Vital Battery Metals Inc.

Condensed Interim Financial Statements

For the Months Ended May 31, 2023

(Expressed in Canadian Dollars)
(Unaudited)

NOTICE TO READER

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

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

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

Vital Battery Metals Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

		As at May 31, 2023		As at February 28, 2023
ASSETS				
Current assets				
Cash	$	2,041,973	$	2,376,697
Interest receivable		1,321		-
GST receivable		13,266		5,482
Prepaid expenses		17,199		148,054
Total current assets		2,073,759		2,530,233
Computer (Note 3)		4,133		-
Exploration and evaluation properties (Note 4)		1,746,417		1,533,048
TOTAL ASSETS	$	3,824,309	$	4,063,281
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	74,838	$	97,796
SHAREHOLDERS' EQUITY				
Share capital (Note 5)		4,436,005		4,435,405
Subscriptions received in advance		600		600
Contributed surplus		1,159,205		1,159,205
Deficit		(1,846,339)		(1,629,725)
TOTAL SHAREHOLDERS' EQUITY		3,749,471		3,965,485
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	3,824,309	$	4,063,281

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 10)

Approved on behalf of the Board on July 26, 2023:

Adrian Lamoureux, Director

Todd Hanas, Director

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

Vital Battery Metals Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the three months ended May 31, 2023	For the three months ended May 31, 2022
Expenses		
Bank charges	$ 63	$ -
Consulting fees	36,000	-
Depreciation	541	-
Investor Relations	115,858	-
Management fees (Note 6)	36,000	-
Office and miscellaneous	85	94
Professional fees (Note 6)	18,405	34,676
Regulatory fees	8,961	20,957
Transfer agent and filing fees	2,015	-
	217,928	55,727
Loss before other items	(217,928)	(55,727)
Other items		
Interest income	1,321	
Loss on foreign exchange	(7)	-
	1,314	-
Net and comprehensive loss	**$ (216,614)**	**$ (55,727)**
Loss per common share – basic and diluted	**$ (0.01)**	**$ (0.00)**
Weighted average number of common shares outstanding	**34,969,190**	**22,900,000**

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

Vital Battery Metals Inc.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital		Subscriptions	Contributed		
	Number	**Amount**	**Received**	**Surplus**	**Deficit**	**Total**
Balance, October 4, 2021 (Date of Incorporation)	2	$ -	$ -	$ -	$ -	$ -
Shares issued for private placement (Note 5)	22,900,000	579,500	-	-	-	579,500
Subscriptions received for special warrants (Note 5)	-	-	339,845	-	-	339,845
Shares repurchased and cancelled (Note 5)	(2)	-	-	-	-	-
Net loss	-	-	-	-	(30,786)	(30,786)
Balance, February 28, 2022	**22,900,000**	**579,500**	**339,845**	-	**(30,786)**	**888,559**
Subscriptions refunded for special warrants (Note 5)	-	-	(100)	-	-	(100)
Net loss	-	-	-	-	(55,727)	(55,727)
Balance, May 31, 2022	**22,900,000**	**$ 579,500**	**$ 339,745**	**$ -**	**$ (86,513)**	**$ 832,732**
Balance, May 31, 2022	22,900,000	579,500	339,745	-	(86,513)	832,732
Shares issued for warrants exercised (Note 5)	80,000	16,000	-	-	-	16,000
Shares issued for exploration and evaluation properties (Notes 4 and 5)	4,000,000	1,327,500	-	-	-	1,327,500
Shares issued for special warrants converted (Note 5)	3,397,450	339,745	(339,745)	-	-	-
Shares issued for private placement (Note 4)	9,200,000	2,300,000	-	-	-	2,300,000
Share-based compensation (Notes 5 and 6)	-	-	-	1,090,839	-	1,090,839
Share issuance costs (Note 5)	-	(127,340)	-	68,366	-	(58,974)
Subscriptions received in advance	-	-	600	-	-	600
Net loss	-	-	-	-	(1,543,212)	(1,543,212)
Balance, February 28, 2023	**39,577,450**	**4,435,405**	**600**	**1,159,205**	**(1,629,725)**	**3,965,485**
Shares issued for warrants exercised (Note 5)	3,000	600	-	-	-	600
Net loss	-	-	-	-	(216,614)	(216,614)
Balance, May 31, 2023	**39,580,450**	**$ 4,436,005**	**$ 600**	**$ 1,159,205**	**$ (1,846,339)**	**$ 3,749,471**

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

Vital Battery Metals Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the three months ended May 31, 2023	For the three months ended May 31, 2022
Operating activities		
Net loss for the period	$ (216,614)	$ (55,727)
Non-cash item:		
Amortization	541	-
Changes in working capital related to operating activities:		
Interest receivable	(1,321)	
GST receivable	(7,784)	(2,207)
Prepaid expenses	130,855	-
Accounts payable and accrued liabilities	(22,958)	(9,955)
Cash used in operating activities	**(117,281)**	**(67,889)**
Investing activities		
Purchase of computer equipment	(4,674)	-
Exploration and evaluation expenditures	(213,369)	-
Cash used in investing activities	**(218,043)**	**-**
Financing activities		
Proceeds received from warrants exercised	600	-
Subscriptions received for special warrants	-	(100)
Subscriptions received (refunded)	-	600
Deferred financing costs	-	1,459
Cash from financing activities	**600**	**1,959**
Increase in cash	(334,724)	(65,930)
Change in cash, being cash beginning of period	2,376,697	878,070
Change in cash, being cash end of period	**$ 2,041,973**	**$ 812,140**

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

1. Nature and Continuance of Operations

Vital Battery Metals Inc. (the "Company") was incorporated in the Province of British Columbia on October 4, 2021. The Company changed its name from 1326985 B.C. Ltd. to Infinity West Capital Corp. on November 3, 2021 and further changed its name to Vital Battery Metals Inc. on January 7, 2022. The Company's shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "VBAM", the Frankfurt Stock Exchange under the symbol CO0 and in the US on the OTC market, under the symbol VBAMF. The Company's principal business activities include the acquisition and exploration of mineral property assets in Canada. The Company's registered and records office is located at Suite 700, 838 West Hastings Street, Vancouver, BC.

As at May 31, 2023, the Company had a deficit of $1,846,339 (2022 - $86,513), which has been funded by the issuance of equity. These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with, loans from directors and companies controlled by directors and/or private placements of common share. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) *Statement of Compliance to International Financial Reporting Standards*

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These condensed interim financial statements were authorized for issued in accordance with a resolution from the Board of Directors on July 26, 2023.

(b) *Basis of Preparation*

The condensed interim financial statements have been prepared on an accrual basis except for cash flow information and are based on historical costs modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted. The policies set out below were consistently applied to all years presented unless otherwise noted.

(c) *Significant Judgments*

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

2. Significant Accounting Policies (continued)

(d) Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

(e) Cash equivalents

Cash equivalents in the statements of financial position is comprised of short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

(f) Computer

Computer hardware is recorded at historical cost less accumulated depreciation.

The carrying amount of computer hardware is depreciated to their estimated residual value over the estimated useful life of the specific asset concerned. Computer hardware is depreciated at the following useful life:

Computer hardware	3-6 years

(g) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition are determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

2. Significant Accounting Policies (continued)

(h) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed from contributed surplus.

The fair value of warrants issued to agents in connection with private placements ("Agent Warrants") is recognized on the date of issue as a share issue cost. The Company uses the Black Scholes option pricing model to estimate the fair value of Agent Warrants issued.

(i) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

(j) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when the environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of the plant and other site preparation work discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method.

The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

2. Significant Accounting Policies (continued)

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs.

Both the likelihood of new regulations and their overall effect upon the Company is not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

(k) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(l) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

(m) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to the capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred from warrant reserve to capital stock.

2. Significant Accounting Policies (continued)

(n) Financial instruments

Financial assets

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of financial instruments under IFRS 9:

Financial assets/liabilities	**Classification**
Cash	FVTPL
Receivable	Amortized cost
Computer	Amortized cost
Accounts payable	Amortized cost

ii. Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

2. Significant Accounting Policies (continued)

(n) Financial instruments (continued)

Equity investments at FVTOCI

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

iii. Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv. 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 or cancelled or expire. 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 recognized in profit or loss.

3. Computer

	Cost	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**
Computer hardware	4,674	541	4,133
Balance, February 28, 2023	**4,674**	**541**	**4,133**

(Expressed in Canadian Dollars)

4. Exploration and evaluation property

	Vent Copper	Sting Copper	Schofield Lithium	Dickson Lake	Total
	$	$	$	$	$
Acquisition costs					
Balance, October 4, 2021	-	-	-	-	-
Additions	50,000	-	-	-	50,000
Balance, February 28, 2022	50,000	-	-	-	50,000
Additions	112,500	1,330,000	-	-	1,442,500
Balance, May 31, 2022 and February 28, 2023	162,500	1,330,000	-	-	1,492,500
Additions	-	-	20,900	23,200	44,100
	162,500	1,330,000	20,900	23,200	1,536,600
Exploration and evaluation costs					
Balance, October 4, 2021	-	-	-	-	-
Additions	-	-	-	-	-
Balance, February 28, 2022	-	-	-	-	-
Additions	-	40,548	-	-	40,548
Balance, May 31, 2022 and February 28, 2023	-	40,548	-	-	40,548
Additions	45,113	75,000	17,750	31,406	169,269
	45,113	115,548	17,750	31,406	209,817
Balance, May 31, 2023	**207,613**	**1,445,548**	**38,650**	**54,606**	**1,746,417**

Vent Copper Property

On December 14, 2021, the Company entered into a property option agreement (“Option Agreement”) to acquire the right to earn up to 100% interest in and to two contiguous mineral claims located in the Vancouver Island, B.C. known as the Vent Copper Property (the “Property”). Pursuant to the Option Agreement, the Company must satisfy the following:

(a) Paying an aggregate of $165,000 in cash as follows:

a. $50,000 on or before the date that is ten calendar days after December 14, 2021 (“Effective Date”) (paid);
b. $35,000 on or before the date that is eight months after the Effective Date, or before the date that is ten calendar days after the date that the Company is publicly listed on an exchange (the “Listing Date”), whichever is earlier (paid);
c. $30,000 on or before the date that is one calendar year after the Listing Date; and
d. $50,000 on or before the date that is two calendar years after the Listing Date;

(b) Issuing an aggregate of 800,000 common shares of the Company as follows:

a. 250,000 common shares on or before the date that is ten calendar days after the Listing Date (issued with a fair value of $77,500) (Note 4);
b. 250,000 common shares on or before the date that is one calendar year after the Listing Date; and
c. 300,000 common shares on or before the date that is two calendar years after the Listing Date.

4. Exploration and evaluation property (continued)

(c) Incurring an aggregate expenditure of $340,000 as follows:
   a. $90,000 on or before the date that is one calendar year after the Listing Date; and
   b. $250,000 on or before the date that is two calendar years after the Listing Date.

The Property is subject to 3% Net Smelter Returns royalty.

On May 15, 2023, the Company entered into an amending option agreement with respect to the Vent Copper Property to reduce the expenditures required to incur by or before the one year anniversary of the listing date from $110,000 to $90,000.

Sting Copper Property

On August 22, 2022, the Company entered into a property option agreement (“Option Agreement”) to acquire the right to earn up to 100% interest in Sting Copper Property located south of the town of Trout River in Newfoundland. Pursuant to the Option Agreement, the Company must satisfy the following:

(d) Paying an aggregate of $90,000 in cash as follows:
   a. $40,000 upon signing of the agreement (paid); and
   b. $50,000 on or before the one-year anniversary of the signing of the agreement.

(e) Issuing an aggregate of 5,000,000 common shares of the Company as follows:
   a. 2,500,000 common shares upon signing of the agreement (issued with a fair value of $750,000) (Note 4); and
   b. 2,500,000 common shares on or before the one-year anniversary of the signing of the agreement.

(f) Incurring an aggregate expenditure of $625,000 as follows:
   a. $250,000 on or before the one-year anniversary of the signing of the agreement; and
   b. Additional expenditures of $375,000 on or before the two-year anniversary of the signing of the agreement.

The optionee retains the right at any time to purchase one-half (1/2) of the 2% Net Smelter Returns royalty, in consideration of the payment of $1,500,000, thereby leaving the optionor with a one percent (1%) Net Smelter Return royalty.

On February 7, 2023, the Company entered into an option agreement (“Option Agreement”) to acquire a 100% interest in three additional mineral claims at the Sting Copper Property located south of the town of Trout River in the Province of Newfoundland (the “New Claims”). Pursuant to the New Tenure Option Agreement, the Company must satisfy the following:

(g) Cash payment of $40,000 within five days of signing of the agreement (paid).

(h) Issuing an aggregate of 2,500,000 common shares of the Company as follows:
   a. 1,250,000 common shares within five days of signing of the agreement (issued with a fair value of $500,000) (Note 4); and
   b. 1,250,000 common shares on or before the one-year anniversary of the signing of the agreement.

4. Exploration and evaluation property (continued)

(i) Incurring a minimum of $100,000 in Exploration Expenditures on the Property on or before the first anniversary of the signing of this Agreement.

Upon the Company earning in under the Agreement, the Optionors will retain a 2% net smelter returns royalty on the New Claims, of which the Company may purchase at any time one-half, being 1%, for a price of $1,500,000.

<u>Schofield Lithium Project</u>

On March 7, 2023, the Company acquired, for the cost of staking, the Schofield Lithium Project ("Schofield" or the "Project"). The Project consists of 416 mining claims located south of Hearst, Ontario.

<u>Dickson Lake Lithium Project</u>

On March 13, 2023, the Company acquired, for the cost of staking, the Dickson Lake Lithium Project ("Dickson" or the "Project"). The Project consists of 464 mining claims near Imagine Lithium and Georgia Lake Lithium Deposits.

5. Share Capital

(a) Authorized:

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

(b) Escrow Shares:

The Company entered into an escrow agreement, whereby 4,070,000 common shares are to be held in escrow. During the period ended May 31, 2023, 275,000 shares were released in accordance with the terms of the escrow agreement. As at May 31, 2023, the Company has 2,227,500 shares held in escrow.

(c) Issued and Outstanding as at May 31, 2023 – 39,580,450 (2022 – 22,900,000) common shares

For the period ended May 31, 2023, the Company had the following share capital transactions:

i. On July 21, 2022, 3,397,450 special warrants of the Company were converted into one unit of the Company, without additional payment, pursuant to the Company's shares trading on the CSE. Each unit consist of one common share of the Company and one share purchase warrant exercisable at an exercise price of $0.20 for two years.

ii. On July 28, 2022, the Company issued 250,000 common shares valued at $77,500 pursuant to the Vent Copper Property (Note 3).

iii. On August 25, 2022, the Company issued 3,000 common shares pursuant to the exercise of 3,000 share purchase warrants at an exercise price of $0.20 per share for proceeds of $600.

iv. On August 30, 2022, the Company issued 2,500,000 common shares valued at $750,000 pursuant to the Sting Property (Note 3).

(Expressed in Canadian Dollars)

5. Share Capital (continued)

v. On September 27, 2022, the Company issued 3,000 common shares pursuant to the exercise of 3,000 share purchase warrants at an exercise price of $0.20 per share for proceeds of $600.

vi. On October 12, 2022, the Company issued 10,000 common shares pursuant to the exercise of 3,000 share purchase warrants at an exercise price of $0.20 per share for proceeds of $2,000.

vii. On October 14, 2022, the Company issued 3,000 common shares pursuant to the exercise of 3,000 share purchase warrants at an exercise price of $0.20 per share for proceeds of $600.

viii. On November 9, 2022, the Company issued 9,200,000 units at $0.25 per share for total proceeds of $2,300,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at a price of $0.35 per share for a period of 24 months following the issuance date.

Pursuant to the private placement, the Company paid share issuance costs of $58,974 and issued 235,900 broker warrants. The fair value of the broker warrants at February 28, 2023 - $68,366 and was estimated using the Black-Scholes pricing model with the following assumptions:

Share price	$0.38
Risk free interest rate	4.22%
Expected life	2 years
Expected volatility	160%
Expected forfeiture rate	Nil
Expected dividends	Nil

ix. On November 15, 2022, the Company issued 3,000 common shares pursuant to the exercise of 3,000 share purchase warrants at an exercise price of $0.20 per share for proceeds of $600.

x. On December 12, 2022, the Company issued 25,000 common shares pursuant to the exercise of 25,000 share purchase warrants at an exercise price of $0.20 per share for proceeds of $5,000.

xi. On December 15, 2022, the Company issued 25,000 common shares pursuant to the exercise of 25,000 share purchase warrants at an exercise price of $0.20 per share for proceeds of $5,000.

xii. On January 12, 2023 the Company issued 3,000 common shares pursuant to the exercise of 3,000 share purchase warrants at an exercise price of $0.20 per share for proceeds of $600.

xiii. On February 7, 2023, the Company issued 1,250,000 common shares valued at $500,000 pursuant to the New Tenure Option Agreement (Note 3).

xiv. On February 23, 2023, the Company issued 5,000 common shares pursuant to the exercise of 5,000 share purchase warrants at an exercise price of $0.20 per share for proceeds of $1,000.

xv. On March 27, 2023, the Company issued 3,000 common shares pursuant to the exercise of 3,000 share purchase warrants at an exercise price of $0.20 per share for proceeds of $600.00.

(Expressed in Canadian Dollars)

5. Share Capital (continued)

For the period from incorporation on October 4, 2021 to February 28, 2022, the Company had the following share capital transactions:

i. On October 4, 2021, the Company issued 2 common shares to the incorporators which shares were subsequently repurchased by the Company for cancellation.

ii. On November 23, 2021, the Company issued 4,500,000 common shares at $0.005 per share for total proceeds of $22,500.

iii. On December 13, 2021, the Company issued 12,100,000 common shares at $0.02 per share for total proceeds of $242,000.

iv. On January 7, 2022, the Company issued 6,300,000 units at $0.05 per share for total proceeds of $315,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at a price of $0.10 per share for a period of three years following the issuance date.

(d) Stock options

The Company has a Stock Option Plan (the "Plan") for directors, officers, employees and consultants of the Company. Options are exercisable for periods of up to ten years, as determined by the Board of Directors of the Company, to purchase common shares of the Company at a price not less than the discounted market price on the date of the grant. The maximum number of shares which may be issuable under the Plan cannot exceed 10% of the total number of issued and outstanding common shares on a non-diluted basis.

A summary of the Company's stock options at May 31, 2023 is presented below:

	May 31, 2023		**February 28, 2023**	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	3,185,000	$0.42	-	-
Granted	-	-	3,185,000	$0.42
Ending balance	3,185,000	$0.42	3,185,000	$0.42

The Company had the following stock option transactions during the year ended February 28, 2023:

The weighted average fair value at grant date of 3,185,000 options during the year ended February 28, 2023 was $0.34 per option. The fair value of the stock options was estimated using the Black-Scholes option pricing model with the following assumptions:

Share price	$0.41
Risk free interest rate	3.49%
Expected life	3 years
Expected volatility	158%
Expected forfeiture rate	Nil
Expected dividends	Nil

(Expressed in Canadian Dollars)

5. Share Capital (continued)

Details of stock options outstanding and exercisable as at February 28, 2023 are as follows:

Expiry Date	Exercise Price	Outstanding	Exercisable
January 31, 2026	$0.42	3,185,000	3,185,000
		3,185,000	3,185,000

The weighted average remaining contractual life of stock options outstanding at May 31, 2023 was 2.67 years.

During the period ended May 31, 2023, the Company recognized $Nil (February 28, 2023 - $1,090,839) in share-based compensation expense related to these stock options.

<u>Share Purchase Warrants</u>

	May 31, 2023			May 31, 2022		
	Number of warrants	Weighted average exercise price		Number of warrants	Weighted average exercise price	
Outstanding, beginning of period	6,300,000	$	0.10	-	$	-
Issued	12,833,350		0.31	6,300,000		0.10
Exercised	(83,000)		0.20	-		-
Cancelled	(6,300,000)		0.10	-		-
Outstanding, end of the period	12,750,350	$	0.31	6,300,000	$	0.10

On June 27, 2022, 6,300,000 warrants with an exercise price of $0.10 per share expiring on January 7, 2025 were transferred to the Company for nominal consideration and subsequently cancelled.

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

Date of expiry	Exercise price	Number of warrants	Weighted average remaining contractual life, years
July 21, 2024	$0.20	3,314,450	1.14
November 8, 2023	$0.35	235,900	0.44
November 8, 2024	$0.35	9,200,000	1.44
		12,750,350	1.01

<u>Special Warrants</u>

On February 23, 2022, the Company received a total of $339,845 related to 3,398,450 special warrants of the Company priced at $0.10 per special warrant (the "Offering"). On March 24, 2022, the Company repurchased 1,000 special warrants by paying $100 back to a certain investor. Each special warrant will be converted into one unit of the Company on the date that is the earlier of (i) the third business day after the date on which a receipt for a final prospectus, and (ii) the date that is one year following closing of the Offering. Each unit will consist of one common share of the Company and one share purchase warrant exercisable at an exercise price of $0.20 for two years from the date the Company's shares commence trading on an exchange. On July 21, 2022, 3,397,450 special warrants were converted into one unit of the Company.

5. Share Capital (continued)

Contributed surplus

The contributed surplus records items recognized as stock-based compensation expense and other share-based payments.

6. Related Party Transactions

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

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

During the period ended May 31, 2023, the Company paid or accrued management fees of $30,000 to a company controlled by a director and CEO of the Company. As at May 31, 2023, an amount of $236 included in accounts payable was due to the CEO. The amount is unsecured, bears no interest and is due on demand.

During the period end May 31, 2023, the Company paid or accrued professional fees of $12,000 to a company controlled by the CFO of the Company.

During the period ended May 31, 2023, the Company paid or accrued consulting fees of $18,000 to a company controlled by a director and Vice President ("VP") of Corporate Development of the Company. As at May 31, 2023, an amount of $6,300 included in accounts payable was due to a company controlled by the director and VP of Corporate Development. The amounts due are unsecured, bear no interest and are due on demand.

During the period ended May 31, 2023, the Company paid or accrued professional fees of $6,000 to a company controlled by a director of the Company.

During the period ended May 31, 2023, the Company paid or accrued consulting fees of $9,000 to a company controlled by the corporate secretary of the Company. As at May 31, 2023, an amount of $3,150 included in accounts payable was due to a company controlled by the corporate secretary of the Company. The amounts due are unsecured, bear no interest and are due on demand.

During the period from incorporation on October 4, 2021 to February 28, 2022, there were no transactions with related parties.

7. Financial Instruments

(a) Categories of Financial Instruments and Fair Value Measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

(Expressed in Canadian Dollars)

7. Financial Instruments (continued)

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's financial instruments, approximates their carrying amount due to their short-term maturities.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at May 31, 2023 and February 28, 2023 as follows:

May 31, 2023	Level 1	Level 2	Level 3	Total
Financial Instrument				
Cash	$ 2,041,973	-	-	$ 2,041,973

February 28, 2023	Level 1	Level 2	Level 3	Total
Financial Instrument				
Cash	$ 2,376,697	-	-	$ 2,376,697

(b) Management of Financial Risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company had no exposure to credit risk as the Company maintains all of its cash in a major bank. Accordingly, the Company has assessed credit risk as low.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered. The Company has no source of revenue and has obligations to meets its administrative overheads and to settle amounts payable to its creditors. At May 31, 2023, the Company had $2,041,973 (May 31, 2022 - $812,140) in cash to settle current liabilities of $74,838 (May 31, 2022 - $31,615) and, as such, assessed liquidity risk as low.

7. Financial Instruments (continued)

Foreign Exchange Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The main currency to which the Company has exposure is the US dollar. The Company is exposed to currency risk to the extent of its accounts payable and accrued liabilities that are denominated in US dollars. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates. The Company's exposure to currency risk is currently considered insignificant.

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. The Company is exposed to interest rate risk as it has $700,000 in interest-bearing term deposits.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no variable interest-bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in battery metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

8. Commitment

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 4.

9. Capital Management

The Company defines its capital as working capital and shareholders' equity. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent upon external financing. In order to carry future activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. The Company did not institute any changes to its capital management strategy since inception.

10. Subsequent Events

On June 1, 2023, in partnership with Coast Mountain Geological Ltd. ("CMG"), the Company has commenced its summer Exploration Program (the "Program") at its Sting Copper Project in Northwestern Newfoundland.

On June 7, 2023, the Company has commenced its initial Exploration Program (the "Program") at its Dickson Lake Lithium Project (the "Project") in Northwestern Ontario. The Program will be led by Clark Exploration Consulting Inc.

On July 13, 2023, the Company has commenced its initial Exploration Program (the "Program") at its Schofield Lithium Project (the "Project") in Northwestern Ontario. The Program will be led by Clark Exploration Consulting Inc.