LITHOS ENERGY LTD.
(Formerly Alchemist Mining Inc.)

Condensed Interim Consolidated Financial Statements

Three Months Ended July 31, 2023 and 2022

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Company for the three months ended July 31, 2023, have been prepared by and are the responsibility of the Company's management.

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

September 28, 2023
Vancouver, Canada

LITHOS ENERGY LTD.
(Formerly Alchemist Mining Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Notes		**July 31, 2023**		April 30, 2022
Assets					
Current					
Cash		**$**	**576,825**	$	577,669
Advances receivable	6		**271,058**		271,058
GST receivable			**30,504**		23,680
Prepaid expenses			**35,000**		35,000
			913,387		907,407
Exploration advance			**14,117**		14,117
Exploration and evaluation assets	7,8		**1,142,589**		1,142,589
Due from Aqueous	6		**134,085**		-
Intangible asset	7		**10,000,000**		10,000,000
Goodwill	7		**5,163,487**		5,163,487
Total assets		**$**	**17,367,665**	$	17,227,600
Liabilities					
Current					
Accounts payable and accrued liabilities	10	**$**	**477,632**	$	476,326
Total liabilities			**477,632**		476,326
Shareholders' equity					
Share capital	9 9		**25,180,900**		24,603,302
Reserves			**328,135**		154,838
Deficit			**(8,619,002)**		(8,006,866)
Total shareholders' equity			**16,890,033**		16,751,274
Total liabilities and shareholders' equity		**$**	**17,367,665**	$	17,227,600

Nature of operations (note 1)
Going concern (note 2)
Subsequent events (note 13)

Approved on behalf of the Board by:

*"*Jennie Choboter*"* — Director

"Scott Taylor" — Director

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

LITHOS ENERGY LTD.
(Formerly Alchemist Mining Inc.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Three Months Ended July 31, 2023 and 2022

	Notes	**2023**	2022
Expenses			
Business development		**$ 151,802**	$ -
Consulting	10	**94,589**	6,281
Exploration costs		**-**	99,938
Filing fees and shareholder information		**22,238**	1,264
Office and general		**4,357**	109
Professional fees	10	**118,388**	31,528
Rent	10	**13,944**	-
Share-based payments	9	**173,297**	-
		(578,615)	(139,120)
Foreign exchange gain		**1,196**	(976)
Loss on debt settlement	9,10,11	**(34,717)**	(100,549)
Write-off of shareholder loan		**-**	222
Loss and Comprehensive Loss for the Period		**$ (612,136)**	$ (240,423)
Basic and Diluted Loss Per Share		**$ (0.01)**	$ (0.01)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted		**60,581,955**	18,834,660

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

LITHOS ENERGY LTD.
(Formerly Alchemist Mining Inc.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares		Share capital		Reserves Options		Reserves Warrants		Deficit		Total
Balance, April 30, 2022	**18,460,949**	**$**	**6,155,365**	**$**	**-**	**$**	**27,600**	**$**	**(5,983,396)**	**$**	**199,569**
Shares issued for debt	648,706		194,612		-		-		-		194,612
Loss for the period	-		-		-		-		(240,423)		(240,423)
Balance, July 31, 2022	**19,109,655**	**$**	**6,349,977**		**-**	**$**	**27,600**	**$**	**(6,223,819)**	**$**	**153,758**
Balance, April 30, 2023	**60,360,162**	**$**	**24,603,302**	**$**	**127,238**	**$**	**27,600**	**$**	**(8,006,866)**	**$**	**16,751,274**
Private placements	1,233,819		542,880		-		-		-		542,880
Debt settlement	61,955		34,718		-		-		-		34,718
Share-based payments	-		-		173,297		-		-		173,297
Loss for the period	-		-		-		-		(612,136)		(612,136)
Balance, July 31 2023	**61,655,936**	**$**	**25,180,900**	**$**	**300,535**	**$**	**27,600**	**$**	**(8,619,002)**	**$**	**16,890,033**

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

LITHOS ENERGY LTD.
(Formerly Alchemist Mining Inc.)
Condensed Interim Consolidated Statements of Cash Flows
Three Months Ended July 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Notes	**2023**	2022
Operating Activities			
Loss for the period		**$ (612,136)**	$ (240,423)
Items not involving cash			
Loss on debt settlement		**34,718**	100,549
Share-based payments		**173,297**	-
Write-off of shareholder loan		**-**	(222)
Changes in non-cash working capital items:			
Amounts receivable		**(6,825)**	(2,456)
Prepaid expenses		**-**	(41,755)
Accounts payable and accrued liabilities		**1,307**	7,384
Cash used in operating activities		**(409,639)**	(176,923)
Investing Activities			
Advance made to Aqueous		**(134,085)**	-
Cash used in investing activities		**(134,085)**	-
Financing Activities			
Issuance of common shares, net of share issue costs	9	**542,880**	-
Cash provided by financing activities		**542,880**	-
Change in cash in the period		**(844)**	(176,923)
Cash, beginning of period		**577,669**	352,085
Cash, end of period		**$ 576,825**	$ 175,162

Supplemental cash flow information (note 12)

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

1. NATURE OF OPERATIONS

Lithos Energy Ltd. (formerly Alchemist Mining Inc.) (the “Company”) was incorporated as NY85 Capital Inc. under the *Business Corporations Act* on October 22, 2010 in the province of British Columbia. On October 1, 2012, the shareholders of the Company approved the name change from NY85 Capital Inc. to Alchemist Mining Inc. On August 20, 2014, the Company de-listed from the TSX Venture Exchange and commenced trading on the Canadian Securities Exchange ("CSE"). On August 15, 2023, the Company changed its name to Lithos Energy Ltd. The common shares of the Company are listed for trading on the CSE under the symbol LITS. The Company’s head office is located at Suite 2380 - 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

On January 27, 2023, the Company acquired all of the issued and outstanding common shares of Iron Forge Holdings (I) Ltd. (“Iron Forge”), a private British Columbia corporation which holds the rights to an exploration property located in west-central Nevada, called the Rhodes Marsh property. The acquisition of Iron Forge was accounted for as an asset acquisition (Note 7).

On April 27, 2023, the Company acquired all of the issued and outstanding common shares of Lithos Technology Corp., a private Alberta corporation, and its wholly owed subsidiary, Lithos Technology LLC, a private limited liability corporation incorporated in Delaware, USA, by way of a three-cornered amalgamation. The acquisition was accounted for as a business combination in accordance with IFRS 3 (Note 7).

Subsequent to the end of the period, on August 4, 2023, the Company acquired all of the issued and outstanding common shares of Aqueous Resources LLC (“Aqueous”), a private entity located in Denver, Colorado, by issuing 17,500,000 common shares. Aqueous is the sole owner of patented technology for electro-pressure membrane process and method for recovery and concentration of lithium chloride from aqueous sources (Note 13).

2. GOING CONCERN

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The application of the going concern concept is dependent upon the Company’s ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the development of its technologies and the attainment of profitable operations. Management is actively engaged in seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these condensed interim consolidated financial statements, then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

For the three months ended July 31, 2023, the Company incurred a net loss of $612,136 (2022 - $240,423), and as at July 31, 2023, has an accumulated deficit of $8,619,002 (April 30, 2023 - $8,006,866). At July 31, 2023, the Company has a working capital of $435,755 (April 30, 2023 - $431,081). As at July 31, 2023, the Company has sufficient resources to maintain its operations for the next 12 months.

3. BASIS OF PRESENTATION

Approval of the condensed interim consolidated financial statements

These condensed interim consolidated financial statements for the three months ended July 31, 2023 were reviewed by the Audit Committee and approved and authorized for issue on September 28, 2023 by the Board of Directors of the Company.

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standards 34, Interim Financial Reporting. Interim financial statements do not include all the information required for full annual financial statements. These condensed interim consolidated financial statements do not contain all disclosures required by IFRS and accordingly should be read in conjunction with the 2023 annual financial statements and the notes thereto.

Basis of preparation

These condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency. These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities measured at fair value.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its controlled entities. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated on consolidation.

	Country of incorporation	Percentage owned	
		July 31, 2023	**April 30, 2023**
1282112 B.C. Ltd.	Canada	100%	100%
Iron Forge Holdings (I) Ltd.	Canada	100%	100%
Lithos Technology Corp.	Canada	100%	100%
Lithos Technology LLC	USA	100 %	100%

Significant accounting judgments, estimates and assumptions

The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, contingent assets, and contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

3. BASIS OF PRESENTATION (Continued)

Significant accounting judgments

Acquisitions
Judgment is used when determining whether an acquisition is a business combination or an asset acquisition. Judgment is also used in measuring the fair value of equity instruments issued as consideration in an asset acquisition or business combination.

The Company measures all assets acquired and liabilities assumed at their acquisition-date fair values. In a business combination, the excess of the aggregate of the consideration transferred over the net assets of the acquisition-date amounts of all identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Going concern
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual technology development programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Title to mineral property interest
Although the Company has taken steps to verify title to mineral properties that it currently has under option, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

Significant accounting estimates and assumptions

Valuation of equity consideration granted for acquisitions
The valuation of share consideration granted involves management judgment in determining the valuation of the share consideration granted. Judgment is exercised in assessing the fair value of the shares granted as well as any potential lock-up provisions on the common shares or performance shares.

Estimated useful life of intangible asset
Amortization of intangible assets is dependent upon estimates of useful lives based on management's judgment. Determination must be made by management whether the Lithos technology has an indefinite life or if not, management determines its lifespan. In management's view, the Lithos technology will have a finite life and will have a useful life of 15 years.

Impairment of exploration and evaluation assets
The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

3. BASIS OF PRESENTATION (Continued)

Impairment considerations of intangible asset and goodwill
Goodwill impairment testing requires management to make critical estimates within the impairment testing model. On an annual basis, the Company tests whether goodwill is impaired.

Determining whether any charge to impairment against the Company's finite lived intangible assets requires management to estimate the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. Impairment is reviewed on an annual basis or as events and conditions change.

The recoverable value of goodwill and intangible assets is determined using discounted cash flow models, which incorporate assumptions about future events including future cash flows, growth rates and discount rates.

Deferred income tax
The Company recognizes a deferred tax asset to extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. In addition, changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

Share-based payments
The determination of the fair value related to share-based payments are subject to estimate. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

4. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the annual financial statements of the Company for the year ended April 30, 2023. The Company did not adopt any new accounting policies during the period ended July 31, 2023.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The carrying values of these instruments approximate their fair values due to their short term to maturity.

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for assets or liabilities that are not based on observable market data.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company's financial instruments classified as Level 1 in the fair value hierarchy include cash. The carrying values of advances receivable, due from Aqueous, and accounts payable and accrued liabilities, approximate their fair values due to the short-term maturity of these instruments.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. The Company has minimal credit risk on its advances receivable and due from Aqueous balance as at July 31, 2023, as subsequent to year end, it acquired a 100% interest in Aqueous Resources LLC (Notes 6 and 16).

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 approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The contractual financial liabilities of the Company as of July 31, 2023 was $477,632 (April 30, 2023 -l $476,326). All of the liabilities presented as accounts payable are due within 90 days of July 31, 2023. The Company continues to seek additional sources of capital through financing opportunities.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

As at July 31, 2023 and April 30, 2023 , the Company is not exposed to significant market risk.

6. ADVANCES RECEIVABLE

On December 1, 2022, the Company's subsidiary, Lithos Technology LLC. entered into a Membership Interest Purchase and Subscription Agreement (the "Membership Agreement") to acquire one-third of the outstanding membership and equity interest of Aqueous Resources LLC ("Aqueous") consisting of 500 Series Preferred Units of Aqueous, plus, warrant certificates to acquire an additional 2,400 units of Series A preferred membership (the "Investment"). Aqueous is the sole owner of pending patent technology for electro-pressure membrane process and method for recovery and concentration of lithium chloride from aqueous sources. The subscription price for the Investment was USD $600,000 (the "Total Consideration"), of which USD $200,000 was payable on the signing of the agreement and USD $400,000 was payable by January 2, 2023.

(Expressed in Canadian Dollars, unless otherwise stated)

6. ADVANCES RECEIVABLE (continued)

At April 30, 2023, the Company paid a deposit of $271,058 (USD $200,000) to Aqueous and subsequently, the Company paid an additional $134,085 (USD $100,000).

Subsequent to July 31, 2023, the parties terminated the Membership Agreement and entered into a definitive agreement to purchase a 100% interest in Aqueous (the "Alchemist Agreement"). As a result, the advances were converted into unsecured, non-interest-bearing demand loans to Aqueous (Note 13).

7. ACQUISITIONS

Iron Forge Holdings (I) Ltd.

On January 27, 2023, the Company executed a share exchange agreement with Iron Forge (the "Iron Forge Transaction"), whereby Alchemist acquired all of the outstanding common shares of Iron Forge in consideration for the issuance of 7,499,999 common shares in the capital of the Company with a fair value of $0.145 per share and 3,749,999 common share purchase warrants. Each warrant entitled the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.20 for a period of two years (Note 9). The warrants had a residual value of $nil.

Following the closing of the Iron Forge Transaction, Iron Forge became a wholly-owned subsidiary of Lithos. No change of control of the Company occurred as a result of the Iron Forge Transaction.

As Iron Forge did not meet the definition of a business under IFRS 3 – Business Combinations, the Acquisition was accounted for as the purchase of Iron Forge's net assets by Lithos. The net purchase price was determined as an equity settled share-based payment, under IFRS 2 - Share-based Payments, at the fair value of the equity instruments issued based on the fair value of $1,087,500.

The aggregate purchase price being $1,125,790 and the allocation of the consideration for purposes of the pro-forma consolidated statement of financial position is as follows:

Consideration:		
Consideration paid in common shares (Note 9)	$	1,087,500
Transaction costs - cash		38,290
	$	**1,125,790**

Fair value of assets and liabilities acquired:		
Cash	$	38,376
Exploration and evaluation asset – Rhodes Marsh (Note 8)		1,122,321
Accounts payable and accrued liabilities		(34,907)
	$	**1,125,790**

(Expressed in Canadian Dollars, unless otherwise stated)

7. ACQUISITIONS (Continued)

Lithos Technology Corp.

On March 6, 2023, the Company entered into an amalgamation agreement with Lithos Technology Corp. ("Lithos"), a private arm's length Alberta company, pursuant to which Alchemist agreed to acquire all of the issued and outstanding common shares of Lithos by way of "three-cornered" amalgamation, whereby a wholly-owned subsidiary of Alchemist ("NewCo") and Lithos amalgamated to form a new entity ("AmalCo"), and AmalCo became a wholly-owned subsidiary of Lithos upon completion of the transaction (the "Lithos Transaction"). At the closing of the Lithos Transaction, each of the outstanding common shares of Lithos were cancelled and each respective Lithos shareholder received their pro rata portion of an aggregate of 15,000,000 common shares in the capital of the Company. In addition, the Company issued 10,000,000 performance shares to certain employees and consultants of Lithos. The performance shares were released in June 2023 upon the completion of the first brine shipment from 3 Proton Lithium.

In connection with the Lithos Transaction, Lithos advanced a bridge loan in the amount of $400,000 to Lithos (the "Bridge Loan"). The Bridge Loan was subsequently eliminated on consolidation.

On April 27 2023, the Lithos Transaction closed and the Company acquired and gained control of 100% of Lithos issued and outstanding shares. The Lithos Transaction was accounted for as a business combination in accordance with IFRS 3 – Business Combinations, as such the Company used the acquisition method of accounting. Accordingly, the consolidated statement of financial position has been adjusted for the elimination of Lithos's share capital and accumulated deficit. The consideration has been measured at fair value using the closing market price at the date the Transaction closed of $0.60 per share. The estimated fair value of the consideration paid was $15,000,000.

Consideration:		
Common shares	$	9,000,000
Contingent consideration – performance shares		6,000,000
	$	15,000,000

Fair value of net assets acquired:		
Cash	$	229,760
Advances receivable (Note 6)		271,058
Exploration advance		14,117
Exploration and evaluation asset (Note 8)		18,002
Intangible asset - Technology		10,000,000
Goodwill		5,163,487
Accounts payable and accrued liabilities		(296,424)
Bridge loan payable		(400,000)
	$	15,000,000

Goodwill arose over the acquisition of Lithos due to the benefit of expected revenue growth and future market developments that will result from the conductive fracturing imaging technology. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions are expected to be deductible for tax purposes. All acquisitions were dealt with at arm's length at the time of transaction.

(Expressed in Canadian Dollars, unless otherwise stated)

7. ACQUISITIONS (Continued)

On an annual basis, the Company assesses the Company's cash generating units ("CGU") for indicators of impairment or when facts or circumstances suggest the carrying amount may exceed its recoverable amount. Goodwill is tested for impairment annually. As at July 31, 2023, the carrying amount of goodwill and intangible asset does note exceed the recoverable amount, and as a result, the Company did not recognize any impairment charges.

8. EXPLORATION AND EVALUATION ASSETS

Rhodes Marsh Property, Nevada, USA

On January 27, 2023, the Company acquired the Rhodes Marsh property pursuant to the acquisition of Iron Forge (Note 7). The Rhodes Marsh property is an early-stage exploration project located in Mineral County, Nevada, USA. The project is comprised of two separate claim blocks within the Rhodes Marsh area, northwest of Las Vegas.

PacMan Project, Arizona, USA

On April 27, 2023, the Company acquired the PacMan property pursuant to the acquisition of Lithos. The property consists of 120 mineral claims which were staked on the Wilcox Playa, Arizona.

A breakdown of costs incurred on the mineral properties during the period ended July 31, 2023 is as follows:

	Rhodes Marsh	PacMan	Total
	$	$	$
Acquisition costs			
Balance, April 30, 2022	-	-	-
Acquisition of Iron Forge (Note 7)	1,122,321	-	1,122,321
Acquisition of Lithos (Note 7)	-	18,002	18,002
Balance, July 31, 2023 and April 30, 2023	**1,122,321**	**18,002**	**1,140,323**
Exploration costs			
Balance, April 30, 2022	-	-	-
Laboratory expense	-	2,266	2,266
Balance, July 31, 2023 and April 30, 2023	**-**	**2,266**	**2,266**
Balance, April 30, 2022	-	-	-
Balance, July 31, 2023 and April 30, 2023	**1,122,321**	**20,268**	**1,142,589**

9. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

Issued

For the three months ended July 31, 2023:

On May 29, 2023, the Company closed a private placement of 1,233,819 common shares at a price of $0.44 per share for gross proceeds of $542,880.

On June 9, 2023, the Company settled accounts payable of $34,718 by issuing 61,995 common shares at a price of $0.56 per share.

For the year ended April 30, 2023

On June 8, 2022, the Company settled its convertible debt of $94,062 by issuing 648,706 units at $0.145 per unit. Each unit is comprised of one common share with a fair value of $0.30 per share and one common share purchase warrant. Each warrant will entitle the holder thereof to acquire one share at a price of $0.145 per warrant share and exercisable for 4 years (Note 11). The warrants had a residual value of $nil.

On January 20, 2023, the Company issued an aggregate of 5,860,853 common shares at a price of $0.145 per share for gross proceeds of $849,824 in a non-brokered private placement. In connection with the financing, the Company paid $12,999 in share issuance costs.

On January 27, 2023, the Company issued an aggregate of 7,499,999 common shares to the shareholders of Iron Forge with a fair value of $0.145 per common share and 3,749,999 share purchase warrants (Note 7). Each warrant entitles the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.20 for a period of two years after the date of issuance. The warrants had a residual value of $nil.

On February 9, 2023, the Company issued an aggregate of 889,655 common shares at a price of $0.145 per share for gross proceeds of $129,000 in a non-brokered private placement.

On April 27, 2023, the Company issued an aggregate of 15,000,000 common shares to the Lithos shareholders and 10,000,000 performance shares to certain employees and consultants of Lithos (Note 7). The equity instruments had a fair value of $0.60 per share for total consideration of $15,000,000. In addition, the Company issued 2,000,000 common shares with a fair value of $1,200,000 to an arms length party as a finders’ fee. The transaction costs were incurred in connection with the business combination and were expensed through the statement of loss and comprehensive loss.

(Expressed in Canadian Dollars, unless otherwise stated)

9. SHARE CAPITAL (Continued)

Stock options

In November 2022, the Company amended its a stock option plan pursuant to which the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and consultants of the Company non-transferable options, restricted share units, performance share units, and deferred share units to purchase common shares in the Company. Under the amended plan, the number of common shares reserved for issuance shall not exceed 20% of the issued and outstanding common shares at the time of grant and exercisable for a period of up to ten years from the date of grant. Options may be exercised within 90 days following cessation of the optionee's position with the Company.

On April 27, 2023, the Company granted 350,000 options to purchase common shares to a director and officer of the Company. Each option is exercisable into one common share at an exercise price of $0.30 until April 27, 2025. The options were fully vested on the date of grant. The fair value of the options granted was determined to be $127,238 using the Black-Scholes Option Pricing model using the following assumptions: Risk-free rate of 3.73%; Expected life of 1 year, expected volatility of 100% and dividend yield of nil.

On June 5, 2023, the Company granted 1,020,000 options to purchase common shares to the directors of the Company. Each option is exercisable into one common share at an exercise price of $0.70 until June 5, 2026. On the date of grant 340,000 options were vested and 85,000 options vest on the first and second anniversaries. The fair value of the options granted was determined to be $137,838 using the Black-Scholes Option Pricing model using the following assumptions: Risk-free rate of 4.28%; Expected life of 3 year, expected volatility of 100% and dividend yield of nil.

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On July 17, 2023, the Company granted 250,000 options to purchase common shares to a consultant of the Company. Each option is exercisable into one common share at an exercise price of $0.60 until July 17, 2026. On the date of grant 83,333 options were vested and 83,333 options vest on the first and second anniversaries. The fair value of the options granted was determined to be $35,459 using the Black-Scholes Option Pricing model using the following assumptions: Risk-free rate of 4.63%; Expected life of 3 year, expected volatility of 100% and dividend yield of nil.

During three months ended July 31, 2023, the Company recognized share-based payment of $173,297 on vested options (July 31, 2022 - $Nil)

The continuity of option transactions are summarized as follows:

	July 31, 2023			**April 30, 2023**		
	Number of options	**Weighted Average Exercise Price**		Number of Options	Weighted Average Exercise Price	
Outstanding, beginning of year	**350,000**	**$**	**0.30**	-	$	-
Issued	**1,270,000**		**0.68**	350,000		0.30
Outstanding, end of period	**1,620,000**	**$**	**0.60**	350,000	$	0.30

(Expressed in Canadian Dollars, unless otherwise stated)

9. SHARE CAPITAL (Continued)

The following summarizes information about stock options outstanding at July 31, 2023:

Expiry date	Exercise price	Options outstanding	Options exercisable	Weighted average remaining contractual years
April 27, 2025	$ 0.30	350,000	350,000	
June 5, 2026	$ 0.70	1,020,000	340,000	
July 17, 2026	$0.60	250,000	83,333	
Total		1,620,000	773,333	2.63

Warrants

The continuity of warrant transactions are summarized as follows:

	July 31, 2023			July 31, 2022		
	Number of Warrants	**Weighted Average Exercise Price**		Number of Warrants	Weighted Average Exercise Price	
Outstanding, beginning of	**16,382,038**	**$**	**0.20**	11,983,333	$	0.20
Issued	**-**		**-**	4,398,705		0.192
Outstanding, end of period	**16,382,038**	**$**	**0.20**	16,382,038	$	0.20

The following summarizes information about warrants outstanding at July 31, 2023:

Expiry date	Exercise price	Warrants outstanding
January 27, 2025	$0.20	3,749,999
January 13, 2026	$0.20	11,983,333
June 8, 2026	$0.145	648,706
Total		**16,382,038**

As at July 31, 2023, the weighted average remaining life of the warrants is 2.25 years.

(Expressed in Canadian Dollars, unless otherwise stated)

10. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The remuneration of the Company's directors and other members of key management, who have the authority and responsibility for planning, directing and controlling the activities of the Company, consists of the following amounts.

The following table summarizes transactions with related parties during the three months ended July 31, 2023 and 2022:

		July 31, 2023		July 31, 2022
Consulting fees	**$**	**53,633**	$	-
Accounting fees		**13,629**		7,500
Rent		**13,944**		-
	$	**81,206**	$	7,500

As at July 31, 2023, $93,055 (April 30, 2023 - $Nil) of unpaid consulting and professional fees was included in accounts payable and accrued liabilities. The amounts are unsecured, non-interest bearing and due on demand.

<u>Shareholder loans</u>

		Period ended		
		July 31, 2023		April 30, 2023
Opening balance	**$**	**-**	$	222
Cash received		**-**		-
Cash paid for principal		**-**		-
Loss on debt settlement		**-**		-
Forgiveness of debt		**-**		-
Shares issued to settle debt (Note 9)		**-**		(222)
Closing balance	**$**	**-**	$	-

During the year ended April 30, 2022, the Company received working capital advances from related parties. The advances are unsecured, non-interest bearing and have no repayment terms. As at July 31, 2023, the balance was $Nil (2022 - $222).

11. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new equity. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

(Expressed in Canadian Dollars, unless otherwise stated)

11. CAPITAL MANAGEMENT (continued)

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the three months ended July 31, 2023. The Company is not subject to external restrictions on its capital.

12. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. During the years ended July 31, 2023 and 2022, the Company recorded the following non-cash investing and financing transactions:

	2023	2022
Taxes paid	**$ -**	$ -
Interest paid	**-**	6,563
Shares issued for debt settlement	**34,718**	94,063

During the year ended April 30, 2023, the Company acquired two companies, Iron Forge and Lithos. As consideration for the transactions, the Company issued common shares to acquire each entity's net assets (Note 7).

13. SUBSEQUENT EVENTS

Subsequent to the three months ended July 31, 2023:

- The Company entered into a Securities Exchange Agreement with Aqueous Resources LLC whereby the Company issued 17,500,000 shares (the "Consideration Shares") in the capital of the Company to Aqueous at a fair value of $0.64 per Consideration Share. Aqueous is the sole owner of pending patent technology for electro-pressure membrane process and method for recovery and concentration of lithium chloride from aqueous sources. The Consideration Shares were issued on August 4, 2023 and are subject to a voluntary lockup whereby 10% of the Consideration Shares were released on Closing and 15% of the Consideration Shares are released every six months thereafter. The Company issued 1,000,000 common shares as a finders' fee in connection the transaction.

- The Company issued 1,433,946 common shares on the exercise of 1,433,946 warrants for an aggregate of $286,789.