed their due diligence on Valor.

ii) AUD$30,000 cash or 7,500,000 Valor Shares , at Valor’s election, on the earlier of:
   a) Upon commencement of on ground field-based exploration activities; or
   b) June 1, 2024.

iii) AUD$30,000 cash or 7,500,000 Valor Shares on or before 3rd month anniversary from the commencement of on ground field-based exploration activities.

iv) 250,000,000 Valor Shares on or before on or before September 30, 2024, if Valor elects to proceed with the acquisition of 100% interest.

Frazer Lake-Mound Property

Pursuant to the Agreement, Valor may acquire a 100% interest (subject to existing net smelter returns) in the Frazer Property, which is a binding obligation of the parties, by Valor paying the Company a total of AUD$320,000 cash (or 80,000,000 Valor Shares, at Valor's election) and 1,000,000,000 Valor Shares, as follows:

i) firm commitment of AUD$80,000 cash or 20,000,000 Valor Shares , at Valor’s election, on the earlier of:
   a) Upon execution of a Formal Agreement; or
   b) December 31, 2023, or extended to the date when the Company has completed their due diligence on Valor.

ii) firm commitment of AUD$120,000 cash or 30,000,000 Valor Shares , at Valor’s election, on the earlier of:
   a) Upon commencement of on ground field-based exploration activities; or
   b) June 1, 2024.

iii) AUD$120,000 cash or 30,000,000 Valor Shares on or before 3rd month anniversary from the commencement of on ground field-based exploration activities.

iv) 1,000,000,000 Valor Shares on or before on or before September 30, 2024, if Valor elects to proceed with the acquisition of 100% interest.

The Company will be granted a 2% NSR for the properties, which Valor can repurchase for 1% for $2,250,000.

12. Subsequent event (continued)

The Agreement contains customary representations, warranties and covenants including a termination fee up to AUD$500,000.

The Transaction is subject to, among other things, the approval of the Company's shareholders, if required, receipt of the required regulatory approvals, and other customary conditions of closing.