

# **LITHIUM ONE METALS INC.**

**(formerly Yorkton Ventures Inc.)**

Condensed Consolidated Interim Financial Statements

Six Months Ended December 31, 2022 and 2021

(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	December 31, 2022 \$	June 30, 2022 \$
		(unaudited)	
<b>ASSETS</b>			
Current assets			
Cash		1,421,840	336
Goods and Services Tax receivable		57,512	44,163
Prepaid expenses		2,648	5,821
Total current assets		1,482,000	50,320
Non-current assets			
Exploration and evaluation assets	3,8	1,806,702	2,787,830
<b>TOTAL ASSETS</b>		<b>3,288,702</b>	<b>2,838,150</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	8	494,002	452,674
Current portion of loans payable	4	626,851	260,000
Total current liabilities		1,120,853	712,674
Non-current liabilities			
Loans payable	4	-	353,000
<b>TOTAL LIABILITIES</b>		<b>1,120,853</b>	<b>1,065,674</b>
Shareholders' Equity			
Share capital	5	5,446,909	2,927,741
Share-based payment reserve	5,6,7	1,013,122	554,563
Deficit		(4,292,182)	(1,709,828)
Total shareholders' equity		2,167,849	1,772,476
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,288,702</b>	<b>2,838,150</b>

Nature and continuance of operations (Note 1)

Subsequent events (Note 11)

Approved and authorized for issuance by the Board of Directors on February 28, 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 Operations and Comprehensive Loss

(Unaudited – Expressed in Canadian dollars)

		Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Six Months Ended December 31, 2022	Six Months Ended December 31, 2021
	Note	\$	\$	\$	\$
<b>Expenses</b>					
Consulting fees	8	80,500	-	111,850	-
General and administrative		1,719	2,624	6,539	8,605
Management and directors' fees	8	14,000	30,000	65,000	60,000
Professional fees	8	56,265	21,900	71,888	36,600
Share-based compensation	6,8	132,498	185,600	132,498	185,600
Shareholder communications and promotion		9,725	250	47,225	250
Transfer agent and filing fees		14,441	-	20,129	-
<b>Total expenses</b>		<b>309,148</b>	<b>240,374</b>	<b>455,129</b>	<b>291,055</b>
Loss before other income (expense)		(309,148)	(240,374)	(455,129)	(291,055)
<b>Other income (expense)</b>					
Impairment of exploration and evaluation assets	3	(2,106,199)	-	(2,106,199)	-
Interest expense		(12,038)	-	(21,026)	-
Interest income		-	-	-	40
<b>Net loss and comprehensive loss for the period</b>		<b>(2,427,385)</b>	<b>(240,374)</b>	<b>(2,582,354)</b>	<b>(291,015)</b>
Loss per share – basic and diluted		(0.09)	(0.01)	(0.10)	(0.01)
Weighted average number of common shares outstanding		27,749,565	23,314,130	26,220,435	20,731,512

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 \$			
<b>Balance, June 30, 2021</b>	<b>20,100,000</b>	<b>1,920,241</b>	<b>303,499</b>	<b>(1,179,442)</b>	<b>1,044,298</b>
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 issued for exploration and evaluation assets	1,000,000	300,000	-	-	300,000
Fair value of stock options granted	-	-	185,600	-	185,600
Net loss for the period	-	-	-	(291,015)	(291,015)
<b>Balance, December 31, 2021</b>	<b>23,800,000</b>	<b>2,740,241</b>	<b>489,099</b>	<b>(1,470,457)</b>	<b>1,758,883</b>
Shares and share purchase warrants issued for exploration and evaluation assets	500,000	187,500	65,464	-	252,964
Net loss for the period	-	-	-	(239,371)	(239,371)
<b>Balance, June 30, 2022</b>	<b>24,300,000</b>	<b>2,927,741</b>	<b>554,563</b>	<b>(1,709,828)</b>	<b>1,772,476</b>
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	350,000	122,500	-	-	122,500
Common shares issued pursuant to exercise of share purchase warrants	2,000,000	240,000	-	-	240,000
Shares and share purchase warrants issued for exploration and evaluation assets	1,200,000	588,000	380,194	-	968,194
Fair value of stock options granted	-	-	132,498	-	132,498
Fair value transferred upon exercise of stock options	-	54,133	(54,133)	-	-
Net loss for the period	-	-	-	(2,582,354)	(2,582,354)
<b>Balance, December 31, 2022</b>	<b>34,030,000</b>	<b>5,446,909</b>	<b>1,013,122</b>	<b>(4,292,182)</b>	<b>2,167,849</b>

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)

	Six Months Ended December 31, 2022 \$	Six Months Ended December 31, 2021 \$
Operating activities		
Net loss for the period	(2,582,354)	(291,015)
Items not involving cash:		
Impairment of exploration and evaluation assets	2,106,199	-
Interest expense	21,026	-
Share-based compensation	132,498	185,600
Changes in non-cash working capital items:		
Goods and Services Tax receivable	(13,349)	497
Prepaid expenses	3,173	2,901
Accounts payables and accrued liabilities	(53,544)	103,423
Net cash flows provided by (used in) operating activities	(386,351)	1,406
Investing activities		
Exploration and evaluation asset expenditures	(47,074)	(793,353)
Exploration advance	-	(245,000)
Net cash flows used in investing activities	(47,074)	(1,038,353)
Financing activities		
Proceeds from issuance of common shares	1,907,500	520,000
Share issuance costs	(30,465)	-
Proceeds from loans payable	134,000	230,000
Repayments of loans payable	(156,106)	-
Net cash flows provided by financing activities	1,854,929	750,000
Change in cash	1,421,504	(286,947)
Cash, beginning of period	336	345,533
Cash, end of period	1,421,840	58,586
Non-cash investing and financing activities:		
Fair value of common shares issued for exploration and evaluation assets	588,000	300,000
Fair of value of share purchase warrants issued for exploration and evaluation assets	380,194	-
Net increase in exploration and evaluation asset expenditures in accounts payable and accrued liabilities	109,803	-
Fair value transferred upon exercise of stock options	54,133	-

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

Six Months Ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian dollars)

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### 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 are 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 six months ended December 31, 2022, the Company incurred a net loss of \$2,582,354. As at December 31, 2022, the Company had a working capital of \$361,147 and an accumulated deficit of \$4,292,182. 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 for the year ended June 30, 2022.

The condensed consolidated interim financial statements were authorized for issue on February 28, 2023 by the directors of the Company.

## LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian dollars)

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### 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 December 31, 2022 are as follows:

Name	Place of Incorporation	Ownership %
9412-1068 Quebec Inc.	Quebec	100%
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.

#### ***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.



## **LITHIUM ONE METALS INC.**

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Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian dollars)

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### **2. Significant accounting policies (continued)**

#### *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.

#### 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.**

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Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian dollars)

**3. Exploration and evaluation assets**

	Taycan \$	Parkview \$	Cyr-Kapiwak \$	Sirmac \$	Knights Melange \$	Bellechasse- Timmins \$	Adamhay \$	Dagny \$	Total \$
<i>Acquisition costs:</i>									
Balance, June 30, 2021	-	-	-	-	-	700,000	-	-	700,000
Additions	-	170,000	177,874	125,090	265,515	1,000,000	-	-	1,738,479
Balance, June 30, 2022	-	170,000	177,874	125,090	265,515	1,700,000	-	-	2,438,479
Additions	1,068,194	-	-	-	-	-	12,000	12,000	1,092,194
Impairment	-	(170,000)	-	-	(265,515)	(1,316,633)	-	-	(1,752,148)
Balance, December 31, 2022	1,068,194	-	177,874	125,090	-	383,367	12,000	12,000	1,778,525
<i>Exploration costs:</i>									
Balance, June 30, 2021	-	-	-	-	-	-	-	-	-
Assessment and report writing	-	2,475	-	-	2,475	-	-	-	4,950
Claims renewal	-	-	-	-	-	7,837	-	-	7,837
Consulting (Note8)	-	21,676	-	-	21,676	-	-	-	43,352
Surveys	-	146,606	-	-	146,606	-	-	-	293,212
Balance, June 30, 2022	-	170,757	-	-	170,757	7,837	-	-	349,351
Consulting	-	4,700	-	-	-	-	-	-	4,700
Geological	28,177	-	-	-	-	-	-	-	28,177
Impairment	-	(175,457)	-	-	(170,757)	(7,837)	-	-	(354,051)
Balance, December 31, 2022	28,177	-	-	-	-	-	-	-	28,177
Net carrying value, June 30, 2022	-	340,757	177,874	125,090	436,272	1,707,837	-	-	2,787,830
Net carrying value, December 31, 2022	1,096,371	-	177,874	125,090	-	383,367	12,000	12,000	1,806,702

## LITHIUM ONE METALS INC.

(formerly Yorkton Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian dollars)

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### 3. Exploration and evaluation assets (continued)

#### (a) Taycan Property, Quebec

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 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 the first anniversary of TSX-V approval; and
- Payment of \$300,000 and issuance of 2,000,000 common shares on or before the second anniversary of TSX-V approval.

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

#### (b) Parkview Property, Newfoundland

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

- Payment of \$50,000 (paid) and issuance of 400,000 common shares (issued) 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 third anniversary of TSX-V approval.

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. Furthermore, the Company will commence advance royalty payments of \$25,000 beginning after July 12, 2026 until the earlier of the date that the Company begins commercial production or makes a buyout payment to the vendor.

During the six months ended December 31, 2022, 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.

#### (c) Cyr-Kapiwak Property, Quebec

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. 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.

## LITHIUM ONE METALS INC.

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Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian dollars)

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### 3. Exploration and evaluation assets (continued)

#### (d) Sirmac Property, Quebec

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. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.60 per common share 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.

#### (e) Knights Melange Property, Newfoundland

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

- Payment of \$70,000 (paid) and issuance of 600,000 shares (issued) 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 third anniversary of TSX-V approval.

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. Furthermore, the Company will commence advance royalty payments of \$25,000 beginning after July 12, 2026 until the earlier of the date that the Company begins commercial production or makes a buyout payment to the vendor.

During the six months ended December 31, 2022, 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.

#### (f) 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.

Subsequent to December 31, 2022, the Company entered into an agreement to sell the Bellechasse-Timmins Property in consideration for the assumption of certain debts (Note 11(e)). The Company recorded an impairment charge of \$1,324,470 at December 31, 2022 to match the approximate debt to be assumed by the purchaser on completion of the sale.

## LITHIUM ONE METALS INC.

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Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian dollars)

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### 3. Exploration and evaluation assets (continued)

#### (g) Adamhay Property, Ontario

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 subsequent to December 31, 2022 (Note 11(a)));
- Payment of \$18,000 on or before the first anniversary of TSX-V approval;
- Payment of \$21,000 on or before the second anniversary of TSX-V approval; and
- Payment of \$30,000 on or before third anniversary of TSX-V approval.

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.

#### (h) Dagny Property, Ontario

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 subsequent to December 31, 2022 (Note 11(a)));
- Payment of \$18,000 on or before the first anniversary of TSX-V approval;
- Payment of \$21,000 on or before the second anniversary of TSX-V approval; and
- Payment of \$30,000 on or before third anniversary of TSX-V approval.

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.

#### (i) Allison South Property, Ontario

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 subsequent to December 31, 2022) and issuance of 45,500 common shares on TSX-V approval (issued subsequent to December 31, 2022 (Note 11(a)));
- Payment of \$7,000 and issuance of 45,500 common shares on or before the first anniversary of TSX-V approval; and
- Payment of \$12,500 and issuance of 91,000 common shares on or before the second anniversary of TSX-V approval.

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.

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Six Months Ended December 31, 2022 and 2021

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### 3. Exploration and evaluation assets (continued)

#### (j) Parks Property, Ontario

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

- Payment of \$55,000 (paid subsequent to December 31, 2022) and issuance of 375,000 common shares on TSX-V approval (issued subsequent to December 31, 2022 (Note 11(a)));
- Payment of \$55,000 and issuance of 375,000 common shares on or before the first anniversary of TSX-V approval; and
- Payment of \$110,000 and issuance of 750,000 common shares on or before the second anniversary of TSX-V approval.

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.

#### (k) Root South Property, Ontario

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 subsequent to December 31, 2022) and issuance of 130,000 common shares on TSX-V approval (issued subsequent to December 31, 2022 (Note 11(a)));
- Payment of \$19,000 and issuance of 130,000 common shares on or before the first anniversary of TSX-V approval; and
- Payment of \$38,500 and issuance of 265,000 common shares on or before the second anniversary of TSX-V approval.

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.

#### (l) Sharp Property, Ontario

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 subsequent to December 31, 2022) and issuance of 100,000 common shares on TSX-V approval (issued subsequent to December 31, 2022 (Note 11(a)));
- Payment of \$14,500 and issuance of 100,000 common shares on or before the first anniversary of TSX-V approval; and
- Payment of \$29,000 and issuance of 200,000 common shares on or before the second anniversary of TSX-V approval.

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.

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### 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. During the six months ended December 31, 2022, the Company repaid \$150,000. The remaining \$80,000 was subsequently repaid on January 6, 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 subsequently 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 six months ended December 31, 2022, the Company accrued interest of \$17,795. The remaining balance at December 31, 2022 was \$379,596. Subsequent to December 31, 2022, the Company entered into an agreement whereby the loan would be assumed (Note 11(e)).

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 six months ended December 31, 2022, the Company accrued interest of \$3,255. The loan was subsequently repaid on January 6, 2023.

### 5. Share capital

#### *Authorized share capital*

Unlimited number of common shares without par value

#### Share transactions for the six months ended December 31, 2022:

- (a) On September 12, 2022, the Company issued 2,000,000 common shares for proceeds of \$240,000 pursuant to the exercise of share purchase warrants.
- (b) On December 5, 2022, the Company issued 350,000 common shares for proceeds of \$122,500 pursuant to the exercise of stock options.
- (c) 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.
- (d) 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.

#### 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(b)) 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 12, 2021, the Company issued 1,700,000 common shares for proceeds of \$170,000 pursuant to the exercise of share purchase warrants.

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.

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**5. Share capital (continued)**

- (c) On February 8, 2022, the Company issued 250,000 units connection with the Cyr-Kapiwak mineral property agreement (Note 3(c)). 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(d)). 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

**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	800,000	0.35
Exercised	(350,000)	0.43
Balance, December 31, 2022	1,650,000	0.34

Outstanding and exercisable stock options as at December 31, 2022 are as follows:

Options Outstanding	Options Exercisable	Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Expiry Date
850,000	850,000	0.35	0.79	October 14, 2023
800,000	800,000	0.34	0.75	September 30, 2023
1,650,000	1,650,000	0.34	0.77	

The total fair value of the stock options granted during the six months ended December 31, 2022 was \$132,498 (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 six months ended December 31, 2022 was \$0.17 (year ended June 30, 2022 - \$0.16) per option.



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**6. Stock options (continued)**

Upon the exercise of 350,000 stock options (year ended June 30, 2022 - nil) during the six months ended December 31, 2022, \$54,133 (year ended June 30, 2022 - \$nil) was moved from the share-based payment reserve to share capital.

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

	Six Months Ended December 31, 2022	Year Ended June 30, 2022
Risk-free interest rate	4.16%	0.68%
Expected volatility	136%	92%
Expected option life	1 years	2 years
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

**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	(2,000,000)	0.12
Balance, December 31, 2022	6,600,000	0.24

As at December 31, 2022, the following share purchase warrants were outstanding:

Number of Warrants Outstanding	Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Expiry Date
500,000	0.50	0.32	April 27, 2023
4,400,000	0.12	0.56	July 23, 2023
250,000	0.60	0.60	August 8, 2023
250,000	0.60	0.84	November 3, 2023
1,200,000	0.40	1.96	December 15, 2024
6,600,000	0.24	0.81	

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**7. Share purchase warrants (continued)**

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

	Six Months Ended December 31, 2022	Year Ended June 30, 2022
Risk-free interest rate	3.68%	N/A
Expected volatility	117%	N/A
Expected option life	2 years	N/A
Expected dividend yield	0%	N/A
Expected forfeiture rate	0%	N/A

**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:

	Six Months Ended December 31, 2022 \$	Six Months Ended December 31, 2021 \$
Short-term compensation (consulting fees, management and directors' fees, professional fees, and exploration and evaluation asset expenditures)	107,000	60,000
Share-based compensation	-	132,189
	107,000	192,189

As at December 31, 2022, the Company owed \$125,486 (June 30, 2022 - \$171,267) to companies controlled by 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.

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**9. Financial instruments and risk management (continued)****(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.

**(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 December 31, 2022 and June 30, 2022:

December 31, 2022	Total	Within 1 year	Within 2-5 years
	\$	\$	\$
Accounts payable and accrued liabilities	494,002	494,002	-
Loans payable	626,851	626,851	-
	1,120,853	1,120,853	-
June 30, 2022	Total	Within 1 year	Within 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.

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### **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.

### **11. Subsequent events**

- (a) 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 properties.
- (b) 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 upon execution of the agreement;
  - Payment of \$50,000 and issuance of 1,000,000 common shares upon TSX-V approval; and
  - Payment of \$30,000 and issuance of 1,000,000 common shares on or before the date that is six months after TSX-V approval.

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. The transaction remains subject to approval by the TSX-V as of February 28, 2023.

- (c) 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 upon execution of the agreement;
  - Payment of \$75,000 and issuance of 1,500,000 common shares upon TSX-V approval;
  - Payment of \$75,000 and issuance of 2,000,000 common shares on or before the date that is six months after TSX-V approval; and
  - Issuance of 1,000,000 common shares on or before the first anniversary date of TSX-V approval.

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. The transaction remains subject to approval by the TSX-V as of February 28, 2023.

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### 11. Subsequent events (continued)

(d) 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 upon execution of the agreement;
- Payment of \$100,000 and issuance of 2,000,000 common shares upon TSX-V approval;
- Payment of \$100,000 and issuance of 2,000,000 common shares on or before the date that is six months after TSX-V approval; and
- Issuance of 2,000,000 common shares on or before the first anniversary date of TSX-V approval.

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. The transaction remains subject to approval by the TSX-V as of February 28, 2023.

(e) 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.

(f) Subsequent to December 31, 2022, the Company received \$70,000 from the exercise of 200,000 stock options and \$286,000 from the exercise of 800,000 share purchase warrants.