LITHIUM ENERGI EXPLORATION INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Six Months Ended

August 31, 2024 and 2023

(Expressed in Canadian dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

OF

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed interim consolidated financial statements of Lithium Energi Exploration Inc. (the "Company") have been prepared by management and were approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

October 30, 2024

LITHIUM ENERGI EXPLORATION INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(Unaudited)

As at	*Notes*	August 31, 2024	February 29, 2024
		$	$
ASSETS			
CURRENT ASSETS			
Cash		765,246	1,038,771
Receivables	*4*	121,050	143,056
Prepaids and advances		14,233	21,242
TOTAL CURRENT ASSETS		900,529	1,203,069
Exploration and evaluation assets	*7*	4,859,902	4,840,499
TOTAL ASSETS		**5,760,431**	**6,043,568**
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	*5, 9*	651,535	431,578
Interest payable	*12*	162,210	162,219
Term loan	*12*	6,767,733	–
TOTAL CURRENT LIABILITIES		7,581,478	593,797
Term loan	*12*	–	6,575,781
TOTAL LIABILITIES		7,581,478	7,169,578
SHAREHOLDERS' DEFICIENCY			
Share capital	*13*	25,810,243	24,967,117
Reserves	*13*	4,547,861	4,547,861
Deficit		(32,179,151)	(30,640,988)
TOTAL SHAREHOLDERS' DEFICIENCY		(1,821,047)	(1,126,010)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		**5,760,431**	**6,043,568**

Nature and continuance of operations (Note 1)

Approved on Behalf of the Board:

"Thomas Lefebvre"
Director, Thomas Lefebvre

"Ali Rahman"
Director, Ali Rahman

LITHIUM ENERGI EXPLORATION INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
(Unaudited)

		Three Months Ended August 31,		Six Months Ended August 31,	
	Notes	**2024**	**2023**	**2024**	**2023**
		$	$	$	$
Operating expenses					
Consulting	*9*	111,041	52,844	233,406	502,138
Exploration and evaluation costs		23,754	2,254,697	233,212	2,656,348
Management fees	9	76,281	176,792	182,447	341,221
Investor communications		–	15,955	5,042	26,636
Office and administration		33,511	62,487	77,051	70,536
Professional fees		78,338	56,709	229,226	176,071
Regulatory expense		6,661	–	11,803	–
Share-based compensation	9	–	–	–	1,556,916
Transfer agent and filing fees		11,366	17,273	14,506	138,532
Travel and entertainment		–	6,771	–	18,814
		(340,952)	**(2,643,528)**	**(986,693)**	**(5,487,212)**
Other gain (loss)					
Gain on debt settlements	*10,11,12*	–	–	–	723,942
Foreign exchange gain (loss)		34,993	(308,910)	61,641	(127,540)
Accretion	*12*	(98,155)	(139,601)	(191,952)	(248,854)
Interest income		3,154	65,427	13,121	88,855
Interest expense		(211,726)	(211,926)	(423,452)	(379,926)
Gain (loss) on sale of securities	*6*	(22,816)	1,367,228	(10,828)	1,367,228
		(294,550)	772,218	(551,470)	1,423,705
Net loss and comprehensive loss for the period		**(635,502)**	**(1,871,310)**	**(1,538,163)**	**(4,063,507)**
Loss per share, basic and diluted		**$ (0.004)**	**$ (0.013)**	**$(0.010)**	**$(0.029)**
Weighted average number of shares outstanding – basic and diluted		**152,704,750**	**147,639,052**	**151,669,458**	**139,046,886**

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

LITHIUM ENERGI EXPLORATION INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian dollars)
(Unaudited)

	Share Capital				
	Quantity	Amount	Reserves	Deficit	Total
		$	$	$	$
Balance, February 28, 2023	**70,026,790**	**12,383,777**	**1,956,219**	**(21,077,394)**	**(6,737,398)**
Private placement	2,666,667	413,067	86,933	–	500,000
Debt settlement - Debt	30,000,000	4,647,000	260,800	–	4,907,800
Debt settlement – Note payable	21,897,084	3,391,858	616,934	–	4,008,792
Debt settlement – Related party payable	4,160,068	644,426	–	–	644,426
Technology	5,408,979	837,851	–	–	837,851
Severance settlements	2,900,536	449,294	–	–	449,294
Success fees – Term loan	4,666,667	722,867	–	–	722,867
Success fees – Debt settlement	3,000,000	464,700	97,800	–	562,500
Issuance of term loan	–	–	404,590	–	404,590
Exercise of stock options	2,500,000	669,615	(319,615)	–	350,000
Interest settlement with common shares	486,335	105,863	–	–	105,863
Issuance of stock options	–	–	1,556,916	–	1,556,916
Net loss for the period	–	–	–	(4,063,507)	(4,063,507)
Balance, August 31, 2023	**147,713,126**	**24,730,318**	**4,660,577**	**(25,140,901)**	**4,249,994**
Balance, February 29, 2024	**149,529,509**	**24,967,117**	**4,547,861**	**(30,640,988)**	**(1,126,010)**
Private placement	15,000,000	750,000	–	–	750,000
Share issuance costs	–	(118,600)	–	–	(118,600)
Interest settlement with common shares	3,040,167	211,726	–	–	211,726
Net loss for the period	–	–	–	(1,538,163)	(1,538,163)
Balance, August 31, 2024	**167,569,676**	**25,810,243**	**4,547,861**	**(32,179,151)**	**(1,821,047)**

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

LITHIUM ENERGI EXPLORATION INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
(Unaudited)

	Six Months Ended August 31,	
	2024	**2023**
	$	**$**
Cash used in operating activities		
Net loss for the period	(1,538,163)	(4,063,507)
Non-cash items		
Share-based compensation	–	1,556,916
Accrued interest on loan and debt	423,452	–
Accretion	191,952	248,854
Foreign exchange (gain) loss	(59,845)	60,847
Severance settlement	–	449,293
Term loan interest paid in shares	–	105,863
Gain on debt settlement	–	(723,942)
Loss on sale of securities	10,828	–
Changes in non-cash operating working capital items		
Receivables	21,396	(40,186)
Prepaids and deposits	7,009	(202,856)
Due to related parties	114,729	–
Interest payment in cash	(211,735)	–
Accounts payable and accrued liabilities	167,478	(220,533)
	(872,899)	**(2,829,251)**
Cash flows used in investing activities		
Purchase and sale of securities - receipts	146,788	–
Purchase and sale of securities - cost	(157,616)	–
Acquisition of technology	–	(335,817)
Acquisition of capital assets	–	(62,607)
Acquisition of exploration and evaluation assets	(19,403)	(18,848)
	(30,231)	**(417,272)**
Cash flows provided by financing activities		
Term loan, net	–	6,551,681
Private placement	631,401	500,000
	631,401	7,051,681
Increase (decrease) in cash	(271,729)	3,805,158
Effect on exchange rate change in cash	(1,796)	
Cash, beginning	1,038,771	227,395
Cash, ending	**765,246**	**4,032,553**
Supplemental cash flow information:	$	$
Cash paid for interest	211,735	107,014
Cash received for interest	13,121	88,855
Non-cash transactions		
Shares issued for: Interest payment	211,726	105,863

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

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

Lithium Energi Exploration Inc. (the “Company” or “Lexi”) was incorporated on February 13, 1998, under the British Columbia Business Corporations Act. The Company is engaged in acquiring, exploring, and evaluating lithium properties. The Company’s principal address and registered and records office are located at 161 Bay St. 27th Floor, Toronto, Ontario, M5J 2S1, Canada. The Company’s common shares are listed on the TSX Venture Exchange (“TSXV”) under the symbol LEXI. On October 31, 2023, the Company’s shares began trading on the OTCQB under the symbol “LXENF”.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned revenue and has an accumulated deficit of $32,179,151 as at August 31, 2024. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company's financing efforts to date, while substantial, are not sufficient in and of themselves to enable the Company to fund all aspects of its operations.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standard Board (“IASB”) and interpretations of International Financial Reporting Issues Committee (“IFRIC”). The material accounting policies applied in the preparation of these condensed interim consolidated financial statements are set out in Note 3. These policies have been consistently applied to all periods presented, unless otherwise stated.

These condensed interim consolidated financial statements were approved and authorized for issue by the Company’s audit committee members and the board of directors on October 30, 2024.

Basis of Measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Notes 3. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Consolidation

The condensed interim consolidated financial statements consolidate the accounts of the Company and its wholly owned subsidiaries. A subsidiary is an entity which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. A subsidiary is fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

The legal subsidiaries of the Company are as follows:

Name of Subsidiary	Place of Incorporation	Ownership Interest August 31, 2024	Ownership Interest February 29, 2024
Lithium Energi Argentina, S.A ("LEA")	Argentina	100%	100%
Antofalla North S.A.(1)	Argentina	100%	100%
Antofalla South S.A. (1)	Argentina	100%	100%

(1) *These subsidiaries are inactive as at August 31, 2024.*

All inter-company balances and transactions are eliminated on consolidation.

Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian dollars, the functional and reporting currency of the Company and its subsidiaries.

Foreign Currency Transfers

Due to hyperinflationary environment in Argentina, currency controls implemented in the country present significant challenge when transferring funds to LEA. The Company has partnered with an intermediary broker to facilitate the funding of its exploration activities and day-to-day operations of LEA. The funding is realized through acquisition of internationally-traded securities of large "Blue Chip" companies in Canada and selling them in Argentina or abroad (the "Blue Chip Swap"). The Blue Chip Swap enables the Company to achieve a favorable return on its money when compared with a typical money transfer service.

The Company records cash settlements in Argentine Peso ("ARS") from the sale of Blue Chip Securities as deposits in ARS net of broker's commission. Net gains and losses from the sale of Blue Chip Securities are recorded in the statement of loss and comprehensive loss as gain/loss on sale of securities.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods, if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future, and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(Expressed in Canadian dollars)

Critical accounting estimates

i. the measurement of deferred income tax assets and liabilities;
ii. the measurement of share-based compensation (Note 13);
iii. the fair values of the Company's debt instruments (Notes 10, 11, and 12); and
iv. the fair value of equity instruments issued as part of the debt settlement.

Critical accounting judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements:

i. the determination of categories of financial assets and financial liabilities;
ii. whether there were indicators that the carrying value of the Company's exploration and evaluation assets is impaired;
iii. the evaluation of the Company's ability to continue as a going concern;
iv. the determination of functional currency of the Company and its subsidiaries;
v. the evaluation of contingent liabilities;
vi. the assessment of the level of influence that the Company has on its equity investment in Triangle Lithium Argentina S.A. of which the Company owns 20% (Note 8); and
vii. the classification of the consideration paid pursuant to the Lithium Processing Agreement as a cost of the settlement of debt.

Significant Influence of Joint Venture

Management has assessed the level of influence that the Company has on its joint venture, Triangle Lithium Argentina S.A. ("Trila"), of which the Company owns 20%, as the Company has the power to participate in financial and operating policy decisions as well as the rights to 20% of the profits of Trila. The Company has the right to appoint one out of three members of the board of directors. Significant transactions of Trila must be approved by the Company's nominee. Based on the above factors, management has assessed that the Company has significant influence, but not control of Trila.

4. RECEIVABLES

	August 31, 2024	February 29, 2024
	$	$
GST/HST receivable	44,194	59,892
Recoverable costs	73,475	82,252
Other amounts receivable	3,381	912
	121,050	143,056

During the period ended August 31, 2024, the Company incurred costs that are recoverable from Triangle Lithium LLC ("Triangle") (Note 8), the 80% owner of Trila, in the amount of $73,475 (US$54,563) (2024 - $82,252 (US$60,613)).

(Expressed in Canadian dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2024	February 29, 2024
	$	$
Accrued liabilities	283,040	384,140
Accounts payable	253,766	26,242
Due to related parties (Note 9)	114,729	21,196
	651,535	431,578

6. GAIN/LOSS ON SALE OF SECURITIES

Due to hyperinflationary environment in Argentina and the currency controls implemented in the country to control the inflation, the Company partnered with an intermediary broker to facilitate the funding of the exploration activities and day-to-day operations of LEA. The funding is realized through acquisition of internationally-traded securities of large “Blue Chip” companies in Canada and selling them in Argentina or abroad (the “Blue Chip Swap”) for a favorable return compared with a typical money transfer service.

The Blue Chip securities are considered financial assets, therefore the Company records the gains and losses associated with the Blue Chip Swaps in the statement of loss and comprehensive loss.

During the six-month period ended August 31, 2024, the Company recorded a total realized loss of $10,828 from the sale of Blue Chip securities (2024 – $1,367,228 gain).

7. EXPLORATION AND EVALUATION ASSETS

On February 10, 2017, the Company entered into a Share Purchase Agreement with Lithium Energi Argentina, S.A. (“LEA”), Antofalla North, S.A. (“AN”), and Antofalla South, S.A. (“AS”) whereby the Company acquired all the issued and outstanding shares of LEA, AN, and AS, which together hold lithium brine assets in the Argentina Province of Catamarca. LEA held certain rights to eight (8) mining concessions (“Laguna Caro Project”); AN held certain mineral rights to thirteen (13) mineral concessions (“Antofalla North Project”); and AS held certain rights to eighteen (18) mineral concessions (“Antofalla South Project”). The Company completed the acquisition by issuing a total of 21,000,000 common shares, and paying US$3,044,201 cash to the vendors, and issuing an additional 1,150,000 common shares as finder's fee.

On October 19, 2021, the Company entered into an option and joint venture agreement (“JV Agreement”) with Global Oil Management Group, LLC (“GOMG”). Pursuant to the JV Agreement, GOMG agreed to provide capital for certain lithium mining claims owned by the Company (“JV Concessions”). To facilitate the terms of the JV Agreement, a new Argentine company, Triangle Lithium Argentina, S.A. (“Trila”) was established, effective April 6, 2022 (“Trila”). GOMG holds 80% of Trila and the Company holds 20% of Trila. At its discretion, the Company has an option to convert its equity holdings in Trila into a 6% gross royalty on future production from Trila.

The JV Agreement requires GOMG to provide up to US$3,000,000 in funding to cover exploration costs on the JV Concessions and to develop a full NI 43-101 resource estimate within three years from the execution of the JV Agreement (“Exploration Period”). In addition to the exploration funding, subject to economic suitability, GOMG is responsible, at its discretion, to provide all funding to construct and operate a lithium extraction facility to exploit the lithium-bearing brine located under the JV Concessions

(Expressed in Canadian dollars)

During the year ended February 28, 2023, the Company assessed the claims for impairment in relation to the sale of six mining claims as part of the joint venture agreement entered into with Global Oil Management Group, LLC and recorded an impairment loss of $1,476,270.

A continuity of the balance of the Company's exploration and evaluation assets as at August 31, 2024 and February 29, 2024, is as follows:

	Northern Properties	Southern Properties	Total
	$	$	$
Acquisition costs, February 28, 2023	822,131	3,978,831	4,800,962
Additions within the year	11,448	28,089	39,537
Balance at February 29, 2024	**833,579**	**4,006,920**	**4,840,499**
Additions during the period	5,672	13,731	19,403
Balance at August 31, 2024	**839,251**	**4,020,651**	**4,859,902**

The Company incurred the following exploration and evaluation expenditures on the acquired properties, which have been expensed in the consolidated statement of loss and comprehensive loss:

For the period ended	**August 31, 2024**	**August 31, 2023**
	$	$
Field office and camp costs	128,484	54,875
Drilling	97,762	2,352,418
Statutory taxes	–	32,173
Geological consulting	6,966	216,882
	233,212	**2,656,348**

Segment Information

The Company has one operating segment, the exploration and evaluation of mineral properties and two geographical segments (Canada and Argentina) with all current exploration activities being conducted in Argentina. All the Company's evaluation and exploration assets are located in Argentina as follows:

	August 31, 2024	**February 29, 2024**
	$	$
Exploration and evaluation assets, beginning	4,840,499	4,800,962
Additions within the period	19,403	39,537
Exploration and evaluation assets, end	**4,859,902**	**4,840,499**

8. INVESTMENT IN JOINT VENTURE

On October 19, 2021, the Company entered into an option and joint venture agreement (the "JV Agreement") with Global Oil Management Group, LLC ("GOMG"), the 50% shareholder of Triangle. Pursuant to the JV Agreement, GOMG agreed to provide capital for certain lithium mining claims owned by the Company (the "JV Concessions"). To facilitate the terms of the JV Agreement, a new Argentine company, Trila was established, effective April 6, 2022. GOMG holds 80% of Trila and the Company holds 20% of Trila. At its discretion, the Company has an option to convert its equity holdings in Trila into a 6% gross royalty on future production from Trila.

The JV Agreement requires GOMG to provide up to US$3,000,000 in funding to cover exploration costs on the JV Concessions and to develop a full NI 43-101 resource estimate within three years from the execution of the JV Agreement (the "Exploration Period"). In addition to the exploration funding, subject to economic suitability, GOMG is responsible, at its discretion, to provide all funding to construct and operate a lithium extraction facility to exploit the lithium-bearing brine located under the JV Concessions.

If GOMG does not fulfil its commitment on the exploration funding or if the JV Agreement is terminated during the Exploration Period, certain clawback terms shall apply and the Company has the right to take back a portion of the shares of Trila (the "Clawback"), including the rights to the same percentage of the assets and any work performed in Trila. The percentage of the shares to be taken back by the Company under the Clawback term ranges from 10% to 31% and is based on the timing and the expenditure amount to date.

Pursuant to the JV Agreement, GOMG paid the Company a $621,850 (US$500,000) cash transfer fee on executing the JV Agreement, which was received during the year ended February 28, 2022, and was recorded as a deposit. The Company and GOMG completed the selection of six mining claims comprising of approximately 15,000 hectares to be included in Trila. The six mining claims are all located in the northern portion of the Antofalla Salar and were part of the Company's Northern Antofalla Claims group. The Company's contribution for its 20% interest in Trila was calculated at the value of the six mining claims sold to Trila net of the $621,850 cash payment received.

The Company assessed the value of the consideration for the six claims based on hectares of claims sold, the implied price per hectare was less than the carrying value per hectare of the claims in the Northern Antofalla Claims group. The Company impaired the claims to the implied sales price per hectare. As a result, for the year ended February 28, 2023, the Company recognized an impairment loss on the six claims sold of $717,452 and an impairment loss of $758,818 on the Company's remaining claims in the Northern Antofalla Claims group.

The carrying value of the investment in joint venture at August 31, 2024 and February 29, 2024, was $nil.

9. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors, certain senior officers as its key management personnel and certain significant shareholders as related parties. The remuneration of the Company's directors and other key management is as follows:

(Expressed in Canadian dollars)

For the period ended	August 31, 2024	August 31, 2023
	$	$
Management fees	182,447	341,221
Consulting fees	60,000	449,294
Interest expense	423,452	379,726
Share-based compensation	–	1,325,261
	665,899	**2,495,502**

During the six-month period ended August 31, 2024, the Company accrued $423,452 in interest on the term loan of $7 million from a company with significant influence controlled by common shareholders (2024 - $379,926) of which $211,735 were paid in cash (2024 - $107,014) and further $211,726 were settled through issuance of 3,040,167 common shares (2024 – 2,204,890 shares issued to settle $317,598). As at August 31, 2024, $162,210 in interest remained unpaid (2024 – $162,219).

During the six-month period ended August 31, 2024, the Company incurred management fees of $89,965 (2024 – $nil) with its CEO. As at August 31, 2024, the Company owed the CEO $44,970 (2024 – $nil) which was recorded as part of accounts payable and accrued liabilities (Note 5).

During the six-month period ended August 31, 2024, the Company incurred management fees of $92,483 (2024 – $ 102,220) with its director and President of LEA. As at August 31, 2024, the Company owed $69,759 (2024 – $nil) which was recorded as part of accounts payable and accrued liabilities (Note 5) of which $26,587 (2024 –$nil) were non-interest bearing advances made to the Company payable on demand.

During the six-month period ended August 31, 2024, the Company incurred $60,000 (2024 – $nil) in consulting fees with its CFO. As at August 31, 2024, the Company owed its CFO $nil (2024 – $nil) in consulting fees.

As at August 31, 2024, the Company had a total of $73,475 (US$54,563) recoverable from Triangle (2024 – $82,252 (US$60,613)) which was recorded as part of receivables (Note 4).

10. DEBT

In conjunction with the acquisition of LEA, AN and AS (Note 7), the Company assumed certain property payment obligations of LEA, AN and AS totaling US$2,678,000 (the "Debt"). The Company determined the fair value of the Debt on initial acquisition to be $2,989,682 using an estimated market discount of 15% per annum. The Debt was accruing interest at the rate of 12% per annum.

On February 1, 2023, the Company entered into debt settlement agreements with Triangle Lithium LLC ("Triangle"), Mr. Howard, the Company's former CEO and director, Mr. Ortega, the former Vice President and director of the Company, and the companies controlled by Mr. Howard and Mr. Ortega (collectively, the "Debt Settlement Agreements") to settle a total Debt of $4,455,349.

Prior to settlement, the initial Debt holders, Meteor, controlled by Steven Howard ($2,057,187), and Mountas, controlled by Omar Ortega ($1,491,129), transferred a total of $3,548,316 owed to them to Triangle.

On March 20, 2023, the debt of $3,548,316 owed to Triangle was settled by the issuance of 18,924,354 common shares valued at $2,931,382 and the issuance of 18,924,354 share purchase warrants valued at $616,934. Each share purchase warrant has a three-year term and an exercise price of $0.30 per common share. The fair value of the warrants was determined using Black-Scholes Option Pricing Model based on the following assumptions: volatility of 85%; risk-free rate of 4.17% and estimated time to liquidity of two years.

(Expressed in Canadian dollars)

On March 20, 2023, the debt of $460,476 owed to Omar Ortega (Mountas) was settled by the issuance of 2,972,730 common shares valued at $460,476.

In addition, as part of the Debt settlement, the Company entered into a brine processing agreement (the "LPA") with Ensorcia Argentina, LLC, an affiliate of Ensorcia Metals Corporation ("Ensorcia"), a controlling shareholder of Triangle, to provide the Company with access to a direct lithium extraction technology developed and owned by International Battery Metals Inc. ("IBAT"). Under the terms of the LPA the Company paid a one-time fee of $1,173,668 of which $335,817 was paid in cash and the remaining $837,851 were paid through issuance of 5,408,979 common shares.

As a result of the above Debt Settlement transitions, the Company recognized $727,111 in loss on the debt settlement.

The details of the Debt and the settlement transactions that were effected on Mach 20, 2023 are as follows:

Balance, February 28, 2023	$	4,455,349
Debt settlement, Triangle		(3,548,316)
Debt settlement, Omar Ortega		(460,476)
Debt settlement, Lithium Processing Agreement		(1,173,668)
Loss on Debt settlement		727,111
Balance, February 29, 2024	**$**	**–**

In addition, on March 20, 2023, the Company settled an additional $767,111 owing to Meteor/Earthwise and Steven Howard through issuance of 4,160,068 common shares valued at $644,426. The Company recorded a gain of $122,685 on the debt settlement.

At the same time, the Company issued an additional 1,450,268 common shares with a value of $224,647 to settle severance pay due to Omar Ortega.

11. NOTE PAYABLE

A continuity of the note payable is as follows:

Balance, February 28, 2023	$	5,625,000
Debt settlement		(4,907,800)
Success fees		(1,285,367)
Loss on debt settlement		568,167
Balance, February 29, 2024	**$**	**–**

Loan Agreement

On January 12, 2018, the Company entered into a loan agreement (the "Loan Agreement") with Arena , a New York City institutional investment firm. The Loan Agreement was structured as an unsecured lending arrangement with up to five tranches (each a "Tranche"), an initial $4,000,000 Tranche was advanced on January 26, 2018, the remaining four quarterly Tranches in the amount of $3,000,000 per Tranche could have been advanced over the following twelve months. Each Tranche was to be issued in exchange for a note payable (the "Note") at 95% of face value and would be redeemable at par at its maturity. In addition, the Company was required to pay Arena a transaction fee equal to 2% of the principal amount of each Note, in cash, on a pro rata basis upon the drawdown of each Tranche. The Notes had a coupon of 10% for the first twelve months and 15% for the second twelve months, if maturity was to be extended, and such coupon was payable at the time when the applicable Note was repaid (as applicable, the "Coupon").

Repayment of the amounts advanced under the Loan Agreement was Note-specific with each Note maturing and becoming repayable by the Company after the expiration of 12 months from the date of the Note, subject to a maturity extension at the election of the Company of an additional 12 months for each such Note. Pursuant to the Loan Agreement, Arena had the right, but not the obligation, to require the Company to issue units of the Company's common stock pursuant to a Prospectus Supplement, with the proceeds from Arena's participation in such offering being used to satisfy the applicable Note or portion thereof. The Units were to be comprised of one Common Share and 0.40 of a Warrant. The issue price of the Units was to be determined based on the average daily volume weighted average prices ("VWAP") published by Bloomberg, selected over the five (5) trading days ending two (2) trading days prior to the filing date of the Prospectus Supplement filed in connection with such offering, subject to applicable TSXV policies (the "Market Price"). The exercise price of the Warrants was to be equal to 115% of the applicable Market Price, with each whole Warrant exercisable into one Common Share for a period of 36 months from the date of issuance of the Warrant.

The Company had the right to repay any outstanding amount of the Notes and any applicable Coupon amount at any time, without notice, bonus or penalty. The Company had the right to terminate the Loan Agreement at any time, subject to payment to Arena of all Outstanding Amounts and Coupon outstanding under the Loan Agreement, all other obligations of the Company to Arena in connection with the Loan Agreement, and a "Termination Payment" to Arena in an amount equal to 15% of the undrawn amount of the Tranches not advanced (the "Unused Commitment"), provided that (i) any amounts which Arena had refused to advance pursuant to the Loan Agreement and (ii) any amounts not advanced as a result of termination of the Loan Agreement by the Company under the Loan Agreement or by Arena were to be deemed to not be Unused Commitment, and provided further that in the event Arena refused the advance of any Tranche at any time, no Termination Payment shall be applicable to any Unused Commitment thereafter. The Company had the right to terminate the Loan Agreement upon five days' prior written notice if Arena had materially breached any of its obligations thereunder.

On January 26, 2019, the Company exercised its right to extend the maturity of the Note by 12 months to January 26, 2020, and recorded the 15% coupon payable on the outstanding principle amount. On January 26, 2020, the Note payable was due and payable on demand. Pursuant to the Loan Agreement, the Company accrued interest at 10% per annum on the outstanding balance beginning January 26, 2020.

Because the number of Units issuable on the settlement of the Note was variable and for a value that was different than the value of the debt instrument that would be otherwise recognized, the settlement term was determined to be a derivative financial instrument. The Company elected to measure the entire Note at fair value. As at February 28, 2023, the fair value of the Note was equivalent to its face value plus accrued interest due to the liability being due on demand.

Legal proceedings

On February 24, 2021, the Company was served with a Statement of Claim filed by Arena in Ontario Superior Court in regards to the outstanding balance of the Note ("Ontario Claim"). The claim alleged that the Company owed Arena $4,577,918 in damages, and pre and post judgement interest calculated at the rate of 25% per annum, or in the alternative 10% per annum in accordance with the terms of the agreement between the parties, or in further alternative by the applicable act, plus the legal costs. The Company filed a Statement of Defence and Counterclaim ("Ontario Counterclaim") on May 21, 2021.

The matter in dispute was primarily due to the differences in the calculations of interest and Coupon on the Note between the Company and Arena. As at February 28, 2022, the difference was in the amount of $1,159,150. The Company disagreed with the additional amount as calculated by Arena under the claim. As a result, there was no provision for the difference made by the Company with regards to this claim for the year ended February 28, 2022.

On December 29, 2021, Arena filed a Notice of Civil Claim in BC Supreme Court against the Company and its directors and officers demanding certain declaration on the business affairs by the Company ("BC Claim"). On May 12, 2022, Arena commenced a Notice of Application in BC Supreme Court to seek for certain court orders. The application alleged that the Company was in breach of the Loan Agreement by not obtaining Arena's consent before entering into the JV Agreement with GOMG (Note 8). In June 2022, the Company responded to the application with a similar standing as its Ontario Counterclaim.

Loan and Legal Settlement

On February 1, 2023, the Company entered into a binding settlement agreement pursuant to which Arena and the Company agreed to settle all amounts owing to Arena by the Company ("Arena Debt Settlement"). The Company and Arena agreed on a settlement amount owing of $5,625,000 (the "Arena Debt"). On March 20, 2023, the Arena Debt was settled by the issuance of 30,000,000 common shares valued at $4,647,000 and 8,000,000 share purchase warrants valued at $260,800. Each share purchase warrant has a three-year term expiring on March 20, 2026 at an exercise price of $0.30 per common share. The issuance of the common shares and warrants eliminated all Arena Debt and resulted in the withdrawal and release of related litigations. The difference between the Arena Debt value and the value of equity instruments issued of $717,200 was recorded as realized gain on debt settlement.

Upon closing of Arena Debt Settlement, the Company paid success fees to Triangle in the amount of $562,500 equal to 10% of the $5,625,000 (the "Success Fees") and to Steven Howard the amount of $722,867. The Success Fees were settled by the issuance of 3,000,000 common shares valued at $464,700 and 3,000,000 share purchase warrants valued at $97,800 to Triangle and a total of 4,666,667 common shares valued at $722,867 to Steven Howard. Each share purchase warrant has a three-year term expiring on March 20, 2026 and an exercise price of $0.30 per warrant share. The fair value of the warrants was determined using Black-Scholes Option Pricing Model based on the following assumptions: volatility of 85%; risk free rate of 4.17% and estimated time to liquidity of 2 years. The total Success Fee paid amounting to $1,285,367 was recorded as a loss on debt settlement. This loss was offset against the realized gain on debt settlement of $717,200, resulting in overall realized loss on debt settlement of $568,167.

12. TERM LOAN

On February 1, 2023, the Company and Arena closed a New Credit Facility to be drawn down in three tranches up to $15 million in total. The first tranche of $7 million (the "Term Loan") was drawn down by the Company on March 20, 2023. The Term Loan matures on March 20, 2025, bears interest at 12% per annum and, at Arena's option, up to 50% of such interest can be paid in common shares of the Company subject to approval of the TSXV. The Term Loan is secured against all of the assets of the Company. As consideration for the Term Loan, the Company issued to Arena share purchase warrants to acquire up to 29,166,666 common shares of the Company at an exercise price of $0.24 per warrant share expiring on March 20, 2026.

(Expressed in Canadian dollars)

	Liability	Equity Reserves	Total
	$	$	$
Balance, February 28, 2023	–	–	–
Issued during the period	6,527,288	472,712	7,000,000
Transaction costs	(266,589)	(19,307)	(285,896)
Accretion	315,082	–	315,082
Balance February 29, 2024	6,575,781	453,405	7,029,186
Accretion	191,952	–	191,952
Balance, August 31, 2024	**6,767,733**	**453,405**	**7,221,138**

The Term Loan was determined to be a financial instrument comprising an equity classified feature with host debt component. On initial recognition, the Company used the residual value method to allocate the principal amount of the term loan between the two components. The host debt component was valued first at a discount rate of 17%, based on similar debt securities without any warrants attached, and the residual was allocated to the share purchase warrants issued for the Term Loan.

Transaction costs were allocated between the debt and equity components of the Term Loan on a relative fair value basis. The effective interest rate for the liability component is 25% with a maturity date of March 20, 2025.

During the period ended August 31, 2024, the Company recognized accretion expense of $191,952 (2024 - $248,854) and incurred a total interest expense of $423,452 (2024 - $379,926) in relation to the Term Loan of which a total of $211,735 (2024 - $107,014) was paid in cash and $211,726 (2024 - $105,863) was settled by issuance of 3,040,167 (2024 - $486,335) common shares. As at August 31, 2024, the Company had issued a total of 5,245,056 shares valued at $529,324 and made cash payments totaling $530,493 as settlement of its accrued interest since its drawdown date on March 20, 2023 (Note 12). At August 31, 2024, accrued interest of $162,210 (2024 - $162,219) remained payable on the Term Loan.

Subsequent to August 31, 2024, the Company issued an additional 2,352,511 common shares valued at $105,863 and paid in cash $105,863 to settle its interest payable on the Term Loan.

13. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

At August 31, 2024, total issued and outstanding common shares: 167,569,676 (2024 – 149,529,509).

On August 28, 2024, the Company signed a definitive agreement with Arena Investors LP ("Arena Investors") for the subscription to 82,248,115 units at a price of $0.05 for a gross proceeds of up to $4,112,406 (US$3 million) (the "Private Placement"). Each unit will consist of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at an exercise price of $0.055 expiring 60 months from the grant date,.

The Private Placement is to be completed in two tranches. The first tranche ("Tranche 1"), which closed on August 28, 2024, consisted of the issuance of 15,000,000 units for gross proceeds of $750,000. The close of the second tranche ("Tranche 2") is subject to approval by TSXV and the completion of certain funding covenants set forth in the definitive agreement. A total of $118,598 in legal fees were incurred relating to the Tranche 1, which were recorded as share issuance costs.

On June 20, 2024, the Company issued 1,628,661 common shares valued at $105,863 to Arena as settlement of interest payable on the Term Loan.

On March 20, 2024, the Company issued 1,411,506 common shares valued at $105,863 to Arena as settlement of interest payable on the Term Loan.

During the year ended February 29,2024

On January 23, 2024, the Company issued 97,828 common shares to Arena for exercise of warrants for a total gross proceeds of $23,478 at an exercise price of $0.24 per common share. These warrants were valued at $1,586.

On December 20, 2023, the Company issued 962,390 common shares valued at $105,872 to Arena as settlement of interest payable on the Term Loan.

On September 20, 2023, the Company issued 756,165 common shares valued at $105,863 to Arena as settlement of interest payable on the Term Loan.

On June 20, 2023, the Company issued 340,738 common shares valued at $70,192 to Arena as settlement of interest payable on the Term Loan.

On April 20, 2023, the Company issued 145,597 common shares valued at $35,671 to Arena as settlement of interest payable on the Term Loan.

On March 22, 2023, the Company issued 2,500,000 common shares to a former CFO on the exercise of options for total gross proceeds of $350,000, which was offset with $350,000 the Company owed to him for services rendered. These options were valued at $319,615.

On March 20, 2023, the Company issued a total of 2,900,536 common shares valued at $0.1549 totaling $449,294 as settlement for the severance payments to Mr. Howard and Mr. Ortega in equal portions of 1,450,268 common shares to each party.

On March 20, 2023, the Company completed a non-brokered private placement subscribed by Triangle for gross proceeds of $500,000 (the “Private Placement”). The Private Placement consisted of 2,666,667 units at a price of $0.1875 per unit. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.30 per common share expiring on March 20, 2026. The Company recorded each common share at a fair value of $0.1549 totaling $413,067 and each warrant at a fair value of $0.0326 valued at $86,933. The fair value of the warrants was determined using Black-Scholes Option Pricing Model based on the following assumptions: volatility of 85%; risk free rate of 4.17%, and an estimated time to liquidity of 2 years.

On March 20, 2023, the Company issued 4,666,667 common shares at a price of $0.1549 valued at $722,867 to Mr. Howard as a success fee in relation to Arena debt settlement.

On March 20, 2023, the Company entered into several debt settlement arrangements for the payment and elimination of its debt obligations with various debtors through share issuances:

- The Company issued 4,160,068 common shares at $0.1549 per common share totaling $644,426 to a company controlled by the former CEO for the settlement of $767,111 owing as at February 28, 2023.

(Expressed in Canadian dollars)

The difference between the amount owing and the settlement amount was recorded in the statement of comprehensive loss as a realized gain on debt settlement of $122,685 (Note 10).

- The Company issued 18,924,354 common shares at $0.1549 per common share totaling $2,931,382 and issued 18,924,354 share purchase warrants valued at $616,934 to Triangle for the partial settlement of its total obligations of $4,455,349 (Note 10). The Company also issued 2,972,730 common shares at $0.1549 per common share totaling $460,476 to Meteor and Mountas in relation to the debt of $557,387. As a result of the share issuances, Triangle became a related party as they own more than 20% of the Company's common shares as at February 29, 2024.

  As part of the debt settlement with Triangle, on March 21, 2023, The Company entered into a Lithium Processing Agreement with Ensorcia (Note 10). Under the terms of the Lithium Processing Agreement, the Company issued 5,408,979 common shares of the Company at a fair value of $0.1549 per common share totaling $837,851, and made a cash payment of $335,817. As a result of these transactions, the Company realized loss on debt settlement of $727,111.

  As at February 29, 2024, the Company's debt obligation to these parties was $nil (2023 – $4,455,349).

- The Company issued 30,000,000 common shares to Arena to settle its Note payable balance of $5,625,000, at $0.1549 per share totaling $4,647,000. In addition, the Company issued 8,000,000 share purchase warrants with a fair value of $0.0326 valued at $260,800 (Note 11). The Company incurred a success fee of $565,500, calculated as 10% of Note, which was settled by the issuance of 3,000,000 common shares valued at $464,700 and 3,000,000 share purchase warrants with a fair value of $0.0326 (Notes 11) totaling $97,800. The difference between the debt obligation under the Note and the settlement amount net of fees was recorded as realized gain on debt settlement of $154,000. As a result of this share issuances, Arena became a related party as they own more than 20% of the Company's common shares as at February 29, 2024.

c) Stock options

The Company has adopted a Rolling Stock Option Plan (the "Plan") whereby it can grant options to directors, senior officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued and outstanding common shares of the Company. Options shall be granted as fully vested, unless a vesting schedule is imposed by the Board of Directors as a condition of the grant.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at Year ended February 28, 2023	5,000,000	$ 0.16
Issued	9,900,000	$ 0.20
Exercised	(2,500,000)	$ 0.14
Cancelled	(1,000,000	$ 0.17
Expired	(500,000)	$ 0.27
Outstanding Year ended February 29, 2024	10,900,000	$ 0.20
Issued	–	–
Outstanding at August 31, 2024	**10,900,000**	**$ 0.20**

(Expressed in Canadian dollars)

Details of stock options outstanding and exercisable as at August 31, 2024, are as follows:

Number of Options	Exercise Price	Remaining Contractual Life (years)	Expiry Date
1,000,000	$ 0.175	0.13	October 19, 2024
500,000	$ 0.14	1.86	July 12, 2026
3,500,000	$ 0.20	1.56	March 20, 2026
5,000,000	$ 0.21	1.63	April 17, 2026
500,000	$ 0.21	1.67	May 2, 2026
400,000	$ 0.14	2.04	September 15, 2026
10,900,000	**$ 0.20**	**1.50**	

d) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at February 28, 2023	–	–
Issued	61,757,687	$ 0.270
Exercised	(97,828)	$ 0.240
Outstanding at February 29, 2024	61,659,859	$ 0.270
Issued	15,000,000	$ 0.055
Outstanding at August 31, 2024	**76,659,859**	**$ 0.230**

Details of warrants outstanding and exercisable as at August 31, 2024, are as follows:

Number of Warrants	Exercise Price	Remaining Contractual Life (in years)	Expiry Date
32,591,021	$0.300	1.55	March 20, 2026
29,068,838	$0.240	1.55	March 20, 2026
15,000,000	$0.055	4.99	August 28, 2029
76,659,859	**$0.230**	**2.22**	

e) Equity reserve

The equity reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. During the period ended August 31, 2024, a total share-based compensation expense was $nil (2024 – $1,556,916).

(Expressed in Canadian dollars)

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to identify and invest in other businesses. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. There were no changes in the Company's approach to management of capital during the six-month period ended August 31, 2024.

15. FINANCIAL INSTRUMENTS

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company, if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions, keeping low cash balances in Argentina, and advancing funds to parties that management believes will make the necessary repayments. Receivables comprise of balances recoverable from the tax authority for sales tax paid and amount receivable from Triangle (Notes 4 and 8) for which management has estimated $nil expected credit loss. The Company's exposure to credit risk is low.

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 manages liquidity risk through the management of its capital structure and financial leverage as described in Note 15 to these consolidated financial statements.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. Most of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Term Loan is due on March 20, 2025, being 24 months from the draw down date (Note 12). The Company does not have investments in any asset backed deposits.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments and corresponding maturities:

	<1 year	1 - 3 Years	Total
Accounts payable and accrued liabilities (Note 5)	$ 651,534	$ –	$ 651,534
Interest payable (Note 12)	162,219	–	162,219
Contractual interest payment (Note 12)	451,069	–	451,069
Term loan (Note 12)	7,000,000	–	7,000,000
	$ 8,264,822	$ –	$ 8,264,822

(Expressed in Canadian dollars)

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

As at August 31, 2024, the Company was exposed to foreign currency risk through the following financial assets and liabilities denominated in foreign source currencies, converted to Canadian Dollars at the prevailing rate at the end of the reporting period.

As at August 31, 2024	CAD Equivalent	Currency	+/- 10% Fluctuation Increase/(Decrease)	
Cash	$ 1,326	ARS	$ 133	$ (133)
Cash	274,427	USD	27,443	(27,443)
Receivables	2,339	ARS	234	(234)
Receivables	74,653	USD	7,465	(7,465)
Accounts payable and accrued liabilities	(35,671)	ARS	(3,567)	3,567
Accounts payable and accrued liabilities	(243,463)	USD	(24,346)	24,316
Due to related parties	(7,700)	ARS	(770)	770
Due to related parties	(62,059)	USD	(6,206)	6,206
Total	$ 3,853		$ 385	$ (385)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's accounts payable and accrued liabilities do not bear any interest and the Term Loan (Note 12) is subject to a fixed interest rate, therefore the Company is not exposed to significant interest rate risk.

Fair Value Measurements

The Company's financial instruments consist of cash, receivables, and accounts payable. The fair values of these financial instruments approximate their carrying values because of their current nature or they have been measured using market-based assumptions.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs are not based on observable market date.