

CLEAR SKY LITHIUM CORP.

Condensed Interim Consolidated Financial Statements

For the three months ended November 30, 2022 and 2021

(Unaudited)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three Months Ended November 30, 2022 and 2021

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Clear Sky Lithium Corp. for the interim periods ended November 30, 2022 and 2021, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The Company's independent auditors, Dale Matheson Carr-Hilton Labonte LLP Chartered Professional Accountants, have not performed a review of these interim financial statements.

January 23, 2023

CLEAR SKY LITHIUM CORP.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	November 30, 2022	August 31, 2022
		\$	\$
ASSETS			
Current			
Cash		293,504	444,917
Prepaid expense	5	32,805	187,503
GST receivable		46,869	31,390
		373,178	663,810
Exploration and evaluation assets	6	1,834,720	1,834,720
Total assets		2,207,898	2,498,530
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8,10	224,114	177,814
Promissory note	4	-	26,222
Total liabilities		224,114	204,036
SHAREHOLDERS' EQUITY			
Share capital	9(a)	4,137,433	3,769,004
Obligation to issue shares	4,6(a)	38,951	38,951
Reserves		1,196,183	1,173,415
Deficit		(3,388,783)	(2,686,876)
Total shareholders' equity		1,983,784	2,294,494
Total liabilities and shareholders' equity		2,207,898	2,498,530

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Marco Montecinos"	/s/ "Robert Birmingham"
_____ Director	_____ Director

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

CLEAR SKY LITHIUM CORP.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended November 30, 2022	2021
		\$	\$
Operating expenses			
Bank charges		755	60
Consulting fees		178,633	-
Exploration and evaluation expenditures	7	129,033	-
General and administrative		48,974	21,032
Legal and professional fees	10	64,315	77,918
Marketing		192,482	12,500
Salaries and wages	10	-	38,144
Share-based compensation	9(b),10	73,408	3,931
Transfer agent and regulatory fees		11,950	-
Total operating expenses		699,550	153,585
Other expenses			
Foreign exchange loss		2,357	-
Net loss and comprehensive loss		701,907	153,585
Net loss per share:			
Basic and diluted		0.02	0.02
Weighted average number of common shares			
Basic and diluted		30,254,939	7,804,817

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

CLEAR SKY LITHIUM CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended November 30,	
	2022	2021
	\$	\$
Operating activities		
Net loss for the period	(701,907)	(153,585)
Items not affecting cash:		
Share-based compensation	73,408	3,931
Changes in non-cash working capital:		
Prepaid expense	154,698	-
GST receivable	(15,479)	(4,370)
Accounts payable and accrued liabilities	46,300	50,647
Cash used in operating activities	(442,980)	(103,377)
Investing activities		
Payment on behalf of 1291455BC prior to the SPA Transaction	-	(59,103)
Cash used in investing activities	-	(59,103)
Financing activities		
Proceeds from issuance of units	-	136,289
Proceeds from exercising warrants	286,414	-
Proceeds from exercising stock options	31,375	-
Repayment of the promissory note	(26,222)	-
Deposit for unit subscription	-	180,721
Cash provided by financing activities	291,567	317,010
Change in cash	(151,413)	154,530
Cash, beginning of period	444,917	156,408
Cash, end of period	293,504	310,938

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

CLEAR SKY LITHIUM CORP.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Obligation to issue shares	Reserves	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$	\$
Balance, August 31, 2021	100,001	1,437	-	564	(96,782)	(94,781)
Units issued for private placements	11,266,104	167,894	-	57,428	-	225,322
Unit issuance cost	-	(7,900)	-	-	-	(7,900)
Special warrants issuance	-	-	-	27,500	-	27,500
Share-based compensation	-	-	-	3,931	-	3,931
Net loss and comprehensive loss for the period	-	-	-	-	(153,585)	(153,585)
Balance, November 30, 2021	11,366,105	161,431	-	89,423	(250,367)	487
Units issued for private placements	5,933,200	972,097	-	511,203	-	1,483,300
Unit issuance cost	-	(13,450)	-	-	-	(13,450)
Unit issued for share purchase agreement	3,468,736	568,797	-	429,664	-	998,461
Obligation to issue shares for the SPA Transaction	-	-	38,951	-	-	38,951
Share issued for the purchase of Halo project	1,865,269	1,212,425	-	-	-	1,212,425
Share issued for finders' fees	118,406	76,964	-	-	-	76,964
Warrants and special warrants exercised	5,525,023	719,004	-	(134,002)	-	585,002
Stock options exercised	150,000	45,236	-	(19,167)	-	26,069
Conversion of the fully vested RSUs	50,000	26,500	-	(26,500)	-	-
Share-based compensation	-	-	-	322,794	-	322,794
Net loss and comprehensive loss for the period	-	-	-	-	(2,436,509)	(2,436,509)
Balance, August 31, 2022	28,476,739	3,769,004	38,951	1,173,415	(2,686,876)	2,294,494
Warrants exercised	2,864,138	323,577	-	(37,163)	-	286,414
Stock options exercised	185,500	44,852	-	(13,477)	-	31,375
Share-based compensation	-	-	-	73,408	-	73,408
Net loss and comprehensive loss for the period	-	-	-	-	(701,907)	(701,907)
Balance, November 30, 2022	31,526,377	4,137,433	38,951	1,196,183	(3,388,783)	1,983,784

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Clear Sky Lithium Corp. (the "Company") is in the business of the exploration and evaluation of mineral properties. The Company was incorporated under the Business Corporations Act of British Columbia on June 25, 2018. The address of the Company's registered and records office is 1021 West Hastings Street, 9th floor, Vancouver, BC, V6E 0C3.

On June 13, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") under the ticker symbol "POWR".

On July 7, 2022, the Company's common shares commenced trading on OTC Markets Exchange under the ticker symbol "CSKYF".

On July 12, 2022, the Company's common shares commenced trading on Frankfurt Stock Exchange under the ticker symbol "FRA: K4A / WKN: A3DM2W".

a) Going concern

These unaudited condensed interim consolidated financial statements for the three months ended November 30, 2022 and 2021 (the "financial statements") have been prepared on a going concern basis, which assumes the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a net loss and net comprehensive loss of \$701,907 for the three months ended November 30, 2022 (2021 - \$153,585) and has working capital surplus of \$149,064, and accumulated deficit of \$3,388,783 as at November 30, 2022 (August 31, 2022 - \$459,774 working capital surplus and \$2,686,876, respectively). The Company has no source of operating cash flows, and there is no assurance that sufficient funding (including adequate financing) will be available to conduct the required exploration and development of mineral property projects. These factors present a material uncertainty over the Company's ability to continue as a going concern.

The application of the going concern assumption is dependent on the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern. These adjustments could be material.

b) COVID-19

The coronavirus pandemic continues to have global impacts on workforces, economies, and financial markets. It is not possible for the Company to predict the duration or magnitude of any adverse effects that the pandemic may have on the Company's business or ability to raise funds. As at the date of these financial statements, COVID-19 has had no impact on the Company's ability to access capital, but there is no certainty as to how future developments may impact the Company's ability to raise funding or conduct exploration and evaluation activities should travel restrictions related to COVID-19 be extended or expanded in scope.

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements were approved and authorized for issuance on January 23, 2023 by the Board of Directors of the Company.

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended August 31, 2022 and 2021 (the "annual financial statements"), which include the information necessary or useful to understanding the Company's business and financial statement presentation.

2. BASIS OF PRESENTATION (continued)

b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at their fair value, as explained in the accounting policies in the annual financial statements. In addition, these financial statements have been prepared using the accrual basis of accounting except for cashflow information. These financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. References to "US\$" are United States dollars.

c) Basis of consolidation

These financial statements incorporate the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases.

A summary of the Company's subsidiaries included in these financial statements are as follows:

Name of subsidiary	Country of incorporation	Percentage Ownership	Principal activity
1291455 B.C. LTD	Canada	100%	Holding company and mineral exploration
Clear Sky Lithium Nevada Inc	US	100%	Mineral exploration

3. SIGNIFICANT ACCOUNTING POLICIES

In the preparation of these financial statements, the Company used the same accounting policies as in the annual financial statements.

4. ACQUISITION

On December 23, 2021, the Company closed its acquisition of 1291455 B.C. LTD. ("1291455BC"), a Canada and US based mining and exploration company.

Pursuant to the terms of the share purchase agreement (the "SPA Transaction"), the Company acquired all of the issued and outstanding common shares of 1291455BC for consideration of \$1,037,412, which was satisfied by the issuance of 3,468,736 units; each unit is composed of one common share and one warrant. Each warrant is exercisable to acquire one common share at a price of \$0.10 for 36 months after the closing date. The fair value of a common share was estimated at \$0.164 per share based on the implied price from a subsequent financing on January 17, 2022 (Note 9(a)). The fair value of warrants was determined using the Black-Scholes option pricing model with the following assumptions: a share price of \$0.164, an exercise price of \$0.10, an estimated weighted average life of three years, volatility of 114%, and a risk-free interest rate of 0.94%. Pursuant to the terms of the SPA Transaction, the Company assumed the obligation to issue shares with the total fair value of \$38,951 (Note 6(a)).

As 1291455BC did not meet the definition of a business under in IFRS 3 *Business Combinations*, the SPA Transaction was accounted for as an asset acquisition under IFRS 2 *Share-based Payment*. Accordingly, the fair value of the consideration in excess of the fair value of the net liabilities assumed, was recognized as an acquisition expense.

CLEAR SKY LITHIUM CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended November 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars, except where noted)

4. ACQUISITION (continued)

The following table summarizes the purchase price allocation:

	December 23, 2021
	\$
Consideration:	
Fair value of the 3,468,736 common shares issued	568,797
Fair value of the 3,468,736 warrants issued	429,664
Obligation to issue shares (Note 6(a))	38,951
Total consideration	1,037,412
Cash	11,800
Exploration and evaluation asset	127,500
Accounts payable and accrued liabilities	(31,762)
Promissory note (US\$ \$20,000)	(25,632)
Due to related parties ⁽¹⁾	(30,000)
Due to Clear Sky Lithium Corp. ⁽²⁾	(59,103)
Net liabilities assumed	(7,197)
Acquisition expense	1,044,609

(1) On March 29, 2022, the Company's subsidiary entered into a promissory note in the principal amount of \$30,000 with a former director of 1291455BC. The promissory note is without interest and due on demand at any time after 13 months following the listing of the Company's common shares on the Canadian Securities Exchange or other recognized stock exchange in Canada. The principal amount was repaid in cash on June 24, 2022.

(2) The balance due to Clear Sky Lithium Corp was eliminated on consolidation.

5. PREPAID EXPENSE

A summary of the Company's prepaid expense is as follows:

	November 30, 2022	August 31, 2022
	\$	\$
Consulting fees	-	13,125
Exploration and evaluation expenditures	-	896
Legal and professional fees	4,263	10,000
Marketing	6,899	163,482
Transfer agent and regulatory fees	21,643	-
	32,805	187,503

6. EXPLORATION AND EVALUATION ASSETS

A summary of the Company's exploration and evaluation asset acquisition costs is as follows:

	ELi Property	Halo Project	Total
	\$	\$	\$
As at August 31, 2021	-	-	-
Acquisition costs	127,500	1,630,256	1,757,756
Finder's fee shares	-	76,964	76,964
As at November 30, 2022 and August 31, 2022	127,500	1,707,220	1,834,720

CLEAR SKY LITHIUM CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended November 30, 2022 and 2021**

(Unaudited - Expressed in Canadian dollars, except where noted)

6. EXPLORATION AND EVALUATION ASSETS (continued)**a) ELi Property**

As a result of the SPA Transaction (Note 4), on December 23, 2021, the Company acquired a 100% interest in 26 unpatented mining claims situated in Eureka County and Nye County, Nevada, (the "ELi Property") with a fair value of \$127,500. The fair value on acquisition was determined based on the price that was paid by 1291455BC in an arm's length transaction prior to it being acquired by the Company.

On November 16, 2021, the Company's subsidiary, 1291455BC, purchased a 100% interest in the ELi Property for purchase consideration comprising US\$50,000 cash and 100,000 common shares of 1291455BC with a contractual value of US\$50,000 (the "share contractual value") or US\$0.50 per share. On June 13, 2022, the Company completed the initial public offering process and was listed on CSE with the share price of \$0.25, which was lower than the share contractual value of US\$0.50. Pursuant to the agreement, an obligation to issue shares of \$38,951 was recognized in connection with this requirement (Note 4). In addition, the Company agreed to provide the seller with a gross returns mineral production royalty of 2% from the production of minerals from the ELi Property and any unpatented mining claims that the Company locates in an identified area of interest.

b) Halo Project

On August 4, 2022, the Company entered into an option agreement with Halo Lithium LLC (the "Optionor") to acquire a 100% interest in 98 mineral claims located in Esmeralda and Nye Counties, Nevada, (the "Halo Project"). The option agreement requires a series of cash payments, reimbursement of expenses and share consideration as follows:

- \$319,914 (US\$250,000) cash, \$97,917 (US\$76,518) reimbursement of expenses, and 1,865,269 common shares of the Company payable within five days of the effective date of the agreement (fully paid and issued). The fair value of this first tranche of shares was measured as \$1,212,425 based on a \$0.65 per share market price on the date of issuance.
- US\$200,000 cash and 1,250,000 common shares of the Company payable on or before the August 4, 2023.
- US\$200,000 cash and 500,000 common shares of the Company payable on or before the August 4, 2024.

The claims are subject to a 1% net smelter royalty ("NSR") to the Optionor, subject to a buyback right whereby the Company is entitled to purchase one half of the NSR from the Optionor for a cash payment of US\$1,000,000 any time prior to the commencement of commercial production.

Pursuant to the Halo Project option agreement, the Company incurred finder's fees requiring the issuance of common shares ("Finder's fee shares") in separate tranches as follows:

- 118,406 common shares due within five days of the effective date of the agreement (issued)
- 75,000 common shares and common shares equal to US\$12,000 due on August 4, 2023.
- 30,000 common shares and common shares equal to US\$12,000 due on August 4, 2024.

The fair value of the first tranche of the Finder's fee shares was measured as \$76,964 based on the \$0.65 per share market price on the date of issuance. Pursuant to the finder's fee agreement, the Company is obligated to issue the remaining 105,000 common shares, as and when the option agreement payments are made.

7. EXPLORATION AND EVALUATION EXPENDITURES

A summary of the Company's exploration and evaluation expenditures for all properties for the three months ended November 30, 2022 is as follows:

	ELi Property	Halo Project	Total
	\$	\$	\$
Exploration and evaluation expenditures:			
Geological	59,235	7,247	66,482
Geophysics	5,390	55,492	60,882
Mining claims and maintenance	-	1,669	1,669
	64,625	64,408	129,033

For the period ended November 30, 2021, there were no exploration and evaluation expenditures.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	November 30, 2022	August 31, 2022
	\$	\$
Accounts payables	219,565	169,890
Payroll liabilities	-	3,374
Accrued liabilities	4,549	4,550
	224,114	177,814

9. SHARE CAPITAL

a) Share capital

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Issued

As at November 30, 2022, there were 31,526,377 issued and fully paid common shares outstanding (August 31, 2022 - 28,476,739).

Share capital transactions

During the three months ended November 30, 2022, the Company issued 2,864,138 common shares pursuant to the exercise of outstanding warrants for cash proceeds of \$286,414. In connection with the exercised warrants, \$37,163 was transferred from reserves to share capital.

During the three months ended November 30, 2022, the Company issued 185,500 common shares pursuant to the exercise of outstanding stock options for cash proceeds of \$31,375. In connection with the exercised stock options, \$13,477 was transferred from reserves to share capital.

During the year ended August 31, 2022, the Company completed the following transactions:

On August 31, 2022, the Company issued 50,000 common shares pursuant to the conversion of 50,000 restricted share units.

During the year ended August 31, 2022, the Company issued 150,000 common shares pursuant to the exercise of stock options.

During the year ended August 31, 2022, the Company issued 5,250,023 common shares pursuant to the exercise of outstanding warrants.

On August 9, 2022, the Company issued 1,865,269 and 118,406 common shares as consideration for the Halo Project mineral property option and related finder's fee respectively (Note 6(b)).

On February 16, 2022, the Company issued 275,000 common shares pursuant to the exercise of 275,000 special warrants (Note 9(b)).

On January 17, 2022, the Company issued 5,933,200 units at a price of \$0.25 for gross proceeds of \$1,483,300. Each unit consists of one common share of the Company and one warrant, with each warrant entitling the holder thereof to purchase one post-consolidation common share of the Company at a price of \$0.40 per share for a period of thirty-six months from the issuance date. The warrants were valued using a Black-Scholes option pricing model with the following assumptions: a share price on the issue date of \$0.25, an exercise price of \$0.40, estimated weighted average life of three years, volatility of 114%, and a risk-free interest rate of 0.94%. Applying the relative fair value approach, each common share has a \$0.164 fair value, and each warrant has a \$0.086 fair value (Note 4). As a result, the fair value of share capital on the date of issuance was \$972,097 and the fair value allocated to the warrant reserve was \$511,203. The Company incurred total share issuance costs of \$13,450.

CLEAR SKY LITHIUM CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended November 30, 2022 and 2021**

(Unaudited - Expressed in Canadian dollars, except where noted)

9. SHARE CAPITAL (continued)

On December 23, 2021, the Company completed the SPA Transaction with the shareholders of 1291455BC, whereby the Company purchased all the outstanding shares of 1291455BC in exchange for the issuance of 3,468,736 units, each unit comprised of one post-consolidation common share and one warrant (Note 4).

On December 22, 2021, the Company consolidated its common shares on a 2:1 basis. Shares outstanding of 22,732,200 were consolidated into 11,366,104 shares. As a result, all information relating to basic and diluted loss per share, issued and outstanding common shares, and per share amounts in these financial statements have been adjusted retrospectively to reflect the share consolidation.

On September 28, 2021, the Company issued 11,266,104 units at a price of \$0.02 for gross proceeds of \$225,322. Each unit consists of one common share of the Company and one warrant, with each warrant entitling the holder thereof to purchase one common share of the Company at a price of \$0.10 per share for a period of thirty-six months from the issuance date. Applying the relative fair value method, each common share has a fair value of \$0.015 and each warrant has a fair value of \$0.005, using the Black-Scholes option pricing model with the following assumptions for the warrants: expected life of three years, a risk-free interest rate of 0.64%, expected volatility of 114% and 0% expected dividend yield. As a result, the fair value of share capital on the date of issuance was \$167,894 and the fair value allocated to the warrant reserve was \$57,428. The company incurred total share issuance costs of \$7,900.

b) Warrants

A summary of the Company's warrants for the three months ended November 30, 2022 and the year ended August 31, 2022 is as follows:

	Number of warrants outstanding and exercisable	Weighted average exercise price
	#	\$
Balance, August 31, 2021	100,000	0.10
Granted	20,943,040	0.21
Exercised	(5,525,023)	0.21
Balance, August 31, 2022	15,518,017	0.21
Exercised	(2,864,138)	0.10
Balance, November 30, 2022	12,653,879	0.24

The warrants outstanding and exercisable as at November 30, 2022 is as follows:

Expiry date	Outstanding and exercisable	Weighted average exercise price	Weighted average contractual remaining life
	#	\$	Years
August 12, 2024	20,000	0.10	1.70
September 28, 2024	4,156,443	0.10	1.83
December 23, 2024	2,744,236	0.10	2.06
January 17, 2025	5,733,200	0.40	2.13
	12,653,879	0.24	2.02

On October 15, 2021, the Company issued 275,000 special warrants at the price of \$0.10 per special warrant. The proceeds of \$27,500 were received during the year ended August 31, 2021. Each special warrant, upon exercise, entitles the holder to receive one common share of the Company for no additional consideration. The special warrants will, if not exercised earlier, be deemed to be exercisable on the earlier of (i) the fifth business day after the date on which the Company obtains a receipt from the applicable securities commission in Canada for the final prospectus qualifying the distribution of the Company's shares to be issued upon the exercise or deemed exercise of the special warrants, and (ii) February 16, 2022. The warrants were exercised and converted to 275,000 common shares on February 16, 2022 (Note 9(a)).

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(Unaudited - Expressed in Canadian dollars, except where noted)

9. SHARE CAPITAL (continued)

c) Stock options

The Company established a stock option plan (the "Option Plan") for the benefit of full-time and part-time employees, officers, directors, and consultants of the Company and its affiliates. The maximum number of shares available under the Option Plan is limited to 10% of the issued common shares of the Company and are exercisable within a maximum of ten years. The Board of Directors has the exclusive power over the granting of stock options, the exercise price, the term, and their vesting and cancellation provisions.

During the three months ended November 30, 2022, the Company recorded share-based compensation expense of \$16,415 (2021 - \$3,931) related to the vesting of stock options.

A summary of the Company's stock options for the three months ended November 30, 2022 and the year ended August 31, 2022 is as follows:

	Options outstanding	Weighted average exercise price
	#	\$
Balance, August 31, 2021	-	-
Granted	2,240,000	0.24
Exercised	(150,000)	0.20
Balance, August 31, 2022	2,090,000	0.24
Granted	50,000	0.25
Exercised	(185,500)	0.25
Balance, November 30, 2022	1,954,500	0.25

On October 25, 2022, the Company granted 50,000 fully vested stock options to a director of the Company. The exercise price of the options is \$0.55 with an expiry date of October 25, 2024. The fair value of the options was determined to be \$16,415 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, a risk-free interest rate of 4.14%, expected volatility of 114%, and 0% expected dividend yield.

On August 18, 2022, the Company granted 150,000 fully vested options to an officer of the Company. The exercise price of the options is \$0.53 with an expiry date of August 18, 2024. The fair value of the options was determined to be \$47,216 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, a risk-free interest rate of 3.40%, expected volatility of 114%, and 0% expected dividend yield.

On June 30, 2022, the Company granted 190,000 irrevocable options to consultants of the Company. Each option entitles the holder to purchase one common share at an exercise price of \$0.25. All the options were vested and exercisable upon issuance. The options expire on June 30, 2024. The fair value of the options was determined to be \$28,150 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, a risk-free interest rate of 3.09%, expected volatility of 114% and 0% expected dividend yield.

On June 13, 2022, the Company granted 1,400,000 fully vested options to officers, directors, and consultants of the Company. The exercise price of the options is \$0.25 with an expiry date of June 13, 2024. The fair value of the options was determined to be \$207,796 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, a risk-free interest rate of 3.35%, expected volatility of 114%, and 0% expected dividend yield.

On September 28, 2021, the Company granted 500,000 irrevocable common share options to a service provider and a former officer from the Company. Each option entitles the holder to purchase one common share at an exercise price of \$0.10. All the options were vested and exercisable upon issuance. The options expire on September 28, 2024. The fair value of the options was determined to be \$3,931 using the Black-Scholes option pricing model with the following assumptions: expected life of 3 years, a risk-free interest rate of 0.64%, expected volatility of 114% and 0% expected dividend yield.

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(Unaudited - Expressed in Canadian dollars, except where noted)

9. SHARE CAPITAL (continued)

A summary of the Company's assumptions used in the Black-Scholes option pricing model for stock options granted during the three months ended November 30, 2022 is as follows:

	November 30, 2022
Expected life	2 years
Dividend yield	0%
Volatility rate	114%
Risk-free interest rate	4.14%

The expected life in years represents the period of time the options granted are expected to be outstanding. The volatility rate is based on comparable companies with a historical volatility. The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.

The following are the stock options outstanding and exercisable as at November 30, 2022, is as follows:

Expiry date	Outstanding	Exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
September 28, 2024	350,000	350,000	0.10	1.83
June 13, 2024	1,214,500	1,214,500	0.25	1.54
June 30, 2024	190,000	190,000	0.25	1.58
August 18, 2024	150,000	150,000	0.53	1.72
October 25, 2024	50,000	50,000	0.55	1.90
	1,954,500	1,954,500	0.25	1.62

d) Restricted share units

Each restricted share unit ("RSU") is comprised of one common share of the Company.

On September 23, 2022, the Company granted 200,000 RSUs to a consultant of the Company at a price of \$0.49. These 200,000 RSUs vest in five equal instalments of 40,000 RSUs on September 23, 2022, and at the end of each six-month period thereafter. The fair value of the RSU is the market price at the date of grant of \$0.49.

On August 18, 2022, the Company granted 250,000 RSUs to an officer of the Company at a price of \$0.53. These 250,000 RSUs vest in five equal instalments of 50,000 RSUs on August 18, 2022, and at the end of each six-month period thereafter. The fair value of the RSU is the market price at the date of grant of \$0.53.

During the three months ended November 30, 2022, the Company recorded share-based compensation expense of \$56,993 (2021 - \$nil) related to the vesting of these RSUs.

A summary of the Company's RSUs for the three months ended November 30, 2022 and the year ended August 31, 2022 is as follows:

	Number of RSUs	Weighted average exercise price
	#	\$
Balance, August 31, 2021	-	-
Granted	250,000	0.53
Converted	(50,000)	0.53
Balance, August 31, 2022	200,000	0.53
Granted	200,000	0.49
Balance, November 30, 2022	400,000	0.51
Weighted average contractual life remaining (years)		1.76

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10. RELATED PARTY TRANSACTIONS

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

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

A summary of the Company's related party transactions is as follows:

	Three months ended November 30,	
	2022	2021
	\$	\$
Consulting fees provided by a company owned by an officer	37,500	-
Exploration and evaluation expenditures provided by a company owned by a director	14,494	-
Legal and professional fees provided by a company owned by an officer	24,344	16,913
Key management compensation included in the salaries and wages	-	37,500
Share-based compensation	38,533	1,965
	114,871	56,378

Balances due to related parties were as follows:

	November 30, 2022	August 31, 2022
	\$	\$
Accounts payable and accrued liabilities	20,615	19,654

Accounts payable and accrued liabilities as at November 30, 2022 and August 31, 2022 are non-interest bearing and due within 90 days of period end.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Company's financial instruments consist of cash, accounts payables and accrued liabilities, and promissory note. The carrying values of these financial instruments approximate their respective fair values due to the term of these instruments. The Company did not have any financial instruments measured at fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. The Company's cash is exposed to credit risk. The Company reduces its credit risk by placing cash with financial institutions of high credit worthiness.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common shares or debt as required.

At November 30, 2022, the Company had cash of \$293,504 (August 31, 2022 - \$444,917) and accounts payable and accrued liabilities of \$224,114 (August 31, 2022 - \$177,814) with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities as at November 30, 2022. The Company assessed its liquidity risk as low as at November 30, 2022, however, will require additional financing to fund future operations.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not significantly exposed to market 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 exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies. The carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

	November 30, 2022	August 31, 2022
	\$	\$
Promissory note	-	26,222

As at November 30, 2022, the Company had no exposure to foreign currency risk, as a promissory note of \$26,222 was repaid during the period. The Company has no foreign currency risk as at November 30, 2022. The Company does not currently use financial instruments designed to hedge these market risks.

12. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain its ability to continue as a going concern.

The Company manages its capital structure and adjusts it based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's properties are in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the interim period ending November 30, 2022. The Company is not subject to any external covenants.

13. SUBSEQUENT EVENTS

In December 2022, the Company issued 1,244,751 common shares pursuant to the exercise of outstanding warrants for cash proceeds of \$124,475.

In December 2022, the Company issued 104,500 common shares pursuant to the exercise of outstanding stock options for cash proceeds of \$11,125.

On January 10, 2023, the Company granted 1,300,000 stock options to certain directors, officers, and consultants of the Company. Each stock option entitles the holder to purchase one common share at an exercise price of \$0.435. All the stock options were vested and exercisable upon issuance. The stock options expire on January 10, 2025.