

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements. The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	Note	March 31, 2023 \$	June 30, 2022 \$
		(unaudited)	
ASSETS			
Current assets			
Cash		444,748	336
Goods and Services Tax receivable		19,967	44,163
Prepaid expenses		11,295	5,821
Total current assets		476,010	50,320
Non-current assets			
Exploration and evaluation assets	3,8	5,309,084	2,787,830
TOTAL ASSETS		5,785,094	2,838,150
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	225,684	452,674
Current portion of loans payable	4	-	260,000
Total current liabilities		225,684	712,674
Non-current liabilities			
Loans payable	4	-	353,000
TOTAL LIABILITIES		225,684	1,065,674
Shareholders' Equity			
Share capital	5	9,284,560	2,927,741
Share-based payment reserve	5,6,7	1,677,684	554,563
Deficit		(5,402,834)	(1,709,828)
Total shareholders' equity		5,559,410	1,772,476
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,785,094	2,838,150

Nature and continuance of operations (Note 1)

Approved and authorized for issuance by the Board of Directors on May 29, 2023:

/s/ "Nick Watters"

Nick Watters, Director

/s/ "Dominic Verdejo"

Dominic Verdejo, Director

See accompanying notes to the condensed consolidated interim financial statements.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Unaudited – Expressed in Canadian dollars)

		Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
	Note	\$	\$	\$	\$
Expenses					
Consulting fees	8	171,466	-	283,316	-
Foreign exchange		1,983	-	1,983	-
General and administrative		31,428	5,743	37,967	14,348
Management and directors' fees	8	2,419	30,000	67,419	90,000
Professional fees	8	43,645	18,400	115,533	55,000
Rent		15,000	-	15,000	-
Share-based compensation	6,8	726,430	-	858,928	185,600
Shareholder communications and promotion		66,664	29,736	113,889	29,986
Transfer agent and filing fees		63,447	-	83,576	-
Total expenses		1,122,482	83,879	1,577,611	374,934
Loss before other income (expense)		(1,122,482)	(83,879)	(1,577,611)	(374,934)
Other income (expense)					
Impairment of exploration and evaluation assets	3	-	-	(2,106,199)	-
Interest expense		(3,952)	-	(24,978)	-
Interest income		315	-	315	40
Net loss and comprehensive loss for the period		(1,126,119)	(83,879)	(3,708,473)	(374,894)
Loss per share – basic and diluted		(0.03)	(0.00)	(0.12)	(0.02)
Weighted average number of common shares outstanding		36,856,550	23,944,444	29,714,049	22,628,102

See accompanying notes to the condensed consolidated interim financial statements.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited – Expressed in Canadian dollars)

	Share Capital		Share-based Payment Reserve	Deficit	Total Shareholders' Equity
	Number of Shares	Amount \$			
Balance, June 30, 2021	20,100,000	1,920,241	303,499	(1,179,442)	1,044,298
Common shares issued pursuant to private placement	1,000,000	350,000	-	-	350,000
Common shares issued pursuant to exercise of share purchase warrants	1,700,000	170,000	-	-	170,000
Shares and share purchase warrants issued for exploration and evaluation assets	1,250,000	412,500	34,200	-	446,700
Fair value of stock options granted	-	-	185,600	-	185,600
Net loss for the period	-	-	-	(374,894)	(374,894)
Balance, March 31, 2022	24,050,000	2,852,741	523,299	(1,554,336)	1,821,704
Shares and share purchase warrants issued for exploration and evaluation assets	250,000	75,000	31,264	-	106,264
Net loss for the period	-	-	-	(155,492)	(155,492)
Balance, June 30, 2022	24,300,000	2,927,741	554,563	(1,709,828)	1,772,476
Common shares issued pursuant to private placement	6,180,000	1,545,000	-	-	1,545,000
Share issuance costs	-	(30,465)	-	-	(30,465)
Common shares issued pursuant to exercise of stock options	650,000	227,500	-	-	227,500
Common shares issued pursuant to exercise of share purchase warrants	2,800,000	526,000	-	-	526,000
Shares and share purchase warrants issued for exploration and evaluation assets	6,950,500	3,988,250	380,194	-	4,368,444
Fair value of stock options granted	-	-	858,928	-	858,928
Fair value transferred upon exercise of stock options	-	100,534	(100,534)	-	-
Expiry of stock options	-	-	(15,467)	15,467	-
Net loss for the period	-	-	-	(3,708,473)	(3,708,473)
Balance, March 31, 2023	40,880,500	9,284,560	1,677,684	(5,402,834)	5,559,410

See accompanying notes to the condensed consolidated interim financial statements.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited – Expressed in Canadian dollars)

	Nine Months Ended March 31, 2023 \$	Nine Months Ended March 31, 2022 \$
Operating activities		
Net loss for the period	(3,708,473)	(374,894)
Items not involving cash:		
Impairment of exploration and evaluation assets	2,106,199	-
Interest expense	24,978	-
Share-based compensation	858,928	185,600
Changes in non-cash working capital items:		
Goods and Services Tax receivable	24,196	(1,535)
Prepaid expenses	(5,474)	(2,428)
Accounts payables and accrued liabilities	(297,121)	156,320
Net cash flows used in operating activities	(996,767)	(36,937)
Investing activities		
Exploration and evaluation asset expenditures	(560,750)	(1,191,694)
Exploration advance	-	(245,000)
Net cash flows used in investing activities	(560,750)	(1,436,694)
Financing activities		
Proceeds from issuance of common shares	2,298,500	520,000
Share issuance costs	(30,465)	-
Proceeds from loans payable	134,000	613,000
Repayments of loans payable	(400,106)	-
Net cash flows provided by financing activities	2,001,929	1,133,000
Change in cash	444,412	(340,631)
Cash, beginning of period	336	345,533
Cash, end of period	444,748	4,902
Supplemental disclosure with respect to cash flows		
Interest paid	-	-
Income taxes paid	-	-
Non-cash investing and financing activities		
Fair value of common shares issued for exploration and evaluation assets	3,988,250	412,500
Fair value of share purchase warrants issued for exploration and evaluation assets	380,194	34,200
Net increase in exploration and evaluation asset expenditures in accounts payable and accrued liabilities	81,627	-
Fair value transferred upon exercise of stock options	100,534	-
Fair value transferred upon expiry of stock options	15,467	-

See accompanying notes to the condensed consolidated interim financial statements.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

1. Nature and continuance of operations

Lithium One Metals Inc. (the “Company”) was incorporated on August 30, 2006, under the *Business Corporations Act* of British Columbia, and changed its name from Yorkton Ventures Inc. to Lithium One Metals Inc. on April 20, 2022. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under the trading symbol LONE. The Company’s head office is located at 1680 – 200 Burrard Street, Vancouver, British Columbia, V6C 3L6, Canada.

The Company’s principal business activities are the exploration and evaluation of resource properties in North America. The Company is in the process of exploring its resource properties, but it has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or from proceeds of disposition. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of business. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. During the nine months ended March 31, 2023, the Company incurred a net loss of \$3,708,473. As at March 31, 2023, the Company had a working capital of \$250,326 and an accumulated deficit of \$5,402,834. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company’s ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant accounting policies

Statement of compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, and interpretations of the International Financial Reporting Interpretations Committee. Therefore, these financial statements comply with International Accounting Standard 34 *Interim Financial Reporting*.

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company as at June 30, 2022 and for the year then ended.

The condensed consolidated interim financial statements were authorized for issue on May 29, 2023 by the directors of the Company.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

2. Significant accounting policies (continued)***Basis of preparation***

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value as explained in the accounting policies set out in Note 2 of the annual consolidated financial statements for the year ended June 30, 2022. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars, unless otherwise specified.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. A subsidiary is an entity in which the Company has control, directly or indirectly. Control is defined as the investor being exposed, or having rights, to variable returns from its involvement with the investee and having the ability to affect those returns through its power over the investee.

All material intercompany transactions and balances have been eliminated on consolidation.

Details of the Company's subsidiaries as at March 31, 2023 are as follows:

Name	Place of Incorporation	Ownership %
9412-1068 Quebec Inc.	Quebec	0% (Note 3(c))
1370835 BC Ltd.	British Columbia	100%

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the Company and its subsidiaries is the Canadian dollar.

All financial information has been presented in Canadian dollars in these condensed consolidated interim financial statements, except when otherwise indicated.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities are translated at the rates of exchange prevailing when the assets were acquired or the liabilities incurred. Revenue, expense items, and capitalized exploration and evaluation expenditures are translated using the average rates of exchange during the financial statement periods, except for depreciation and amortization, which are translated at historic rates. Foreign exchange gains and losses resulting from the translation of transactions and balances denominated in foreign currencies are included in the condensed consolidated interim statement of operations.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

2. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues 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 can differ from these estimates.

Significant Estimates

Significant areas requiring the use of estimates include the fair value of share-based payments and unrecognized deferred income tax assets.

Share-based compensation

Fair values are determined using the Black-Scholes option pricing model. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option pricing models require the use of highly subjective estimates and assumptions, including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options.

Deferred income taxes

The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments and estimates may materially affect the final amount of deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

Significant Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the recoverability of exploration and evaluation assets and the going concern assumption.

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

2. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions (continued)

Significant Judgments (continued)

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

3. Exploration and evaluation assets

	Quebec Lithium Properties \$	Ontario Lithium Properties \$	Bellechasse- Timmins \$	Parkview \$	Knights Melange \$	Total \$
Acquisition costs:						
Balance, June 30, 2021	-	-	700,000	-	-	700,000
Additions	302,964	-	1,000,000	170,000	265,515	1,738,479
Balance, June 30, 2022	302,964	-	1,700,000	170,000	265,515	2,438,479
Additions	3,418,194	1,434,750	-	-	-	4,852,944
Impairment	-	-	(1,316,633)	(170,000)	(265,515)	(1,752,148)
Disposition	-	-	(383,367)	-	-	(383,367)
Balance, March 31, 2023	3,721,158	1,434,750	-	-	-	5,155,908
Exploration costs:						
Balance, June 30, 2021	-	-	-	-	-	-
Assessment and report writing	-	-	-	2,475	2,475	4,950
Claims renewal	-	-	7,837	-	-	7,837
Consulting (Note 8)	-	-	-	21,676	21,676	43,352
Surveys	-	-	-	146,606	146,606	293,212
Balance, June 30, 2022	-	-	7,837	170,757	170,757	349,351
Consulting	-	-	-	4,700	-	4,700
Geological	153,176	-	-	-	-	153,176
Impairment	-	-	(7,837)	(175,457)	(170,757)	(354,051)
Balance, March 31, 2023	153,176	-	-	-	-	153,176
Net carrying value, June 30, 2022	302,964	-	1,707,837	340,757	436,272	2,787,830
Net carrying value, March 31, 2023	3,874,334	1,434,750	-	-	-	5,309,084

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

3. Exploration and evaluation assets (continued)

(a) Quebec Lithium Properties

Cyr-Kapiwak Property

On December 3, 2021, the Company entered into an agreement to acquire a 100% interest in the Cyr-Kapiwak property located in Quebec, Canada.

To acquire a 100% interest, the Company paid \$25,000 and issued 250,000 units (valued at \$112,500 for the shares and \$40,374 for the warrants). Each unit consisted of one common share and one share purchase warrant exercisable at \$0.60 for a period of 18 months.

In addition, the vendor retains a 2% net smelter return (“NSR”) royalty. The Company can purchase one-half of the NSR royalty at any time in exchange for a payment of \$1,000,000.

Sirmac Property

On January 11, 2022, the Company entered into an agreement to acquire a 100% interest in the Sirmac property located in Quebec, Canada. To acquire the 100% interest, the Company paid \$25,000 and issued 250,000 units (valued at \$75,000 for the shares and \$25,090 for the warrants). Each unit consisted of one common share and one share purchase warrant exercisable at \$0.60 for a period of 18 months.

In addition, the vendor retains a 2% NSR royalty. The Company can purchase one-half of the NSR royalty at any time in exchange for a payment of \$1,000,000.

Taycan Property

On September 22, 2022, the Company entered into a mineral property option agreement whereby the Company can acquire a 100% interest in 70 mining claims located in Quebec, Canada. To acquire the 100% interest, the Company is to make the following cash and equity payments:

- Payment of \$100,000 (paid) and issuance of 1,200,000 common shares (issued and valued at \$588,000) and 1,200,000 share purchase warrants (issued) exercisable at \$0.40 per common share for two years from the date of issuance within 10 days of TSX-V approval;
- Payment of \$200,000 and issuance of 1,000,000 common shares on or before December 15, 2023; and
- Payment of \$300,000 and issuance of 2,000,000 common shares on or before December 15, 2024.

Upon exercise of the option by the Company, the optionor will retain a 3% NSR royalty, two-thirds of which may be purchased by the Company for \$2,000,000.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

3. Exploration and evaluation assets (continued)

(a) Quebec Lithium Properties (continued)

Bugatti Property

On February 6, 2023, the Company entered into a mineral property option agreement whereby the Company can acquire a 100% interest in the Bugatti property located in Quebec, Canada. To acquire the 100% interest, the Company is to make the following cash and equity payments:

- Payment of \$20,000 (paid) upon execution of the agreement;
- Payment of \$75,000 (paid) and issuance of 1,500,000 common shares upon TSX-V approval (issued and valued at \$945,000);
- Payment of \$75,000 and issuance of 2,000,000 common shares on or before September 1, 2023; and
- Issuance of 1,000,000 common shares on or before March 1, 2024.

Under the terms of the agreement, the Company must issue an additional 1,000,000 common shares on achieving certain milestones during exploration. Upon exercise of the option by the Company, the optionor will retain a 2% NSR royalty, one-half of which may be purchased by the Company for \$1,000,000.

Ferrari Property

On February 8, 2023, the Company entered into a mineral property option agreement whereby the Company can acquire a 100% interest in the Ferrari property located in Quebec, Canada. To acquire the 100% interest, the Company is to make the following cash and equity payments:

- Payment of \$10,000 (paid) upon execution of the agreement;
- Payment of \$100,000 (paid) and issuance of 2,000,000 common shares upon TSX-V approval (issued and valued at \$1,200,000);
- Payment of \$100,000 and issuance of 2,000,000 common shares on or before September 14, 2023; and
- Issuance of 2,000,000 common shares on or before March 14, 2024.

Under the terms of the agreement, the Company must issue an additional 3,500,000 common shares on achieving certain milestones during exploration. Upon exercise of the option by the Company, the optionor will retain a 3% NSR royalty, one-third of which may be purchased by the Company for \$1,000,000.

(b) Ontario Lithium Properties

Root South Property

On December 20, 2022, the Company entered into an option agreement whereby it can acquire a 100% interest in certain mineral claims located in Ontario, Canada. To acquire a 100% interest, the Company is to make the following cash and share payments:

- Payment of \$19,000 (paid) and issuance of 130,000 common shares on TSX-V approval (issued and valued at \$65,000);
- Payment of \$19,000 and issuance of 130,000 common shares on or before January 11, 2024; and
- Payment of \$38,500 and issuance of 265,000 common shares on or before January 11, 2025.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR royalty, of which one-half can be repurchased for \$1,000,000.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

3. Exploration and evaluation assets (continued)

(b) Ontario Lithium Properties (continued)

Sharp Property

On December 20, 2022, the Company entered into an option agreement whereby it can acquire a 100% interest in certain mineral claims located in Ontario, Canada. To acquire a 100% interest, the Company is to make the following cash and share payments:

- Payment of \$14,500 (paid) and issuance of 100,000 common shares on TSX-V approval (issued and valued at \$50,000);
- Payment of \$14,500 and issuance of 100,000 common shares on or before January 11, 2024; and
- Payment of \$29,000 and issuance of 200,000 common shares on or before January 11, 2025.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR royalty, of which one-half can be repurchased for \$1,000,000.

Allison South Property

On December 20, 2022, the Company entered into an option agreement whereby it can acquire a 100% interest in certain mineral claims located in Ontario, Canada. To acquire a 100% interest, the Company is to make the following cash and share payments:

- Payment of \$7,000 (paid) and issuance of 45,500 common shares on TSX-V approval (issued and valued at \$22,750);
- Payment of \$7,000 and issuance of 45,500 common shares on or before January 11, 2024; and
- Payment of \$12,500 and issuance of 91,000 common shares on or January 11, 2025.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR royalty, of which one-half can be repurchased for \$1,000,000.

Parks Property

On December 20, 2022, the Company entered into an option agreement whereby it can acquire a 100% interest in certain mineral claims located in Ontario, Canada. To acquire a 100% interest, the Company is to make the following cash and share payments:

- Payment of \$55,000 (paid) and issuance of 375,000 common shares on TSX-V approval (issued and valued at \$187,500);
- Payment of \$55,000 and issuance of 375,000 common shares on or before January 11, 2024; and
- Payment of \$110,000 and issuance of 750,000 common shares on or before January 11, 2025.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR royalty, of which one-half can be repurchased for \$1,000,000.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

3. Exploration and evaluation assets (continued)

(b) Ontario Lithium Properties (continued)

Adamhay Property

On December 20, 2022, the Company entered into an option agreement whereby it can acquire a 100% interest in certain mineral claims located in Ontario, Canada. To acquire a 100% interest, the Company is to make the following cash and share payments:

- Payment of \$12,000 (paid) upon execution of the option agreement;
- Issuance of 300,000 common shares on TSX-V approval (issued and valued at \$150,000);
- Payment of \$18,000 on or before January 11, 2024;
- Payment of \$21,000 on or before January 11, 2025; and
- Payment of \$30,000 on or before January 11, 2026.

Upon acquiring a 100% interest, the Company will grant the vendors a 1.5% NSR royalty, of which one-third can be repurchased for \$500,000.

Dagny Property

On December 20, 2022, the Company entered into an option agreement whereby it can acquire a 100% interest in certain mineral claims located in Ontario, Canada. To acquire a 100% interest, the Company is to make the following cash and share payments:

- Payment of \$12,000 (paid) upon execution of the option agreement;
- Issuance of 300,000 common shares on TSX-V approval (issued and valued at \$150,000);
- Payment of \$18,000 on or before January 11, 2024;
- Payment of \$21,000 on or before January 11, 2025; and
- Payment of \$30,000 on or before January 11, 2026.

Upon acquiring a 100% interest, the Company will grant the vendors a 1.5% NSR royalty, of which one-third can be repurchased for \$500,000.

Pinto Property

On February 2, 2023, the Company entered into a mineral property option agreement whereby the Company can acquire a 100% interest in the Pinto property located in Ontario, Canada. To acquire the 100% interest, the Company is to make the following cash and equity payments:

- Payment of \$10,000 (paid) upon execution of the agreement;
- Payment of \$50,000 (paid) and issuance of 1,000,000 common shares upon TSX-V approval (issued and valued at \$630,000); and
- Payment of \$30,000 and issuance of 1,000,000 common shares on or before September 1, 2023.

Under the terms of the agreement, the Company must issue an additional 4,300,000 common shares on achieving certain milestones during exploration. Upon exercise of the option by the Company, the optionor will retain a 3% NSR royalty, one-third of which may be purchased by the Company for \$2,000,000.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

3. Exploration and evaluation assets (continued)

(c) Bellechasse-Timmins Property, Quebec

On July 3, 2020, the Company entered into an agreement with Delta Resources Limited (“Delta”) to acquire a 100% interest in the Bellechasse-Timmins mineral property located in Quebec, Canada. To acquire the 100% interest, the Company paid \$1,700,000. In addition, Delta retains a 1% NSR royalty. The Company can purchase one-half of the NSR royalty in exchange for \$1,000,000.

On February 8, 2023, the Company entered into an agreement whereby it sold all the issued and outstanding common shares of its wholly owned subsidiary, 9412-1068 Quebec Inc., to an arm’s length private company. 9412-1068 Quebec Inc. holds the mineral claims that make up the Bellechasse-Timmins property. As consideration, the purchaser assumed all obligations of the Company as to principal and any accrued interest currently outstanding in respect of a promissory note dated April 1, 2022, in the principal amount of \$353,000 with interest of 10% per annum. The Company recorded an impairment charge of \$1,324,470 during the nine months ended March 31, 2023 to match the approximate debt to be assumed by the purchaser on completion of the sale.

(d) Parkview Property, Newfoundland

On July 12, 2021, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims located in Newfoundland, Canada. To acquire the 100% interest, the Company was required to make the following cash and share payments:

- Payment of \$50,000 (paid) and issuance of 400,000 common shares (issued and valued at \$120,000) on TSX-V approval;
- Payment of \$50,000 and issuance of 300,000 common shares on or before 14 months following TSX-V approval;
- Payment of \$50,000 and issuance of 400,000 common shares on or before the second anniversary of TSX-V approval; and
- Payment of \$50,000 and issuance of 600,000 common shares on or before the third anniversary of TSX-V approval.

Upon acquiring a 100% interest, the Company was required to grant the vendors a 2% NSR royalty, of which one-half could be repurchased for \$1,000,000. Furthermore, the Company was required to commence advance royalty payments of \$25,000 beginning after July 12, 2026 until the earlier of the date that the Company began commercial production or made a buyout payment to the vendor.

During the nine months ended March 31, 2023, the Company did not make an option payment and decided not to pursue further exploration on the project. Accordingly, the Company recorded an impairment charge of \$345,457.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

3. Exploration and evaluation assets (continued)

(e) Knights Melange Property, Newfoundland

On July 12, 2021, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims located in Newfoundland, Canada. To acquire a 100% interest, the Company was required to make the following cash and share payments:

- Payment of \$70,000 (paid) and issuance of 600,000 shares (issued and valued at \$180,000) on TSX-V approval;
- Payment of \$50,000 and issuance of 300,000 common shares on or before 14 months following TSX-V approval;
- Payment of \$50,000 and issuance of 400,000 common shares on or before the second anniversary of TSX-V approval; and
- Payment of \$50,000 and issuance of 600,000 common shares on or before the third anniversary of TSX-V approval.

Upon acquiring a 100% interest, the Company was required to grant the vendors a 2% NSR royalty, of which one-half could be repurchased for \$1,000,000. Furthermore, the Company was required to commence advance royalty payments of \$25,000 beginning after July 12, 2026 until the earlier of the date that the Company began commercial production or made a buyout payment to the vendor.

During the nine months ended March 31, 2023, the Company did not make an option payment and decided not to pursue further exploration on the project. Accordingly, the Company recorded an impairment charge of \$436,272.

4. Loans payable

On September 23, 2021, the Company received a loan of \$230,000, which is non-interest-bearing, unsecured and due on December 23, 2022. The loan was repaid during the nine months ended March 31, 2023.

On January 19, 2022, the Company received a loan of \$30,000, which is non-interest-bearing, unsecured and due on December 23, 2022. The loan was repaid on January 6, 2023.

On April 1, 2022, the Company received a loan of \$353,000, which is unsecured, bears interest at 10% per annum and is due on December 23, 2023. During the nine months ended March 31, 2023, the Company accrued interest of \$30,368. On February 8, 2022, the Company entered into an agreement whereby the loan would be assumed (Note 3(c)).

On September 15, 2022, the Company received a loan of \$110,000, which is unsecured, bears interest at 10% per annum and is due on December 31, 2022. During the nine months ended March 31, 2023, the Company accrued interest of \$3,436. The Company repaid the principal amount of \$110,000 on January 6, 2023.

5. Share capital

Authorized share capital

Unlimited number of common shares without par value

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

5. Share capital (continued)

Issued

Share transactions for the nine months ended March 31, 2023:

- (a) On December 14, 2022, the Company completed a private placement and issued 6,180,000 common shares at \$0.25 per share for proceeds of \$1,545,000. The Company incurred share issuance costs of \$30,465.
- (b) On December 15, 2022, the Company issued 1,200,000 units in connection with the Taycan property agreement (Note 3(a)). Each unit consisted of one common share and one share purchase warrant exercisable at \$0.40, expiring on December 15, 2024. The fair values of the common shares and share purchase warrants were determined to be \$588,000 and \$380,194, respectively. The fair value of the share purchase warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 117%, expected life of 24 months, risk-free rate of 3.68% and no expected dividends.
- (c) On January 11, 2023, the Company issued a total of 1,250,500 common shares for option payments on the Adamhay, Dagny, Allison South, Parks, Root South and Sharp property agreements valued at \$625,250 (Note 3(b)).
- (d) On March 2, 2023, the Company issued 1,000,000 common shares in connection with the Pinto property agreement valued at \$630,000 (Note 3(a)) and 1,500,000 common shares in connection with the Bugatti property agreement valued at \$945,000 (Note 3(b)).
- (e) On March 14, 2023, the Company issued 2,000,000 common shares in connection with the Ferrari property agreement valued at \$1,200,000, respectively (Note 3(a)).
- (f) During the nine months ended March 31, 2023, the Company issued 2,800,000 common shares for proceeds of \$526,000 pursuant to the exercise of warrants.
- (g) During the nine months ended March 31, 2023, the Company issued 650,000 common shares for proceeds of \$227,500 pursuant to the exercise of stock options.

Share transactions for the year ended June 30, 2022:

- (a) On August 11, 2021, the the Company issued 400,000 common shares with a fair of \$120,000 pursuant to the Parkview mineral property agreement (Note 3(d)) and 600,000 common shares with a fair value of \$180,000 pursuant to the Knights Melange mineral property option agreement (Note 3(e)).
- (b) On October 27, 2021, the Company issued 1,000,000 units at \$0.35 per unit for proceeds of \$350,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole share purchase is exercisable at \$0.50, expiring on April 27, 2023.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

5. Share capital (continued)Share transactions for the year ended June 30, 2022: (continued)

- (c) On February 8, 2022, the Company issued 250,000 units in connection with the Cyr-Kapiwak mineral property agreement (Note 3(a)). Each unit consisted of one common share and one share purchase warrant exercisable at \$0.50, expiring on August 8, 2023. The fair values of the common shares and share purchase warrants were determined to be \$112,500 and \$40,374, respectively. The fair value of the share purchase warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 94%, expected life of 18 months, risk-free rate of 1.21% and no expected dividends.
- (d) On May 3, 2022, the Company issued 250,000 units in connection with the Sirmac agreement (Note 3(a)). Each unit consisted of one common share and one share purchase warrant exercisable at \$0.60, expiring on November 3, 2023. The fair values of the common shares and share purchase warrants were determined to be \$75,000 and \$25,090, respectively. The fair value of the share purchase warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 109%, expected life of 18 months, risk-free rate of 2.70% and no expected dividends.
- (e) During the year ended June 30, 2022, the Company issued 1,700,000 common shares for proceeds of \$170,000 pursuant to the exercise of share purchase warrants.

6. Stock options

The Company has implemented a stock option plan pursuant to which stock options may be granted to directors, officers, employees and consultants of the Company. The Company may grant stock options to a maximum of 10% of the issued shares of the Company at the date of granting the stock options. The minimum exercise price of each stock option must not be less than the discounted market price (as permissible by TSX-V policy). Stock options are exercisable over periods up to ten years and vesting periods can be imposed at the discretion by the Board of Directors.

A summary of stock option activities is as follows:

	Number of Options	Weighted Average Exercise Price \$
Balance, June 30, 2021	-	-
Granted	1,200,000	0.35
Balance, June 30, 2022	1,200,000	0.35
Granted	3,500,000	0.39
Exercised	(650,000)	0.35
Expired	(100,000)	0.35
Balance, March 31, 2023	3,950,000	0.38

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

6. Stock options (continued)

Outstanding and exercisable stock options as at March 31, 2023 are as follows:

Options Outstanding	Options Exercisable	Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Expiry Date
800,000	800,000	0.34	0.50	September 30, 2023
450,000	450,000	0.35	0.54	October 14, 2023
2,700,000	2,700,000	0.40	3.00	March 29, 2026
3,950,000	3,950,000	0.38	2.21	

The total fair value of the stock options granted during the nine months ended March 31, 2023 was \$858,928 (year ended June 30, 2022 - \$185,600), which was recorded as share-based payment reserve and charged to operations. The weighted average fair value of the stock options granted during the nine months ended March 31, 2023 was \$0.25 (year ended June 30, 2022 - \$0.16) per option.

Upon the exercise of 650,000 (year ended June 30, 2022 - nil) stock options during the nine months ended March 31, 2023, \$100,534 (year ended June 30, 2022 - \$nil) was moved from the share-based payment reserve to share capital.

Upon the expiry of 100,000 (year ended June 30, 2022 - nil) stock options during the nine months ended March 31, 2023, \$15,467 (year ended June 30, 2022 - \$nil) was moved from the share-based payment reserve to retained earnings.

The fair value of stock options granted during the period is estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	Nine Months Ended March 31, 2023	Year Ended June 30, 2022
Expected life (years)	2.53	2.00
Risk-free interest rate	3.67%	0.68%
Annualized volatility	113%	92%
Dividend yield	0%	0%
Stock price at grant date	\$0.39	\$0.23
Exercise price	\$0.39	\$0.40
Weighted average grant date fair value	\$0.25	\$0.15

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

7. Share purchase warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, June 30, 2021	8,420,000	0.09
Granted	1,000,000	0.53
Exercised	(1,700,000)	0.10
Expired	(320,000)	0.50
Balance, June 30, 2022	7,400,000	0.15
Granted	1,200,000	0.40
Exercised	(2,800,000)	0.19
Balance, March 31, 2023	5,800,000	0.22

As at March 31, 2023, the following share purchase warrants were outstanding:

Number of Warrants Outstanding	Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Expiry Date
4,100,000	0.12	0.31	July 23, 2023
250,000	0.60	0.36	August 8, 2023
250,000	0.60	0.60	November 3, 2023
1,200,000	0.40	1.71	December 15, 2024
5,800,000	0.22	0.62	

The fair value of share purchase warrants granted during the period is estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	Nine Months Ended March 31, 2023	Year Ended June 30, 2022
Expected life (years)	2.00	N/A
Risk-free interest rate	3.68%	N/A
Annualized volatility	117%	N/A
Dividend yield	0%	N/A
Stock price at grant date	\$0.49	N/A
Exercise price	\$0.40	N/A
Weighted average grant date fair value	\$0.32	N/A

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

8. Related party transactions

These amounts of key management compensation are included in the amounts shown on the condensed consolidated interim statements of operations and comprehensive loss:

	Nine Months Ended March 31, 2023 \$	Nine Months Ended March 31, 2022 \$
Short-term compensation (consulting fees, management and directors' fees, professional fees, and exploration and evaluation asset expenditures)	183,419	90,000
Share-based compensation	443,929	132,189
	627,348	222,189

As at March 31, 2023, the Company owed \$50,096 (June 30, 2022 - \$171,267) to companies controlled by current and previous directors of the Company, which is included in accounts payable and accrued liabilities.

9. Financial instruments and risk management**(a) Fair values**

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

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on 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 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign exchange rate risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

9. Financial instruments and risk management (continued)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk, as it does not have any liabilities with variable rates.

(e) 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 objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company relies on raising debt or equity financing in a timely manner.

The following amounts are the contractual maturities of financial liabilities as at March 31, 2023 and June 30, 2022:

March 31, 2023	Total	Within	Within
	\$	1 year	2-5 years
		\$	\$
Accounts payable and accrued liabilities	225,684	225,684	-

June 30, 2022	Total	Within	Within
	\$	1 year	2-5 years
		\$	\$
Accounts payable and accrued liabilities	452,674	452,674	-
Loans payable	613,000	260,000	353,000
	1,065,674	712,674	353,000

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

10. Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2022.