

# **NOVA LITHIUM CORP.**

Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022

Expressed in Canadian Dollars

## INDEPENDENT AUDITOR’S REPORT

**To the Shareholders of Nova Lithium Corp.**

**Report on the Audit of the Consolidated Financial Statements**

### Opinion

We have audited the consolidated financial statements of Nova Lithium Corp. (the “Company”), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders’ equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

### 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 Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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 in the consolidated financial statements, which indicates that the Company has incurred losses since inception, has no recurring source of revenue and has an accumulated deficit of \$609,693. As stated in Note 1, the Company’s ability to continue as a going concern is dependent upon its ability to generate future cash flows or obtain additional financing. These matters, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

We have determined that there is the following key audit matter to communicate in our auditor’s report:

Key audit matter:	How our audit addressed the key audit matter:
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
<i>Refer to note 3 – Accounting policy Exploration and evaluation assets, note 4 – Significant accounting estimates and judgments, and note 5 – Exploration and evaluation assets</i>	Evaluated the reasonableness of management’s assessment of impairment indicators, which included the following:
Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies	<ul style="list-style-type: none"> <li>• Assessed the Company’s market capitalization in comparison to the Company’s net assets, which may be an indication of impairment.</li> </ul>

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significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.

- Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.
- Confirmed that the Company's right to explore the properties had not expired.
- Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets.
- Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

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## Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company 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.

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 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 William Nichols.



**Chartered Professional Accountants**

Vancouver, BC, Canada  
October 30, 2023

**NOVA LITHIUM CORP.**

## Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	June 30, 2023	June 30, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 21,959	\$ 364,294
GST receivable	2,773	2,884
Prepaid expenses	4,150	-
	<u>28,882</u>	<u>367,178</u>
Exploration and evaluation assets (Note 5)	516,375	414,689
<b>Total assets</b>	<b>\$ 545,257</b>	<b>\$ 781,867</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 43,099	\$ 79,391
	<u>43,099</u>	<u>79,391</u>
<b>Shareholders' equity</b>		
Share capital (Note 6)	1,024,851	1,024,851
Reserves (Note 6)	87,000	44,500
Deficit	(609,693)	(366,875)
<b>Total Shareholders' equity</b>	<u>502,158</u>	<u>702,476</u>
<b>Total Liabilities and shareholders' equity</b>	<b>\$ 545,257</b>	<b>\$ 781,867</b>

Nature and Continuance of Operations (Note 1)

Subsequent Events (Note 12)

Approved on behalf of the Board:

*"Glenn Collick"*\_\_\_\_\_  
Glenn Collick, Director*"Saman Eskandari"*\_\_\_\_\_  
Saman Eskandari, Director

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

**NOVA LITHIUM CORP.**

## Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	For the year ended June 30, 2023	For the year ended June 30, 2022
<b>Expenses</b>		
Advertising and promotion	\$ 9,000	\$ -
Consulting fees (Note 8)	36,000	3,333
Filing fees	30,404	5,250
General and administrative	32,502	4,930
Professional fees	92,412	103,421
Rent (Note 10)	-	3,150
Share-based compensation (Note 6, 8)	42,500	44,500
<b>Net and comprehensive loss</b>	<b>\$ (242,818)</b>	<b>\$ (164,584)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average shares outstanding</b>	<b>20,437,100</b>	<b>20,437,100</b>

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

**NOVA LITHIUM CORP.**

## Consolidated Statement of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

	Share Capital		Reserves	Deficit	Shareholders' Equity (Deficiency)
	Number	Amount			
Balance, June 30, 2021	20,437,100	\$ 1,024,851	\$ -	\$ (202,291)	\$ 822,560
Share-based compensation (Note 6)	-	-	44,500	-	44,500
Net loss	-	-	-	(164,584)	(164,584)
<b>Balance, June 30, 2022</b>	<b>20,437,100</b>	<b>\$ 1,024,851</b>	<b>\$ 44,500</b>	<b>\$ (366,875)</b>	<b>\$ 702,476</b>
Share-based compensation (Note 6)	-	-	42,500	-	42,500
Net loss	-	-	-	(242,818)	(242,818)
<b>Balance, June 30, 2023</b>	<b>20,437,100</b>	<b>\$ 1,024,851</b>	<b>\$ 87,000</b>	<b>\$ (609,693)</b>	<b>\$ 502,158</b>

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

**NOVA LITHIUM CORP.**

## Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year-ended June 30, 2023	Year-ended June 30, 2022
<b>Cash used in operating activities</b>		
Net loss	\$ (242,818)	\$ (164,584)
Items not involving cash:		
Share-based compensation	42,500	44,500
Changes in non-cash working capital balances:		
GST receivable	111	(2,884)
Prepaid expenses	(4,150)	-
Accounts payable and accrued liabilities	(36,292)	34,395
	(240,649)	(88,573)
<b>Cash used in investing activities</b>		
Exploration and evaluation expenditures	(101,686)	(79,227)
	(101,686)	(79,227)
Decrease in cash	(342,335)	(167,800)
Cash, beginning of the year	364,094	532,094
<b>Cash, ending of the year</b>	<b>\$ 21,959</b>	<b>\$ 364,294</b>
<b>Supplementary Information</b>		
Exploration and evaluation expenditures included in accounts payable	\$ -	\$ 7,539

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



## **NOVA LITHIUM CORP.**

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

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### **1. Nature and Continuance of Operations**

Nova Lithium Corp. (the “Company”) was incorporated under the British Columbia Business Corporations Act on March 7, 2017 under the name Halcyon Ventures Ltd. On June 11, 2021, the Company changed its name to Nova Lithium Corp. The Company is engaged in the exploration and evaluation of resource properties. The head office of the Company is located at Suite 306 – 1110 Hamilton Street, Vancouver, BC, V6B 2S2 and the registered and records office of the Company is located at 3148 Highland Boulevard, North Vancouver, BC, V7K 2X6.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has no recurring source of revenue, has an accumulated deficit of \$609,693 (2022 - \$366,875) and working capital deficiency of \$14,217 (2022 – working capital of \$287,787) at June 30, 2023. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company will need to raise additional funds as the Company’s current assets are not sufficient to finance its operations and administrative expenses. The Company is evaluating financing options including, but not limited to, the issuance of additional equity and debt. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company’s performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

### **2. Basis of Preparation**

#### *(a) Statement of Compliance*

These consolidated financial statements of the Company for the year ended June 30, 2023, including comparatives for the prior year, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved and authorized for issue by the Board of Directors on October 30, 2023.

#### *(b) Basis of Measurement*

These consolidated financial statements have been prepared on a historical costs basis except for financial instruments as described in Note 3(k), which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

## NOVA LITHIUM CORP.

### Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

#### (c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Although management uses historical experience and its best knowledge of the amounts, events or actions to form the basis for judgments and estimates, actual results could differ from these estimates. See Note 4.

#### (d) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary.

Name of subsidiary	Jurisdiction of Incorporation	Interest June 30, 2023	Interest June 30, 2022
Nova Lithium USA Corp.	Nevada, USA	100%	100%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

### 3. Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

#### (a) Foreign Currencies

The Canadian dollar is the Company's functional and presentation currency. Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies on the consolidated statement of financial position date are translated to the functional currency at the exchange rate in effect on the consolidated statement of financial position date with any resulting foreign exchange gain or loss recognized in net income (loss).

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate in effect on the date of the transaction. Foreign currency gains and losses on transactions are reported on a net basis.

#### (b) Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, the acquisition costs, including legal and other directly related fees, and the costs directly related to exploration and evaluation assets are recognized and capitalized. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors. Costs not directly attributable to

## NOVA LITHIUM CORP.

### Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

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exploration and evaluation assets activities, including general administrative costs, are expensed in the period in which they occur.

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

Once the technical feasibility and commercial viability of extracting the mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized costs. Exploration and evaluation assets are classified as intangible assets.

#### *(c) Impairment of Non-Current Assets*

At each reporting period, management reviews mineral interests for indicators of impairment. If any such impairment indicators exist, the recoverable amount of the asset is estimated 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. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is 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 that period. 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.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

#### *(d) Government Assistance*

Government assistance received in respect to exploration and evaluation asset expenditures is offset against the costs incurred, or included in income if the costs applicable to such properties have been written-off.

#### *(e) Option Agreements – Exploration and Evaluation Assets*

From time to time, the Company may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at

## NOVA LITHIUM CORP.

### Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

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the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation expenditures or recoveries when the payments are made or received.

#### *(f) Comprehensive Loss*

Comprehensive income is the change in shareholders' equity during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The consolidated statements of loss and comprehensive loss list unrealized gains and losses for classifications of financial instruments that do not require such gains and losses to be included in net income.

#### *(g) Income Taxes*

The Company accounts for and measures deferred tax assets and liabilities in accordance with the asset and liability method.

Under this method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively-enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, no net asset is recognized. Accordingly, the Company's accounting policy for deferred income taxes currently has no effect on the financial statements of any of the fiscal periods presented.

#### *(h) Share Capital*

The Company records in share capital proceeds from share issuances, net of issue costs and any tax effects. Stock options and other equity instruments issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model.

#### *(i) Share-Based Payment Transactions*

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed in the period the forfeiture occurs.

## NOVA LITHIUM CORP.

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

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### *(j) Loss Per Share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share are calculated in a manner similar to that used to calculate basic earnings (loss) per share, except that the weighted average shares outstanding are increased to include the additional shares resulting from the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. Diluted loss per share does not adjust the loss attributed to common shareholders or the weighted average number of common shares outstanding when the effect of such adjustments is anti-dilutive.

### *(k) Financial Instruments*

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are classified and measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the consolidated statement of loss and comprehensive loss.

The Company's financial instruments are classified and subsequently measured at amortized cost.

#### Impairment

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the consolidated statement of loss and comprehensive loss.

## NOVA LITHIUM CORP.

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

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### *(l) Provision for Environmental Rehabilitation*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets.

At June 30, 2023, the Company does not have any provision for environmental rehabilitation.

### *(m) Provisions*

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible capital assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as an accretion expense.

### *(n) Related Party Transactions*

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

### *(o) Leases*

At inception of a contract, the Company must assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company must assess whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if it has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

#### Right-of-use asset

The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made and any initial direct costs incurred at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

## NOVA LITHIUM CORP.

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

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### Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

See Note 10.

### *(p) Anticipated Changes to International Financial Reporting Standards*

A number of interpretations are not yet effective for the year ended June 30, 2023 and have not been applied in preparing these consolidated financial statements. The following new interpretations and amendments have been issued, but are not yet effective until financial years beginning on or after January 1, 2023, and may impact the Company in the future:

#### IAS 1 – Presentation of Financial Statements

IAS 1 has amended the definition of material to “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The previous definition of material from IAS 1 was “omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.”

#### IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

IAS 8 amended the definition of material to reflect the changes outlined above under IAS 1.

## **4. Critical Accounting Estimates and Judgments**

The preparation of consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management’s experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects both current and future periods. The following discusses the most significant accounting judgments and estimates that the Company has made in these consolidated financial statements.

### Going concern

Management assesses the Company’s ability to continue as a going concern in relation to its ability to raise funds.

## NOVA LITHIUM CORP.

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

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### Carrying value of exploration and evaluation assets

The Company has capitalized the cost of acquiring mineral property interests and has classified these interests as exploration and evaluation assets in its consolidated statements of financial position. Mineral interests are expensed in the period in which the Company determines that the mineral property interests have no future economic value. Mineral interests may also be written down if future cash flow, including potential sales proceeds and option payments, related to the property are estimated to be less than the carrying value of the property. The Company reviews the carrying value of its mineral interests periodically, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, reductions in the carrying value of each property would be recorded to the extent that the carrying value of the investment exceeds the property's estimated fair value. Such events or changes in circumstances involve changes in political risk, economic risk, commodity prices, exchange rates, and interest rates among others.

The Company has determined that there is no impairment in the carrying value of the Deer Musk West Project.

### Impairment

An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Factors which could indicate impairment exist include: significant underperformance of an asset relative to historical or projected operating results, significant changes in the manner in which an asset is used or in the Company's overall business strategy, the carrying amount of the net assets of the Company being more than its market capitalization or significant negative industry or economic trends. In some cases, these events are clear. However, in many cases, a clearly identifiable event indicating possible impairment does not occur. Instead, a series of individually insignificant events occur over a period of time leading to an indication that an asset may be impaired. Events can occur in these situations that may not be known until a date subsequent to their occurrence. When there is an indicator of impairment, the recoverable amount of the asset is estimated to determine the amount of impairment, if any. If indicators conclude that the asset is no longer impaired, the Company will reverse impairment losses on assets only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Similar to determining if an impairment exists, judgment is required in assessing if a reversal of an impairment loss is required.



## NOVA LITHIUM CORP.

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

### 5. Exploration and Evaluation Assets

	Deer Musk West Project	
<b>Balance at June 30, 2021</b>	<b>\$</b>	<b>327,923</b>
Exploration expenditures:		
Geophysical		86,766
		86,766
<b>Balance at June 30, 2022</b>	<b>\$</b>	<b>414,689</b>
Exploration expenditures:		
Assays, staking and mapping		44,130
Consulting fees		41,563
Geological and geophysical		3,329
Reports and administration		8,377
Travel and accommodation		4,287
<b>Balance at June 30, 2023</b>	<b>\$</b>	<b>516,375</b>

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance historical characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

#### Deer Musk West Project, USA

On March 12, 2021, the Company entered into an asset purchase agreement (the "APA") with a private company in Nevada, USA (the "Vendor"), whereby the Company acquired 190 mineral claims comprising the Deer Musk West Project (the "Property") in Esmeralda County, Nevada by issuing 2,000,000 common shares at a deemed price of \$0.02 per share for an aggregate purchase price of \$40,000. Pursuant to the APA, the parties acknowledged that the transfer of title to the Property would occur at closing; however, until title had formally been transferred, the Vendor agreed to hold the same for the Company for the sole and exclusive use, benefit and advantage of the Company.

On July 30, 2021, the Company, as Assignee, entered into an assignment and assumption agreement with the Vendor and a consultant, whereby the Vendor sold, assigned, transferred and conveyed all of its right, title, benefit and interest in and to an agreement for consulting services (the "Agreement") between the Vendor and the consultant dated March 27, 2021, and the Company covenanted and agreed with the Vendor and the consultant to perform and observe all of the obligations and liabilities of the Vendor under the Agreement. Pursuant to the Agreement, the consultant prepared a technical report in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects for the Property. The term of the Agreement continued until December 27, 2021. On July 30, 2021, the consultant received \$19,171 (US\$15,000) as compensation for preparing the technical report.

On May 12, 2022, the Company established a wholly owned U.S. subsidiary, Nova Lithium USA Corp. ("Nova USA"), a Nevada corporation, and title to the Property was subsequently transferred from the Vendor to Nova USA. In connection with the completion of the transfer, the status of the claims comprising the Property was changed from "Filed" to "Active" in the case management system maintained by the U.S. Department of The Interior, Bureau of Land Management.

#### Edwards Creek Valley Project, USA

On January 31, 2023, the Company entered into a mineral property option agreement (the "Option Agreement") with Ameriwest Lithium Inc. ("Ameriwest"), a company with common directors. Pursuant to the Option Agreement, the Company's wholly owned subsidiary, Nova Lithium USA Corp. ("Nova USA"), acquired the exclusive right and option (the "Option") to purchase a 51% undivided interest in

## NOVA LITHIUM CORP.

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

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and to the Edwards Creek Valley Project (the "Property2") presently owned by Ameriwest's wholly owned Nevada subsidiary.

The Property2 consists of 1,243 contiguous placer mineral claims covering approximately 22,200 acres in Churchill County, Nevada. In order to exercise the Option, Nova USA is required to incur qualifying exploration expenditures of at least \$500,000 on the Property over a period of 24 months, including not less than \$200,000 during the first 12 months. Neither the Company nor Nova USA is required to complete any cash payments or issue any securities in connection with the granting or exercise of the Option.

Upon the exercise of the Option, a joint venture will automatically be formed between Nova USA and Ameriwest's wholly owned Nevada subsidiary in accordance with the terms of the Option Agreement.

### 6. Share Capital

#### *(a) Authorized*

The Company has authorized an unlimited number of common shares with no par value.

#### *(b) Issued and outstanding*

For the year ended June 30, 2023 and 2022 no shares were issued.

#### *(c) Stock options*

The Company has an incentive stock option plan. Options to purchase common shares can be granted to directors, officers, employees and consultants of the Company at exercise prices determined by their market value on the date of the grant. The options vest immediately on the date of the grant or as otherwise determined at the discretion of the Board.

On July 21, 2022, the Company granted options to purchase an aggregate of 850,000 common shares to various directors, officers, and consultants of the Company. Each option vests immediately and is exercisable into one common share at a price of \$0.10 per share for a period of three years (See Note 8).

On November 16, 2021, the Company granted options to purchase an aggregate of 600,000 common shares to various directors and officers of the Company. Each option vests immediately and is exercisable into one common share at a price of \$0.10 per share for a period of five years (See Note 8).

**NOVA LITHIUM CORP.**

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

The following is a summary of option transactions under the Company's stock option plan for the years ended June 30, 2023 and 2022:

	Number of Options	Weighted average exercise price
<b>Balance at June 30, 2021</b>	-	\$ -
Issued	600,000	\$ 0.10
<b>Balance at June 30, 2022</b>	<b>600,000</b>	<b>\$ 0.10</b>
Issued	850,000	\$ 0.10
<b>Balance at June 30, 2023</b>	<b>1,450,000</b>	<b>\$ 0.10</b>

  

Number of options outstanding	Exercise price	Expiry date	Weighted average remaining life (Years)
850,000	\$0.10	July 21, 2025	1.21
600,000	\$0.10	November 16, 2026	1.40
<b>1,450,000</b>			<b>2.61</b>

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the year ended June 30, 2023, the Company granted a total of 850,000 (2022 – 600,000) incentive stock options to directors, officers and a consultant of the Company. During the year ended June 30, 2023, the options granted and vested resulted in share-based payments of \$42,500 (2022 – \$44,500) using the following assumptions:

	June 30, 2023	June 30, 2022
Expected Life	3 years	5 years
Risk-free interest rate	1.56%	1.56%
Annualized volatility	100.00%	100.00%
Dividend rate	N/A	N/A
Fair value of shares at grant date	\$0.085	\$0.070

*(d) Warrants*

On May 16, 2023, the Company amended the expiry date of an aggregate of 7,410,000 share purchase warrants that were scheduled to expire on May 31, 2023 for a further two years. The new expiry date of the warrants is May 31, 2025.

**NOVA LITHIUM CORP.**

## Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

Warrant transactions during the years ended June 30, 2023 and 2022 and the number of warrants outstanding and exercisable at June 30, 2023 are summarized as follows:

	Number of Warrants	Weighted average exercise price
<b>Balance at June 30, 2022 &amp; 2021</b>	17,410,000	\$ 0.27
Issued	-	\$ -
<b>Balance June 30, 2023</b>	17,410,000	\$ 0.27

  

Number of warrants outstanding	Exercise price	Expiry date	Weighted average remaining life (Years)
7,410,000	\$0.50	May 31, 2025	0.82
10,000,000	\$0.10	March 9, 2024	0.40
<b>17,410,000</b>			<b>1.22</b>

**7. Loss Per Share**

The basic loss per share for the year ended June 30, 2023 was based on the loss attributable to common shareholders of \$242,818 (2022 – \$164,584) and the weighted average common shares outstanding of 20,437,100 (2022 – 20,437,100). Diluted loss per share has not been calculated as it is anti-dilutive.

**8. Related Party Transactions**

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include the directors of the Company.

As at June 30, 2023, accounts payable and accrued liabilities included \$4,725 (2022 – \$6,900) due to related parties. These amounts are unsecured and non-interest bearing.

During the year ended June 30, 2023, the Company:

- paid or accrued \$36,000 (2022 – \$26,025) to a company controlled by a director of the Company for consulting services;
- paid or accrued \$31,500 (2022 – \$Nil) to a company controlled by the corporate secretary of the Company for professional services;
- paid or accrued \$Nil (2022 – \$3,333) to a company controlled by a former director of the Company for consulting and advisory services;
- paid or accrued \$15,000 (2022 – \$Nil) to a company controlled by a former director of the Company for consulting services; and
- incurred share-based compensation expense of \$37,500 (2022 – \$44,500) from the grant of 750,000 incentive stock options to related parties (see Note 6(c)).

The above transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

## NOVA LITHIUM CORP.

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

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During the year ended June 30, 2023, the Company entered into the following agreement with a company controlled by an officer of the Company:

### Independent Contractor Agreement

On July 20, 2022, the Company entered into an independent contractor agreement (the "ICA") with a private company, whereby the contractor will provide the services generally required of a Corporate Secretary of a publicly-traded corporation to the Company as well as such other services as may be requested by the Company from time to time. Pursuant to the ICA, the contractor will receive a monthly fee of \$3,000 as consideration for providing these services. The Company and the contractor each have the right to terminate the ICA for any reason, without further compensation to the contractor, and at any time by giving the other party 60 days written notice.

This transaction occurred in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

During the year ended June 30, 2022, the Company entered into the following agreement with a company controlled by a director of the Company:

### Consulting Agreement

On October 15, 2021, the Company entered into a consulting agreement (the "CA") with a private company, whereby the consultant will provide the services generally required of a Chief Financial Officer of a publicly-traded corporation to the Company as well as such other services as may be requested by the Company from time to time. Pursuant to the CA, the consultant will receive a monthly fee of \$3,000 as consideration for providing these services. As further consideration for providing these services, the consultant was granted options to purchase 100,000 common shares of the Company at a price of \$0.10 per share for a period of five years. These options vested on the date of grant (see Note 6(c)). The Company and the consultant each have the right to terminate the CA for any reason, without further compensation to the consultant, and at any time by giving the other party 30 days written notice.

This transaction occurred in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

## 9. Financial Instruments and Risk Management

### *Fair value*

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

## **NOVA LITHIUM CORP.**

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

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### *Risk Management*

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

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

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the consolidated statements of financial position and arises from the Company's cash. The Company's cash is held in an account with a Canadian chartered bank. The Company has assessed credit risk as low.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2023, the Company had a cash balance of \$21,959 to settle current liabilities of \$43,099. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. As at June 30, 2023, the Company is not exposed to market risk.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2023, the Company is not exposed to interest rate risk.

#### Foreign currency rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian and U.S. dollars. The Company funds certain exploration expenditures in the United States by converting funds from its Canadian dollar bank accounts and wiring U.S. funds to the foreign counterparty. Management does not currently hedge its foreign exchange risk. As at June 30, 2023, the Company had no foreign currency balances.

#### *Sensitivity Analysis*

The Company works toward its capital management objectives to the extent possible while facing the challenges of market conditions and the public's assessment of the Company's risk profile. Its capital management objectives have not changed over the period presented.

## **NOVA LITHIUM CORP.**

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

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The carrying value of cash and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

The Company is not subject to any financial covenants. The Company monitors its financing requirements and financing decisions are based on the timing and extent of expected operating and capital cash outlays. Factors considered when determining whether to issue equity include the amount of cash sought, the availability of these sources and their terms.

As at June 30, 2023, the Company had a working capital deficit of \$14,217 (2022 – working capital of \$287,787). The Company manages its cash and common shares as capital. The Company's objectives in managing its capital are to:

- maintain sufficient cash and cash equivalents to last a minimum of one year;
- have the flexibility to achieve its on-going business objectives, including but not limited to funding work programs on its exploration and evaluation assets and pursuing new business opportunities as they arise, and
- minimize dilution to existing shareholders.

The directors of the Company have not specified a quantitative return on capital criteria for management, but rather rely on the expertise of management to sustain future development of the business.

The Company's exploration and evaluation assets are in the development stage and the Company does not generate positive cash flows. As a consequence, the Company relies on accessing the capital markets to obtain the funds needed to carry on its business. It is the Company's intention to utilize its existing working capital and to raise additional funds as needed. The additional funds will be raised primarily through the issuance of its securities in private placements.

### **10. Rent**

On May 28, 2021, the Company entered into a commercial lease agreement (the "Lease") for premises in Calgary, Alberta. The term of the Lease is on a month-by-month basis commencing June 1, 2021, with the Company paying monthly rent of \$1,000. This Lease was terminated effective October 31, 2021.

See Note 3(o).

**NOVA LITHIUM CORP.**

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

**11. Income Taxes**

A reconciliation of the expected income tax provision computed at the statutory rates to the reported income tax provision for the years ended June 30, 2023 and 2022 is as follows:

	Year ended June 30, 2023	Year ended June 30, 2022
Net loss before income taxes	\$ (242,818)	\$ (164,584)
Income tax benefit computed at statutory rates	(65,561)	(44,438)
Deductible and non-deductible amounts	11,475	11,205
Change in tax benefit not recognized	54,086	33,233
<b>Income tax expense for the year</b>	<b>\$ -</b>	<b>\$ -</b>

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets/(liabilities) have been recognized are attributable to the following:

	June 30, 2023	June 30, 2022
Deferred income tax assets/(liabilities)		
Non-capital losses carried forward	\$ 520,000	\$ 319,000
Share issuance costs	1,200	1,800
	<b>\$ 521,200</b>	<b>\$ 320,800</b>

The potential future tax benefit has been offset entirely by a valuation allowance and has not been recognized in these consolidated financial statements. The non-capital loss carry-forwards expire according to the following schedule:

Year of Origin	Year of Expiry	Non-capital losses
2020	2040	\$ 1,000
2021	2041	197,000
2022	2042	121,000
2023	2043	201,000
		<b>\$ 520,000</b>



## **NOVA LITHIUM CORP.**

Notes to the Consolidated Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

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### **12. Subsequent Events**

On August 15, 2023, the Company granted options to purchase an aggregate of 590,000 common shares of the Company to various directors and officers of the Company. Each option vests immediately and is exercisable into one common share at a price of \$0.23 per share for a period of five years.

On August 15, 2023, the Company entered into an advisory and consulting services agreement (the "CA2") with a consultant, whereby the consultant will provide the services generally required of a Chief Executive Officer of a publicly-traded corporation to the Company as well as such other services as may be requested by the Company from time to time. Pursuant to the CA2, the consultant will receive a monthly fee of \$10,000 as consideration for providing these services for a period of 12 months. The CA2 may be renewed by mutual agreement for a further 12 months. The Company and the consultant each have the right to terminate the CA2 for any reason and at any time by giving the other party 30 days written notice.

On August 23, 2023, the Company entered into a loan agreement (the "LA") with an arm's length lender (the "Lender") whereby the Company borrowed \$53,203 (the "Loan") from the Lender for the purpose of paying certain claim fees associated with the Property. The Loan bears interest at the rate of 15% per annum, has minimum term of 60 days and a maximum term of 12 months. Pursuant to the LA, the Company is obligated to repay the Loan, plus the greater of any outstanding interest on the Loan or \$5,000, to the Lender upon the completion of the term.

Subsequent to year end, 150,000 options were exercised resulting in the issuance of 150,000 common shares of the Company for total cash proceeds of \$15,000.