Snow Lake Resources Ltd.

Consolidated Financial Statements

For the Years Ended June 30, 2022, 2021 and 2020

(Expressed in Canadian Dollars)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Snow Lake Resources Ltd.,

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Snow Lake Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2022 and 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for each of the years in the three year period ended June 30, 2022, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and 2021 and its financial performance and its cash flows for each of the years in the three year period ended June 30, 2022, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that there are material uncertainties that cast significant doubt about the going concern assumption. The Company has no current source of revenue, has incurred losses from inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement, whether due to fraud or error. The Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
October 31, 2022

We have served as the Company's auditor since 2019.

Snow Lake Resources Ltd.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at June 30, 2022	As at June 30, 2021
	$	$
Assets		
Current Assets		
Cash	**23,792,408**	318,844
Sales tax receivable (Note 4)	**294,164**	10,644
Prepaids and deposits (Note 5)	**932,150**	67,973
Due from related party (Note 16)	**10,287**	-
Total Current Assets	**25,029,009**	397,461
Exploration and evaluation assets (Note 6)	**12,077,584**	5,730,224
Total Assets	**37,106,593**	6,127,685
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	**1,182,449**	262,125
Due to related parties (Note 16)	**110,274**	279,642
Loan payable (Note 8)	**201,157**	-
Convertible debentures (Note 9)	**-**	423,139
Derivative liability (Note 10)	**286,997**	409,913
Total Liabilities	**1,780,877**	1,374,819
Shareholders' Equity		
Share capital (Note 11)	**39,733,633**	5,750,252
Reserve for share-based payments (Note 13)	**6,067,323**	1,154,905
Reserve for warrants (Note 14)	**70,295**	119,233
Accumulated deficit	**(10,545,535)**	(2,271,524)
Total Shareholders' Equity	**35,325,716**	4,752,866
Total Liabilities and Shareholders' Equity	**37,106,593**	6,127,685

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 21)
Subsequent events (Note 22)

Approved on behalf of the Board of Directors:

"Philip Gross" (signed)
Director

"Hadassah Slater" (signed)
Director

Snow Lake Resources Ltd.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended June 30, 2022, 2021 and 2020
(Expressed in Canadian Dollars)

	2022	2021	2020
	$	$	$
Expenses			
Stock-based compensation (Notes 12, 13 and 16)	**8,035,506**	-	-
Professional fees	**698,209**	174,211	57,272
Directors' and officers' consulting fees (Note 16)	**687,585**	200,858	118,700
Insurance expense	**681,504**	-	-
Transfer agent and regulatory fees	**236,926**	22,244	3,885
Consulting fees	**220,890**	34,399	43,255
Interest on loan and debentures (Notes 8 and 9)	**167,873**	140,264	-
General and administrative expenses	**129,415**	8,254	20,626
Travel expenses	**112,074**	-	957
Amortization of transaction costs (Note 9)	**56,512**	13,284	-
Research expenses	**33,733**	-	-
Bank fees and interest	**9,343**	2,084	2,669
	(11,069,570)	(595,598)	(247,364)
Other Income			
Gain on change in fair value of derivative liabilities (Note 10)	**1,103,839**	32,676	-
Grant income (Note 20)	**109,745**	-	-
Recovery of accounts payable	**-**	10,740	-
Recovery of flow through share liability	**-**	-	71,249
Foreign exchange gain (loss)	**409,532**	(254)	(6,001)
	1,623,116	43,162	65,248
Net Loss and Comprehensive Loss	**(9,446,454)**	(552,436)	(182,116)
Weighted Average Number of Outstanding Shares			
Basic and diluted (Note 15)	**15,884,041**	13,008,669	13,007,995
Net Loss per Share			
Basic and diluted (Note 15)	**(0.60)**	(0.04)	(0.01)

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

Snow Lake Resources Ltd.

Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended June 30, 2022, 2021 and 2020
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share-Based Payments Reserve	Restricted Share Units Reserve	Warrants Reserve	Accumulated Deficit	Total
	#	$	$	$	$	$	$
Balance, June 30, 2019	**13,007,956**	**5,745,215**	**1,154,905**	**-**	**26,480**	**(1,536,972)**	**5,389,628**
Exercise of warrants (Notes 11 and 14)	50	154	-	- -	41	-	113
Net loss for the year	-	-	-	-	-	(182,116)	(182,116)
Balance, June 30, 2020	**13,008,006**	**5,745,369**	**1,154,905**	**-**	**26,439**	**(1,719,088)**	**5,207,625**
Exercise of warrants (Notes 11 and 14)	2,170	4,883	-	-	-	-	4,883
Issuance of warrants from convertible debentures (Note 9 and 14)	-	-	-	-	90,769	-	90,769
Issuance of finder's warrants from convertible debentures (Notes 9 and 14)	-	-	-	-	2,025	-	2,025
Net loss for the year	-	-	-	-	-	(552,436)	(552,436)
Balance, June 30, 2021	**13,010,176**	**5,750,252**	**1,154,905**	**-**	**119,233**	**(2,271,524)**	**4,752,866**
Issuance of shares on IPO (Note 11)	3,680,000	34,988,520	-	-	-	-	34,988,520
Share issue costs (Note 11)	-	(4,233,129)	-	-	-	-	(4,233,129)
Issuance of conversion of debentures (Notes 9, 10 and 11)	751,163	857,399	-	-	5,895	-	863,294
Issuance of shares on vesting of RSUs (Notes 11 and 12)	240,000	1,950,645		(1,950,645)	-		-
Stock-based compensation (Notes 12 and 13)	-	-	6,084,861	1,950,645	-	-	8,035,506
Cancellation of stock options (Note 13)	-	-	(1,172,443)	-	-	1,172,443	-
Exercise of warrants (Notes 11 and 14)	243,419	419,946	-	-	(54,833)	-	365,113
Net loss for the year	-	-	-	-	-	(9,446,454)	(9,446,454)
Balance, June 30, 2022	**17,924,758**	**39,733,633**	**6,067,323**	**-**	**70,295**	**(10,545,535)**	**35,325,716**

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

Snow Lake Resources Ltd.
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2022, 2021 and 2020
(Expressed in Canadian Dollars)

	2022	2021	2020
	$	$	$
Operating Activities			
Net loss for the year	**(9,446,454)**	(552,436)	(182,116)
Adjustments for non-cash items:			
Recovery of accounts payable	**-**	(10,740)	-
Interest expenses and accretion (Notes 8 and 9)	**148,406**	140,264	-
Amortization of transaction costs (Note 9)	**56,512**	13,284	-
Stock-based compensation (Notes 12 and 13)	**8,035,506**	-	-
Gain on change in fair value of derivative liabilities (Note 10)	**(1,103,839)**	(32,676)	-
Recovery of flow through share liability	**-**	-	(71,249)
Foreign exchange (gain) loss	**(14,000)**	-	2,675
	(2,323,869)	(442,304)	(250,690)
Net change in non-cash working capital items:			
Sales tax receivable	**(283,520)**	(47)	16,034
Prepaids and deposits	**(864,177)**	(67,179)	17,357
Accounts payable and accrued liabilities (Note 7)	**552,249**	84,360	(52,992)
Due to related party	**(179,655)**	61,694	12,310
Cash Flows (used in) Operating Activities	**(3,098,972)**	(363,476)	(257,981)
Financing Activities			
Loan from Nova Minerals Limited	**-**	-	(1,114)
Proceeds from issuance of convertible debentures (Note 9)	**-**	805,000	-
Proceeds from issuance of shares on IPO (Note 11)	**34,988,520**	-	-
Share issuance costs (Note 11)	**(2,995,448)**	-	-
Proceeds received from loan (Note 8)	**873,253**	-	-
Repayment on loan (Note 8)	**(679,617)**	-	-
Proceeds from exercise of warrants (Note 11)	**365,114**	4,883	113
Cash Flows provided by (used in) Financing Activities	**32,551,822**	809,883	(1,001)
Investing Activities			
Payments for exploration and evaluation assets (Note 6)	**(5,979,286)**	(270,652)	(196,928)
Cash Flows (used by) Investing Activities	**(5,979,286)**	(270,652)	(196,928)
Increase (decrease) in cash	**23,473,564**	175,755	(455,910)
Cash, beginning of year	**318,844**	143,089	598,999
Cash, end of year	**23,792,408**	318,844	143,089
Supplemental Information			
Exploration and evaluation assets in accounts payable	**485,089**	117,015	54,322

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

1. Nature of Operations and Going Concern

Snow Lake Resources Ltd., d/b/a Snow Lake Lithium Ltd. ("Snow Lake" or the "Company") was incorporated under the Canada Business Corporations Act on May 25, 2018. The Company is a Canadian natural resource exploration company engaged in the exploration and development of mineral resources through its subsidiaries: Snow Lake Exploration Ltd. and Snow Lake (Crowduck) Ltd. The corporate and principal place of business is 242 Hargrave St. #1700, Winnipeg, Manitoba, R3C 0V1 Canada.

On November 22, 2021, the Company was listed for trading under the NASDAQ Composite under the ticker symbol "LITM".

On November 23, 2021, the Company closed its initial public offering ("IPO") through the issuance of 3,680,000 common shares, at a price of $9.51 (USD $7.50) per share for gross proceeds of $34,988,520 (USD $27,600,000).

Although the Company has taken steps to verify title to the mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

For the year ended June 30, 2022, the Company incurred a net loss of $9,446,454 (2021 – $552,436; 2020 – $182,116) and negative cash flow from operations of $3,098,972 (2021 – $363,476; 2020 – $257,981)), and as at June 30, 2022, the Company had an accumulated deficit of $10,545,535 (June 30, 2021 – accumulated deficit of $2,271,524; June 30, 2020 – accumulated deficit of $1,719,088). The Company had not yet placed any of its mineral properties into production and, as a result, the Company has no source of operating cash flow. The Company's ability to continue as a going concern is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. The unpredictability of the mining business, and the continued evolution of the coronavirus ("COVID-19") pandemic represent material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, and do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses, and classifications of statements of financial position that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These consolidated financial statements were reviewed, approved and authorized for issuance by the Board of Directors (the "Board") of the Company on October 31, 2022.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments carried at fair value, as explained in the accounting policies as set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. Basis of Presentation (continued)

(c) Basis of Consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are-deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

(d) Functional Currency

These consolidated financial statements are presented in Canadian dollars ("$" or "CAD"), which is the Company's functional currency. The functional currency is the currency of the primary economic environment in which the Company operates.

(e) Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

Going concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources, and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends. Management believes there is sufficient capital to meet the Company's business obligations for at least the next 12 months, after taking into account expected cash flows and the Company's cash position at year-end.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the consolidated statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Economic recoverability of future economic benefits of exploration and evaluation assets

Management has determined that exploration and evaluation ("E&E") assets and related costs incurred, which have been recognized on the consolidated statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

2. Basis of Presentation (continued)

(e) Significant Accounting Judgments and Estimates (continued)

Provisions

Provisions recognized in the consolidated financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

Income taxes

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Options and warrants

Options and warrants, including finders' warrants, are initially recognized at fair value, based on the application of the Black-Scholes valuation model ("Black-Scholes"). This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate. Changes in these input assumptions can significantly affect the fair value estimate.

Expected credit losses on financial assets

Determining an allowance for expected credit losses ("ECL") for amounts receivable and all debt financial assets not held at fair value through profit or loss ("FVTPL") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

3. Summary of Significant Accounting Policies

(a) Current and Non-Current Classification

Assets and liabilities are presented in the consolidated statements of financial position based on current and non-current classification.

An asset is classified as current when it is either expected to be realized or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

3. Summary of Significant Accounting Policies (continued)

(a) Current and Non-Current Classification (continued)

A liability is classified as current when it is either expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(b) Cash

Cash in the consolidated statements of financial position comprises cash at a chartered bank in Canada and funds held in trust with the Company's legal counsel which is available on demand.

(c) Exploration and Evaluation Assets

Title to E&E assets including 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 conveyancing historical characteristic of many properties. The Company has investigated title to all its mineral properties and, to the best of its knowledge, titles to all its mineral properties are in good standing.

The Company accounts for E&E assets in accordance with IFRS 6 – Exploration for and Evaluation of Mineral Properties. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation are recognized and capitalized, in addition to acquisition costs. These expenditures include but are not limited to acquiring licenses, researching and analyzing existing exploration data, conducting geological studies, exploration drilling and sampling and payments made to contractors and consultants in connection with the exploration and evaluation of the property. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

Acquisition costs incurred in obtaining legal right to explore a mineral property are deferred until the legal right is granted and thereon reclassified to mineral properties. Transaction costs incurred in acquiring an asset are deferred until the transaction is completed and then included in the purchase price of the asset acquired.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditure costs, in excess of the estimated recoverable amount, are written off to the consolidated statements of loss and comprehensive loss.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell ("FVLCS") and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered a mine under development. E&E assets are also tested for impairment before the assets are transferred to development properties.

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

(d) Financial Instruments

The Company classifies and measures financial instruments in accordance with IFRS 9 – Financial Instruments ("IFRS 9"). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities on the consolidated statements of financial position when it becomes a party to the financial instrument or derivative contract.

3. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Classification

The Company classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at FVTPL; (b) those to be measured subsequently at fair value through other comprehensive income (loss) ("FVTOCI"); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company's financial assets include cash, other receivables excluding any sales tax amounts, and due from related party. The Company's financial liabilities include its accounts payable, due to related parties, loan payable, convertible debentures and derivative liability.

Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics do not meet the solely payment of principal and interest ("SPPI") criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in the consolidated statements of loss and comprehensive loss.

Financial assets at fair value through other comprehensive income

Debt and equity instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVTOCI. Movements in fair values are recognized in other comprehensive income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss recognized in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognized using the effective interest rate method and presented in "interest income". As at June 30, 2022 and 2021, the Company did not have any financial assets at FVTOCI.

Amortized cost

Debt and equity instruments that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

The Company's classification of financial assets and financial liabilities is summarized below:

Cash	FVTPL
Due to/from related parties	Amortized cost
Accounts payable	Amortized cost
Loan payable	Amortized cost
Convertible debentures	Amortized cost
Derivative liability	FVTPL

3. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or OCI (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in OCI.

Expected credit loss impairment model

Under IFRS 9, the Company recognizes a provision for ECL on financial assets that are measured on amortized cost. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition

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.

The Company derecognizes a financial liability when its contractual obligations are discharged, 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 or losses on derecognition are generally recognized in profit or loss.

Determination of fair value

The determination of fair value requires judgment and is based on market information, where available and appropriate. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- 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).

3. Summary of Significant Accounting Policies (continued)

(e) Impairment of Assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there are any indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. An asset's recoverable amount is the higher of FVLCS and value-in-use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized immediately in the consolidated statements of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal of impairment is recognized in the consolidated statements of loss and comprehensive loss.

(f) Impairment of Non-Financial Assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's FVLCS and VIU. The VIU is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or CGU to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a CGU.

(g) Convertible Debts

If convertible debts can be converted to equity at a fixed conversion rate at the option of the holder, the liability component of the convertible debts is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The conversion component is initially valued at fair value based on generally accepted valuation techniques, with the residual value of the convertible debt allocated to loan liability and warrant components. Subsequent to initial recognition, the liability component of a convertible debt is measured at amortized cost using the effective interest method and accreted to face value over the term of the convertible debt.

If convertible debts are convertible to equity at a variable conversion rate, where the quantity of shares or units into which the debts are convertible varies based on changes in variables affecting calculation of the conversion price, the value of the conversion component is first calculated and classified as a derivative liability, with the residual value allocated to the loan liability component, which is recognized as a liability and, where applicable, to warrants issued to debenture holders, which are recognized in reserves. Subsequent to initial recognition, the liability component of a convertible debts is measured at amortized cost using the effective interest method and accreted to face value over the terms of the convertible debts. The conversion component of the convertible debts is remeasured to fair value at the end of each reporting period using Black-Scholes, with gains or losses on remeasurement recognized in profit or loss.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as an adjustment to accretion expense over the period of the borrowings using the effective interest method.

3. Summary of Significant Accounting Policies (continued)

(g) Convertible Debts (continued)

Convertible debts are classified as current liability unless the Company has an unconditional right to defer settlement of the liability, or a portion of the liability, for at least 12 months after the reporting date.

(h) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(i) Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI.

Current income tax is recognized and measured at the amount expected to be recovered from, or payable to, the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recorded for temporary differences at the date of the consolidated statements of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and the Company has the legal rights and intent to offset.

Estimates

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax‑related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(j) Share Capital

Common shares are classified as share capital. Costs directly attributable to the issue of common shares are recognized as a deduction from share capital, net of any tax effects.

3. Summary of Significant Accounting Policies (continued)

(k) Share-Based Payments Transactions

The Company operates a stock option plan (the "Option Plan"). 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 goods or services received, or at 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 fair value of options is determined using Black–Scholes. The fair value of equity-settled share-based compensation transactions are recognized as an expense with a corresponding increase in the share-based payments reserve.

Amounts recorded for cancelled or expired unexercised options are transferred to accumulated deficit in the period of which the cancellation or expiry occurs.

(l) Warrants

Share purchase warrants (each a "Warrant") are classified as a component of equity. Warrants issued along with shares in an equity unit financing are measured using the residual approach, whereby the fair value of the Warrant is determined after deducting the fair value of the shares from the unit price less applicable financing costs. Warrants issued for broker/financing compensation, are recognized at the fair value using Black-Scholes at the date of issue. Warrants are initially recorded as a part of the reserves in warrant in equity at the recognized fair value.

Upon exercise of the Warrants, the previously recognized fair value of the Warrants exercised is reallocated to share capital from warrants reserve. Proceeds generated from the payment of the exercise price are also allocated to share capital. Amounts recorded for expired unexercised warrants are transferred to accumulated deficit in the period of which the expiry occurs.

(m) Flow-Through Shares

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the year is disclosed separately.

The issuance of flow-through common shares results in the tax deductibility of the qualifying resource expenditures funded from the proceeds of the sales of such common shares being transferred to the purchasers of the shares. On the issuance of such shares, the Company bifurcates the flow-through shares into a flow-through share premium, equal to the estimated fair value of the premium that investors pay for the flow-through tax feature, which is recognized as a liability, and equity values of share capital and/or warrants. As related exploration expenditures are incurred, the Company derecognizes the premium liability and recognizes the related recovery.

(n) Loss Per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted (loss) earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

(o) Foreign Currency Translation

Monetary assets and liabilities denominated in currencies other than CAD are translated into CAD at the rate of the consolidated financial statements of the Company are prepared in its functional currency, determined on the basis of the primary economic environment in which the entity operates. Given that operations are in Canada, the presentation and functional currency of the Company is the Canadian dollar.

3. Summary of Significant Accounting Policies (continued)

(o) Foreign Currency Translation (continued)

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. At each reporting date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing rates and non-monetary items measured at historical cost are translated into the entity's functional currency at rates in effect at the date the transaction took place.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are included in the consolidated statements of loss and comprehensive loss for the period in which they arise.

(p) 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. Parties are also considered to be related if they are subject to common control or common significant influence. 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.

(q) Adoption of New Accounting Standards and Amendments

The Company adopted the following amendments, effective July 1, 2021. The changes were made in accordance with the applicable transitional provisions. The Company early-adopted these amendments and had assessed that there was no material impact upon their adoption on its consolidated financial statements:

Amendments to IAS 1 – Presentation of Financial Statements ("IAS 1")

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments.

(r) Recent Accounting Pronouncements

As at the date of authorization of these consolidated financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after July 1, 2022. Many are not applicable or do not have a significant impact to the Company, have been excluded. The Company had assessed that no material impact is expected upon the adoption of the following amendments on its consolidated financial statements:

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued amendments to update IAS 37. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract. These amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

(r) Recent Accounting Pronouncements (continued)

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

In February 2021, the IASB issued *Definition of Accounting Estimates*, which amended IAS 8. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments to IAS 8 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted.

4. Sales Tax Receivable

The Company's sales tax receivable balance represents amounts due from government taxation authorities in respect of the Good and Services Tax/Harmonized Sales Tax ("GST/HST"). The Company anticipates full recovery of these amounts and therefore no ECL has been recorded against these receivables, which are due in less than one year.

5. Prepaid Expenses

	June 30, 2022	June 30, 2021	June 30, 2020
	$	$	$
Prepaid insurance	**483,278**	4,796	-
Advances made to suppliers and deposits	**448,872**	63,177	794
	932,150	67,973	794

6. Exploration and Evaluation Assets

The following summarizes the movement of the Company's E&E assets for the years ended June 30, 2022, 2021 and 2020:

	$
Balance, June 30, 2019	**5,174,451**
Exploration and evaluation expenditures	222,428
Balance, June 30, 2020	**5,396,879**
Exploration and evaluation expenditures	333,345
Balance, June 30, 2021	**5,730,224**
Exploration and evaluation expenditures	6,347,360
Balance, June 30, 2022	**12,077,584**

7. Accounts Payable and Accrued Liabilities

	June 30, 2022	June 30, 2021	June 30, 2020
	$	$	$
Trade payables	**568,065**	215,640	125,786
Accrued liabilities	**614,384**	46,485	-
	1,182,449	262,125	125,786

Accounts payable of the Company are principally comprised of amounts outstanding for trade purchases incurred in the normal course of business.

8. Loan Payable

On November 29, 2021, the Company entered into a loan agreement for USD $692,970 (CAD $873,253) (the "Loan"). The Loan bears an interest rate of 4.7% and is payable in monthly instalments of USD $78,512. Interest related to the Loan totaled $16,226 and was included in interest on loan and debentures. The Loan matured on August 18, 2022.

9. Convertible Debentures

In February 2021, the Company issued convertible debts (the "Debentures") for a total of $865,263 (the "Subscribed Amount"). The Debentures were sold at a discount of approximately 5% for proceeds of $805,000, net of a $15,000 cash commission.

Under the terms of the Agreement, the Subscribed Amount plus interest accrued, at a rate which should be the higher of (i) 12% per annum or (ii) Wall Street Prime Rate + 7%, is convertible, at the option of the Debenture holder, into common shares of the Company at a price that is the lesser of (i) $1.25 per share or (ii) a 20% discount to the price of a Liquidity Transaction (defined below). The conversion feature expires (the "Expiry Date") on the earlier of 24 months from execution, or the closing of a registered public offering (the "Liquidity Transaction").

In the event of a default, interest accrues at the lesser of (i) 24% per annum or (ii) the maximum legally authorized rate. The Company has the right to repay the note prior to maturity at 110% of the then outstanding principal and interest. The Company must provide 30 days' notice and the Lender shall have the right to convert prior to the 30-day notice expiration.

The Company determined the fair value of the conversion feature component upon initial recognition was $442,589. The residual $362,411 value of the $805,000 net proceeds received was allocated on a pro-rata basis between the debt component ($271,642) and the warrants component ($90,769) based on their relative fair values. The debt component was discounted at a rate of 20% and 346,104 subscriber warrants were valued using Black-Scholes, based on the following assumptions: expected life of 2.5 years, expected volatility of 70%, expected dividend yield of nil, risk-free interest of 0.18% - 0.22%, market price of $1.50, and an exercise price of $1.50. During the year ended June 30, 2022, the Company recognized accretion expense of $91,895 (2021 – $101,565) relating to accreting the debt component of the Debentures up to their principal value, and interest of $34,990 (2021 – $38,699).

The Company incurred $24,507 in transaction costs pursuant to the issuance of the Debentures, including paying a $15,000 cash commission, issuing 15,000 finders' warrants (each a "Finder's Warrants") exercisable at $1.50 for the earlier of (i) 60 months from the grant date or (ii) 24 months from the Company completing a listing on a Canadian stock exchange and $27 in bank charges. These costs, along with the $45,263 discount, are being amortized over the term of the Debentures. The 15,000 Finders' Warrants were valued using Black-Scholes, based on the following assumption: expected life of 2.5 years, expected volatility of 70%, expected dividend yield of nil, risk-free interest rate of 0.18% - 0.22%, market price of $1.50, and an exercise price of $1.50.

During the year ended June 30, 2022, the Company amortized $56,512 (2021 – $13,284) of transaction costs and discount in the consolidated statements of loss and comprehensive loss, including $2,025 recorded to warrants reserve for the value of the Finders' Warrants allocated to the warrants component in 2021.

On November 23, 2021, all debt holders exercised their conversion rights at a price of $1.25 per common share. As a result of the conversion, 751,163 common shares were issued.

(Expressed in Canadian Dollars)

9. Convertible Debentures (continued)

The following table reflects the continuity of the Debentures for the years ended June 30, 2022 and 2021:

	$
Balance, June 30, 2020	**-**
Principal value of convertible debentures	865,263
Discount on proceeds received	(45,263)
Cash commission	(15,000)
Allocation to conversion feature	(442,589)
Allocation to warrant	(90,769)
Value at initial recognition	271,642
Accretion expense	101,565
Interest expense	38,699
Amortization of transaction costs	11,233
Balance, June 30, 2021	**423,139**
Accretion expense	91,895
Interest expense	34,990
Amortization of transaction costs	50,617
Conversion of Debentures	(600,641)
Balance, June 30, 2022	**-**

10. Derivative Liability

Conversion feature of Debentures

Upon issuance of the Debentures in February 2021, the Company allocated the conversion feature component valued at $442,589 as a derivative liability.

During the year ended June 30, 2021, a gain on change in fair value on the conversion feature of $32,676 was recorded on the consolidated statements of loss and comprehensive loss.

During the year ended June 30, 2022, a gain on change in fair value on the conversion feature of $153,155 was recorded on the consolidated statements of loss and comprehensive loss up to the conversion of the Debentures. As a result of the conversion, a fair value of $256,758 was allocated to share capital.

IPO Finders' Warrants

In connection with the IPO which closed on November 23, 2021, the Company issued 184,000 Finders' Warrants exercisable at USD $9.375 before November 23, 2026. The fair value of these Finders' Warrants was estimated at $1,237,681 using Black-Scholes with the following assumptions: expected volatility of 100% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 1.58%, and an expected life of five years.

As at June 30, 2022, the derivative liability related to the Finders' Warrants was measured at a fair value of $286,997 using Black-Scholes with the following assumptions: share price of USD $2.40, exercise price of USD $9.375, expected volatility of 100% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.10% and an estimated remaining life of 4.40 years. During the year ended June 30, 2022, the Company recorded a fair value decrease of $950,684 on the derivative liability related to the Finders' Warrants.

(Expressed in Canadian Dollars)

10. Derivative Liability (continued)

The changes to the derivative liabilities for the years ended June 30, 2022 and 2021 are as follows:

	$
Balance, June 30, 2020	**-**
Fair value of derivative liability on date of issuance	442,589
Fair value changes of derivative liability – conversion feature	(32,676)
Balance, June 30, 2021	**409,913**
Fair value changes of derivative liability – conversion feature	(153,155)
Fair value allocated on conversion of Debentures	(256,758)
Fair value of derivative liability – Finders' Warrants	1,237,681
Fair value changes of derivative liability – Finders' Warrants	(950,684)
Balance, June 30, 2022	**286,997**

11. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Common shares issued and outstanding as at June 30, 2022, 2021 and 2020 are as follows:

	Number of common shares	Amount
	#	$
Balance, June 30, 2019	**13,007,956**	**5,745,215**
Shares issued from exercise of warrants [(a)]	50	154
Balance, June 30, 2020	**13,008,006**	**5,745,369**
Shares issued from exercise of warrants [(b)]	2,170	4,883
Balance, June 30, 2021	**13,010,176**	**5,750,252**
Shares issued on initial public offering [(c)]	3,680,000	34,988,520
Shares issue costs [(b)]	-	(4,233,129)
Shares issued on conversion of debentures [(d)]	751,163	857,399
Shares issued on vesting of restricted share units [(e)]	240,000	1,950,645
Shares issued from exercise of warrants [(f)]	243,419	419,946
Balance, June 30, 2022	**17,924,758**	**39,733,633**

Share capital transactions for the year ended June 30, 2020

(a) During the year ended June 30, 2020, 50 common shares were issued as a result of the exercise of Warrants for cash proceeds of $113.

Share capital transactions for the year ended June 30, 2021

(b) During the year ended June 30, 2021, 2,170 common shares were issued as a result of the exercise of Warrants for cash proceeds of $4,883.

11. Share Capital (continued)

Share capital transactions for the year ended June 30, 2022

(c) On November 23, 2021, the Company completed the IPO through the issuance of 3,680,000 common shares, including 480,000 common shares issued under the underwriters' over-allotment option, at a price of $9.51 (USD $7.50) per share for gross proceeds of $34,988,520 (USD $27,600,000). In connection with the IPO, the Company granted the underwriters 184,000 Finders' Warrants with each Finders' Warrant exercisable into one common share of the Company at the price of USD $9.375 until November 23, 2026 (see Notes 10 and 14). In addition, the Company paid total issuance costs of $2,995,448 comprised of (i) a cash commission of $2,624,139 to the underwriters, (ii) underwriters' fees of $304,248, and (iii) other closing expenses of $67,061.

(d) On November 23, 2021, the Company also issued 751,163 common shares for the conversion of all outstanding Debentures at a conversion price of $1.25 per common share. The total amount of $863,294 was transferred from derivative liability to share capital.

(e) On January 9, 2022, the Company issued 240,000 common shares as a result of the vesting of restricted share units ("RSUs"). These common shares were valued at an amount of $1,950,645. See Note 12 for more details.

(f) During the year ended June 30, 2022, 243,419 common shares were also issued as a result of the exercise of Warrants for cash proceeds of $365,114.

Flow-Through Shares

Flow-through share arrangements involve resource expenditure deductions for income tax purposes which are renounced to purchasers of common shares in accordance with income tax legislation. Each flow-through share entitles the holder to a 100% tax deduction in respect of qualifying Canadian Exploration Expenses ("CEE") as defined.

The value of the flow-through share liability was determined using the residual value method, after determining the fair value of the common shares and common shares purchase warrants attached to the Flow-Through Share Unit Financing. The Flow-Through Share Unit Financing premium established the flow-through share liability value at $71,249 as at June 30, 2019.

During the year ended June 30, 2020, the Company satisfied all of its flow-through obligations and recognized a recovery on the statement of loss and comprehensive loss for the full amount of the flow-through share liability.

12. Reserve for RSUs

On January 9, 2022, the Company granted 240,000 RSUs to an officer, which vested immediately. Stock-based compensation of $1,950,645 in connection with the vesting of these RSUs was recorded during the year ended June 30, 2022.

13. Reserve for Share-Based Payments

The Company maintains the Option Plan whereby certain key officers, directors and consultants may be granted stock options for common shares of the Company. The maximum number of common shares that are issuable under the Option Plan is limited to 2,406,732 common shares. Under the Option Plan, the exercise price of each option may not be lower than the greater of the closing price of the Company's shares on the trading day prior to the grant date or the grant date itself, whichever is higher. Vesting of options is determined at the discretion of the Board. As at June 30, 2022, the Company had 786,243 common shares available for issuance under the Option Plan.

(Expressed in Canadian Dollars)

13. Reserve for Share-Based Payments (continued)

The following summarizes the stock option activity for the years ended June 30, 2022, 2021 and 2020:

	2022		2021		2020	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	**$**	#	$	#	$
Outstanding, beginning of year	**820,000**	**2.50**	820,000	0.50	1,040,000	2.50
Granted	**1,269,386**	**USD 7.50**	-	-	-	-
Cancelled	**(300,000)**	**2.50**	(160,000) [1]	2.50	(220,000)	2.50
Cancelled	**(168,897)**	**USD 7.50**	-	-	-	-
Reinstated	**-**	**-**	160,000 [1]	2.50	-	-
Outstanding, end of year	**1,620,489**	**7.23**	820,000	2.50	820,000	2.50
Exercisable, end of year	**1,070,246**	**6.08**	820,000	2.50	820,000	2.50

[1] 160,000 options were cancelled and reinstated as a result of the resignation and reincorporation of a director.

Option grants for the years ended June 30, 2021 and 2020

No options were granted during the years ended June 30, 2021 and 2020.

Option grants for the year ended June 30, 2022

On November 18, 2021, the Company granted 1,269,386 options to various officers and directors at an exercise price of USD $7.50, expiring on November 18, 2026. The options vest in equal increments after three months, six months, nine months and 12 months until fully vested. The options were valued using Black-Scholes with the following assumptions: expected volatility of 100% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 1.47%, forfeiture rate of 20% and an expected life of five years. The grant date fair value attributable to these options was $7,167,552, of which $6,084,861 was recorded as stock-based compensation in connection with the vesting of these options during the year ended June 30, 2022. On June 29, 2022, 168,897 of these options were cancelled.

The following table summarizes information of stock options outstanding and exercisable as at June 30, 2022:

Date of expiry	**Number of options outstanding**	**Number of options exercisable**	**Exercise price**	**Weighted average remaining contractual life**
	#	**#**	**$**	**Years**
May 24, 2023	520,000	520,000	2.50	0.90
November 18, 2026	1,100,489	550,245	USD 7.50	4.39
	1,620,489	**1,070,245**	**7.23**	**3.27**

14. Reserve for Warrants

The following summarizes the warrant activity for the years ended June 30, 2022, 2021 and 2020:

	2022		2021		2020	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted Average exercise price	Number of warrants	Weighted Average exercise price
	#	**$**	#	$	#	$
Outstanding, beginning of year	**880,525**	**1.55**	551,929	1.59	551,979	1.65
Issued from debentures financing	**-**	**-**	361,098	1.50	-	-
Issued of Finders' Warrants from IPO	**184,000**	**USD 9.375**	-	-	-	-
Exercised	**(243,419)**	**1.50**	(2,170)	2.25	(50)	2.25
Expired	**-**	**-**	(30,332)	2.25	-	-
Outstanding, end of year	**821,106**	**3.93**	880,525	1.55	551,929	1.59

Warrant issuances for the year ended June 30, 2020

There were no warrant issuances for the year ended June 30, 2020.

Warrant issuances for the year ended June 30, 2021

As part of the Debentures issuance in February 2021, the Company issued 346,108 Warrants to subscribers of the Debentures. Debenture holders were eligible to receive such number of Warrants equal to half of the number of common shares issuable upon conversion of the Debentures at the conversion price of $1.25. Each Warrant is exercisable into one common share at an exercise price of $1.50 per Warrant until the earlier of (i) 60 months from the grant date or (ii) 24 months from the Company completing a listing on a Canadian stock exchange. These Warrants were valued at $90,769, recorded to the warrants reserve after allocating, on a pro-rata basis, the $362,411 residual value of the Debentures between the debt and warrants components after the initial allocation of $442,589 of the $805,000 net proceeds received to the conversion feature.

The Debenture Warrants were valued using Black-Scholes based on the following assumptions: expected life of 2.5 years, expected volatility of 70%, expected dividend yield of nil, risk-free interest rate of 0.18% - 0.22%, market price of $1.50, and an exercise price of $1.50. $2,025 of Debenture transaction costs was recorded to warrants reserve in amortizing the value of transaction costs allocated to the warrants component of the Debentures.

15,000 Debenture Finders' Warrants exercisable on the same terms as the Debenture Warrants were also issued, and they were valued at $9,480 using Black-Scholes based on the following assumptions: expected life of 2.5 years, expected volatility of 70%, expected dividend yield of nil, risk-free interest rate of 0.18%, market price of $1.50, and an exercise price of $1.50. The value of these warrants allocated to loan liability transaction costs is being amortized in the statement of loss and comprehensive loss in accreting up the carrying value of the Debenture loan liability to its principal balance and the value allocated to Debenture warrants transaction costs is being amortized to the warrants reserve over the term of the Debentures.

Warrant issuances for the year ended June 30, 2022

As part of the IPO which closed on November 23, 2021, the Company issued 184,000 Finders' Warrants exercisable at USD $9.375 before November 23, 2026. As these Finders' Warrants are denominated in USD, they are considered derivative liabilities hence classified as such (see Note 10 for details).

(Expressed in Canadian Dollars)

14. Reserve for Warrants (continued)

The following table summarizes information of warrants outstanding as at June 30, 2022:

Date of expiry	Number of warrants outstanding	Exercise price	Weighted average remaining contractual life
	#	$	Years
November 23, 2023	32,000	1.25	1.40
November 23, 2023	533,679	1.50	1.40
November 23, 2023	71,427	2.25	1.40
November 23, 2023	184,000	USD 9.375	1.40
	821,106	**3.93**	**2.07**

15. Basic and Diluted Loss per Share

The calculations of basic and diluted loss per share for the year ended June 30, 2022 were based on the net loss of $9,446,454 (2021 – net loss of $552,436; 2020 – net loss of $182,116) and the weighted average number of basic and diluted common shares outstanding of 15,884,041 (2021 – 13,008,669; 2020 – 13,007,995).

The details of the computation of basic and diluted loss per share are as follows:

	2022	2021	2020
	$	$	$
Net Loss	**(9,446,454)**	(552,436)	182,116)
	#	#	#
Basic weighted-average number of shares outstanding	**15,884,041**	13,008,669	13,007,995
Assumed conversion of dilutive stock options and warrants	**-**	-	-
Diluted weighted-average number of shares outstanding	**15,884,041**	13,008,669	13,007,995
	$	$	$
Basic and diluted loss per share	**(0.60)**	(0.04)	(0.01)

16. Related Party Transactions

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board. The remuneration of directors and other members of key management personnel during the years ended June 30, 2022, 2021 and 2020 were as follows:

	2022	2021	2020
	$	$	$
Directors' and officers' consulting fees	**687,585**	200,858	100,500
Exploration and evaluation expenditures	**220,765**	48,000	57,243
	908,350	248,858	157,743

Directors' and officers' consulting fees

During the year ended June 30, 2022, $585,615 of fees included in directors' and officers' consulting fees had been paid to companies controlled by the Chief Executive Officer, the Chief Operating Officer, and the former and new Chief Financial Officers of Snow Lake.

(Expressed in Canadian Dollars)

16. Related Party Transactions (continued)

Exploration and evaluation expenditures

During the year ended June 30, 2022, fees of $220,765 (2021 – $48,000) for services rendered by the Company's VP of Resources Development, and the VP of Exploration, had been capitalized as E&E assets on the consolidated statements of financial position.

Share-based compensation

During the year ended June 30, 2022, the Company had granted certain RSUs and options to various directors and officers. Total stock-based compensation of $8,035,506 (2021 – nil) was recorded in connection with the vesting of these securities.

Related party balances

All related party balances payable, for services and business expense reimbursements rendered as at June 30, 2022, 2021 and 2020, are non-interest bearing and payable on demand, and are comprised of the following:

	2022	2021	2020
	$	$	$
Payable to officers and directors	**110,274**	236,402	205,648
(Receivable) payable to Nova Minerals Ltd.	**(10,287)**	43,240	12,300
	99,987	279,642	217,948

17. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2021 – 27%) to the effective tax rate is as follows:

	2022	2021	2020
	$	$	$
Net loss before income tax	**(9,446,454)**	(552,436)	(182,116)
Combined federal and provincial statutory income tax rates	**27%**	27%	27%
Expected income tax recovery at statutory rates	**2,550,543**	149,158	49,171
Non-deductible differences	**(1,102,753)**	(7,310)	18,711
Change in unrecognized deductible temporary differences	**(1,447,790)**	(141,848)	(67,882)
Total income tax recovery	**-**	-	-

Unrecognized deductible temporary differences

The income tax benefit of the following deductible temporary differences has not been recorded in these financial statements because of the uncertainly of their recovery:

	2022	2021	2020
	$	$	$
Non-capital losses carried forward	**1,110,151**	300,805	169,751
Exploration and evaluation assets	**(100,058)**	(109,447)	(60,266)
Other items	**660,396**	15,278	5,409
	1,670,489	206,636	114,894

(Expressed in Canadian Dollars)

17. Income Taxes (continued)

Non-capital losses carried forward

The Company has non-capital tax losses available to reduce taxes in future years of approximately $4,112,000 (2021 – $1,114,000). These losses have expiry dates between 2038 and 2042.

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

18. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, issue debt instruments or return capital to its shareholders. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

19. Financial Risks

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, other receivable (excluding sales tax receivable) and due from related party, which expose the Company to credit risk should the borrower default on maturity of the instruments. Cash is held with reputable chartered banks in Canada, which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash, other receivables and due from related party is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing and investing activities.

As at June 30, 2022, the Company had a cash balance of $23,792,408 (June 30, 2021 – $318,844; June 30, 2020 – $143,089), to settle current liabilities of $1,780,877 (June 30, 2021 – $1,374,819; June 30, 2020 – $343,734).

As at June 30, 2022, the Company had the following contractual obligations:

	Less than 1 year	**1 to 3 years**	**3 to 5 years**	**Total**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	1,182,449	-	-	**1,182,449**
Due to related parties	110,274	-	-	**110,274**
Loan payable	201,157	-	-	**201,157**
Derivative liability	286,997	-	-	**286,997**
Total	**1,780,877**	**-**	**-**	**1,780,877**

19. Financial Risks (continued)

Liquidity risk (continued)

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows for a rolling period of 12 months to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there is sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash position as at June 30, 2022.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans payable and convertible debentures have fixed interest rates. As at June 30, 2022, the Company had no hedging agreements in place with respect to floating interest rates. Management believes that the interest rate risk concentration with respect to financial instruments is minimal.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company has from, time to time, financial instruments and transactions denominated in foreign currencies, notably in USD. The Company's primary exposure to foreign exchange risk is that transactions denominated in foreign currency may expose the Company to the risk of exchange rate fluctuations. Based on its current operations, management believes that the foreign exchange risk remains minimal.

COVID-19

In December 2019, COVID-19 surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak then characterized it as a pandemic on March 11, 2020. The outbreak has spread globally, and it has continued to cause companies and various international jurisdictions to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. The duration of the business disruptions internationally and related financial impact to the global economy remains highly uncertain at this time, as COVID-19 continues to evolve.

The Company's operations had been impacted by a delay in projects and restricted access to financing, but management expects the situation to improve once lockdown restrictions will be lifted with vaccine roll-out. Ultimately, the extent to which the COVID-19 pandemic impacts the Company's financial results will depend on future developments, which remain highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 pandemic and actions taken to contain it or its impact, among others. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada, and other countries to fight the virus.

While the extent of the impact remains unknown, the Company anticipates this outbreak may cause supply chain disruptions, and increased government regulations, all of which may negatively impact the Company's business and financial condition.

Fair value

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

(Expressed in Canadian Dollars)

19. Financial Risks (continued)

Fair value (continued)

As at June 30, 2022, the Company's financial instruments consisted of cash, other receivables (excluding sales tax recoverable), due from related party, accounts payable, due to related parties, loan payable, and derivative liability. The fair value of other receivables (excluding sales tax recoverable), due from related party, accounts payables and due to related parties are approximately equal to their carrying value due to their short-term nature. As at June 30, 2021, the fair values of the loan payable and convertible debentures approximate their carrying amounts as they were measured taking into consideration comparable instruments with similar risks in determining the rates at which to discount their amount in applying their respective measurement models.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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).

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Cash	23,792,408	-	-	**23,792,408**
Derivative liability	-	(286,997)	-	**(286,997)**

As at June 30, 2022, the Company's financial instruments carried at fair value consisted of its cash, which is classified as Level 1, and its derivative liability, which have been classified as Level 2. There were no transfers between Levels 2 and 3 for recurring fair value measurements during the years ended June 30, 2022, 2021 and 2020.

20. Grant Income

On December 14, 2021, the Company received a grant for $30,995 from the Manitoba Minerals Development Fund (the "MMDF"), for the purposes of supporting strategic projects that contribute to sustainable economic growth in the Province of Manitoba. On June 7, 2022, the Company received a second grant of $78,750 from the MMDF.

These grants were included in other income on the consolidated statements of loss and comprehensive loss during the years ended June 30, 2022 and 2021.

21. Contingencies

The Company's E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at June 30, 2022, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.

22. Subsequent Events

Subsequent to June 30, 2022, the Company paid off the remaining balance of USD $156,105 (CAD $201,157) on the Loan upon its maturity.

Subsequent to June 30, 2022, 38,082 stock options exercisable at a price of USD $7.50 previously granted to a former officer of the Company, were cancelled.

Subsequent to June 30, 2022, the Company received additional grant income of $109,750 from the MMDF.