

# **Li-FT POWER LTD.**

Condensed Consolidated Interim Financial Statements  
For the three months ended February 28, 2023 and 2022

(Expressed in Canadian dollar)

(Unaudited)

**LI-FT POWER LTD.**

Condensed Consolidated Interim Statements of Financial Position

As at February 28, 2023 and 2022

(Unaudited)

(Expressed in Canadian dollars)

	Note	February 28, 2023	November 30, 2022 (audited)
<b>Assets</b>			
Current			
Cash		15,106,765	5,441,777
Amounts receivable		38,620	26,641
Prepaid expenses		44,234	15,746
Total current assets			
		15,189,619	5,484,164
Exploration and evaluation properties	5	197,647,115	10,004,244
<b>Total Assets</b>			
		<b>212,836,734</b>	<b>15,488,408</b>
<b>Liabilities and shareholders' equity</b>			
Current			
Accounts payable and accrued liabilities	7	337,645	230,260
Flow-through premium liability	10	3,294,396	3,294,396
Short-term loans	8	300,000	550,000
<b>Total liabilities</b>			
		<b>3,932,041</b>	<b>4,074,656</b>
Share capital			
	6	210,224,461	12,224,461
Contributed surplus		5,092	5,092
Deficit		(1,324,860)	(815,801)
<b>Total Equity</b>			
		<b>208,904,693</b>	<b>11,413,752</b>
<b>Total liabilities and shareholders' equity</b>			
		<b>212,836,734</b>	<b>15,488,408</b>

Nature of operations (Note 1)

Subsequent events (Note 12)

Approved and authorized for issuance by the Board of directors on April 28, 2023 by:

/s/ Alexander Langer

Alexander Langer, President

/s/ Kenneth Scott

Kenneth Scott, Director

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

**Li-FT POWER LTD.**

Condensed Consolidated Interim Statements of Net and Comprehensive Loss

For the three months ended February 28, 2023 and 2022

(Unaudited)

(Expressed in Canadian dollars)

		Three months ended	
	Note	February 28, 2023	February 28, 2022
<b>Operating Expenses</b>			
Consulting fees	7	180,712	25,500
Exploration expenses		19,201	-
Filing fees		28,005	5,000
Investor relations		50,823	-
Management and director fees		77,999	-
Office expenses		26,345	2,920
Payroll		61,444	-
Professional fees		63,014	23,123
Travel expense		41,728	-
Total operating expenses		<b>(549,271)</b>	<b>(56,543)</b>
Finance expenses	8	(2,220)	-
Interest income		50,509	115
Foreign exchange loss		(8,077)	-
<b>Net and comprehensive loss</b>		<b>(509,059)</b>	<b>(56,428)</b>
<b>Net loss per share, basic and diluted</b>		<b>(0.02)</b>	<b>(0.00)</b>
<b>Weighted average shares outstanding, basic and diluted</b>		<b>30,465,063</b>	<b>16,264,388</b>

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

**LI-FT POWER LTD.**

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

For the three months ended February 28, 2023 and 2022

(Unaudited)

(Expressed in Canadian dollars)

	<b>Number of common shares</b>	<b>Common shares</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total</b>
		\$	\$	\$	\$
<b>Balance, November 30, 2021</b>	<b>15,165,000</b>	<b>2,422,132</b>	<b>11,316</b>	<b>(77,302)</b>	<b>2,356,146</b>
Shares issued for private placements	619,750	897,365	-	-	897,365
Shares issued for exploration and evaluation properties	1,751,913	3,503,826	-	-	3,503,826
Net loss for the period	-	-	-	(56,428)	(56,428)
<b>Balance, February 28, 2022</b>	<b>17,536,663</b>	<b>6,823,323</b>	<b>11,316</b>	<b>(133,730)</b>	<b>6,700,909</b>
<b>Balance, November 30, 2022</b>	<b>18,465,063</b>	<b>12,224,461</b>	<b>5,092</b>	<b>(815,801)</b>	<b>11,413,752</b>
Shares issued for exploration and evaluation properties (Note 4)	18,000,000	198,000,000	-	-	198,000,000
Net loss for the period	-	-	-	(509,059)	(509,059)
<b>Balance, February 28, 2023</b>	<b>36,465,063</b>	<b>210,224,461</b>	<b>5,092</b>	<b>(1,324,860)</b>	<b>208,904,693</b>

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

**LI-FT POWER LTD.**

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended February 28, 2023 and 2022

(Unaudited)

(Expressed in Canadian dollars)

	February 28, 2023	February 28, 2022
	\$	\$
Operating activities		
Net loss	(509,059)	(56,428)
Change in non-cash working capital:		
Amounts receivable	(11,979)	-
Prepaid expenses	(28,480)	-
Accounts payable and accrued liabilities	61,480	30,235
<b>Net cash used in operating activities</b>	<b>(488,038)</b>	<b>(26,193)</b>
Investing activities		
Exploration and evaluation expenditures	(726,410)	(160,000)
Acquisition of subsidiary, net of cash received	10,374,573	-
<b>Net cash generated (used) in investing activities</b>	<b>9,648,163</b>	<b>(160,000)</b>
Financing activities		
Proceeds from private placements, net	-	897,365
Loan obtained (Note 8)	504,863	-
<b>Net cash provided by financing activities</b>	<b>504,863</b>	<b>897,365</b>
Change in cash	9,664,988	711,172
Cash, beginning	5,441,777	1,156,419
<b>Cash, end</b>	<b>15,106,765</b>	<b>1,867,591</b>
Interest paid in cash	-	-
Income taxes paid in cash	-	-
Shares for exploration and evaluation properties	198,000,000	3,503,826

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

## Li-FT Power Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended February 28, 2023 and 2022

(Unaudited)

(Expressed in Canadian dollars)

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### 1. NATURE OF OPERATIONS

Li-FT Power Ltd. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on May 28, 2021. The Company is an exploration stage company engaged in the acquisition, exploration, and development of mineral properties. The Company is listed on the Canadian Stock Exchange with the symbol LIFT and on the Frankfurt Stock Exchange with the symbol WS0.

The head office of the Company is located at 300-1055 West Hastings Street, Vancouver, BC V6E 2E9. The registered address and records office of the Company is located at 2080-777 Hornby Street, Vancouver, BC V6Z 1S4.

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This is causing significant financial market and social dislocation. This has also resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on the Company’s future financial results.

### 2. BASIS OF PRESENTATION

#### Basis of presentation

These condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, which is also the Company’s and its subsidiaries’ functional currency, except where otherwise indicated. All values are rounded to the nearest dollar, except per share values.

The condensed consolidated interim financial statements of the Company for the three months ended February 28, 2023, were approved and authorized for issue by the Board of Directors on April 28, 2023.

#### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting, under International Financial Reporting Standards issued by the International Accounting Standards Board (“IFRS”). These financial statements follow the same accounting policies and methods of application as the most recent annual financial statements of the Company. These financial statements do not contain all of the information required for full annual financial statements. Accordingly, these financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended November 30, 2022, which were prepared in accordance with IFRS.

#### Basis of Consolidation

These financial statements include the accounts of the Company and its Canadian subsidiaries as follows:

Subsidiary	Ownership interest	Jurisdiction	Nature of Operations
Yellowknife Lithium Ltd.	100%	BC, Canada	Mining and exploration
EREX International Ltd.	100%	BC, Canada	Mining and exploration

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the financial statements.

## Li-FT Power Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended February 28, 2023 and 2022

(Unaudited)

(Expressed in Canadian dollars)

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### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including stock options, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

#### *Exploration and evaluation expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year when new information becomes available.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the year for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next year.

## Li-FT Power Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended February 28, 2023 and 2022

(Unaudited)

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### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

#### *Decommissioning and restoration costs*

Management is not aware of any material restoration, rehabilitation and environmental provisions as at November 30, 2022. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value and these estimates are updated annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the exploration and evaluation property. Such estimates are subject to change based on laws, regulations and negotiations with regulatory authorities.

#### *Deferred income taxes*

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future years.

#### *Business combination versus asset acquisition*

Judgment is required to determine whether a transaction should be accounted for as a business combination or an asset acquisition. In identifying a transaction as an asset acquisition, management considers whether an acquiree satisfies the definition of a business according to IFRS 3 - Business Combination ("IFRS 3"). Management uses several criteria in its assessments of defining a business including an input and a substantive process that together significantly contribute to the ability to provide goods or services to customers, generate investment income or other income.

### 4. ACQUISITION OF YELLOWKNIFE LITHIUM

On December 30, 2022, the Company, has completed the acquisition of 1361516 B.C. Ltd. (the "Target"), as contemplated by an amalgamation agreement dated November 22, 2022 between the Company, the Target and a wholly owned subsidiary of the Company, 1386798 B.C. Ltd. ("Subco"). The Target is a private company holding a 100% interest in the Yellowknife Lithium Project (the "Project").

The acquisition of the Target (the "Transaction") was completed by way of a three-corner amalgamation under the Business Corporations Act (British Columbia), whereby, among other things:

- Subco, a subsidiary created for the purposes of completing the Transaction, was amalgamated with and into the Target, with the amalgamated entity, Yellowknife Lithium Ltd., becoming a wholly owned subsidiary of the Company, and;
- each outstanding share of the Target (a "Target Share") was exchanged for 0.60 of a common share of the Company, with the Transaction resulting in the issuance of 18,000,000 common shares of the Company valued at \$198,000,000.

No new insiders were created as a result of the Transaction. No finder's fees were paid in connection with the Transaction.



## Li-FT Power Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months ended February 28, 2023 and 2022  
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### 4. ACQUISITION OF YELLOWKNIFE LITHIUM (continued)

The acquisition was accounted for as an asset acquisition as the Target did not meet the definition of a business under IFRS 3.

The purchase price was allocated as follows:

<b>Total share consideration paid (Note 6)</b>	<b>198,000,000</b>
<b>Assets acquired and liabilities assumed</b>	
Cash received	10,374,573
Loan receivable from Li-FT	754,863
Accounts payable	(45,897)
Exploration and evaluation assets (Note 5)	186,916,461
<b>Net asset acquired</b>	<b>198,000,000</b>

### 5. EXPLORATION AND EVALUATION PROPERTIES

Exploration and evaluation properties include the following amounts as at February 28, 2023 and November 30, 2022.

	Rupert Project	Pontax Project	Moyenne Project	Yellowknife Lithium Project	Total
	\$	\$	\$	\$	\$
<b>Balance, November 30, 2021</b>	<b>1,232,400</b>	-	-	-	<b>1,232,400</b>
Acquisition costs - cash	50,000	25,000	300,000	-	375,000
Acquisition costs - shares	3,503,826	-	1,883,250	-	5,387,076
Exploration expenses	3,009,768	-	-	-	3,009,768
<b>Balance, November 30, 2022</b>	<b>7,795,994</b>	<b>25,000</b>	<b>2,183,250</b>	-	<b>10,004,244</b>
Acquisition costs - cash	-	-	-	550,000	550,000
Acquisition (Note 4)	-	-	-	186,916,461	186,916,461
Exploration expenses	-	-	-	176,410	176,410
<b>Balance, February 28, 2023</b>	<b>7,795,994</b>	<b>25,000</b>	<b>2,183,250</b>	<b>187,642,871</b>	<b>197,647,115</b>

## **Li-FT Power Ltd.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months ended February 28, 2023 and 2022  
(Unaudited)  
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### **5. EXPLORATION AND EVALUATION PROPERTIES (continued)**

#### **RUPERT PROJECT**

The Rupert Project has been accumulated by entering into the following agreements:

##### **James Bay Option Agreement**

On August 11, 2021, the Company entered into a property option agreement to acquire a 100% undivided interest in and to certain mineral claims (the "James Bay Property"), subject to 2% net smelter returns royalty (the "NSR").

The option may be exercised by the Company by making cash payments to the optionors in an aggregate amount of \$100,000, as follows:

- A. \$20,000, upon the execution and delivery of the agreement by all parties (paid);
- B. An additional \$25,000, on or before the first anniversary of the agreement (paid);
- C. An additional \$25,000, on or before the second anniversary of the agreement;
- D. An additional \$30,000, on or before the third anniversary of the agreement.

##### **Rupert Option Agreement**

On June 11, 2021, the Company entered into a definitive option agreement with Kenorland Minerals Ltd. ("Kenorland") pursuant to which the Company was granted the option to acquire up to a 100% interest in and to certain mineral claims (the "Rupert Property").

In order to exercise the option, the Company agreed to pay \$200,000 in cash (paid) and to issue to Kenorland 9.9% of the Company's issued and outstanding shares upon closing (issued) and such number of additional common shares to maintain Kenorland's pro rata interest in the Company at 9.9% prior to the listing of the Company's common shares on a recognized stock exchange.

Upon the exercise of the option, the Company will grant to Kenorland a 2% net smelter royalty in respect of the Rupert Property.

The Company is responsible for all operations conducted at the Rupert Property and has the exclusive right to manage and operate all programs. On closing, the Company entered into an operator agreement with Kenorland pursuant to which the Company engaged Kenorland as operator of the Rupert Property for an initial term of two years. The Company has agreed to pay an operator's fee to Kenorland equal to 10% of all exploration costs.

On February 2, 2022, the Company issued 1,751,913 common shares valued at \$3,503,826 to Kenorland pursuant to the option agreement related to the Rupert Property (Note 6).

##### **Whabouchi Purchase Agreement**

On April 12, 2022, the Company entered into a mineral property purchase agreement with 9228-6202 Quebec Inc. to acquire a mineral claim located in James Bay, Quebec (the "Whabouchi Claims").

In consideration for the sale, transfer, assignment and conveyance of the Property and the Property Rights, the Company paid an aggregate of \$15,000 in cash and granted a 3.0% NSR. The Company has the right at any time to acquire 1.5% NSR on payment of \$2,000,000 in cash.

## **Li-FT Power Ltd.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended February 28, 2023 and 2022

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### **5. EXPLORATION AND EVALUATION PROPERTIES (continued)**

#### **RUPERT PROJECT (continued)**

##### **Ravenclan Purchase Agreement**

On January 13, 2022, the Company entered into a mineral property purchase agreement with Marino Specogna and Ravenclan Ltd. to acquire eight mineral claims located in James Bay, Quebec (the "Ravenclan Claims").

In consideration for the sale, transfer, assignment and conveyance of the Property and the Property Rights, the Company paid an aggregate of \$10,000 in cash.

#### **PONTAX PROJECT**

On July 20, 2022, the Company entered into a mineral property purchase agreement with Harfang Exploration Inc. ("Harfang") to acquire 70% interest of Pontax mineral claims located in the James Bay region in Quebec (the "Pontax Property").

In accordance with the agreement, the Company may exercise the first option to earn 51% interest by making payments in an aggregate amount of \$100,000, as follows:

- a. \$25,000 in cash (paid) upon the execution and delivery of the agreement by both parties;
- b. an additional \$25,000 on or before the first anniversary date;
- c. an additional \$25,000 on or before the second anniversary date;
- d. an additional \$25,000 on or before the third anniversary date; and
- e. incurring \$1,650,000 in expenditures on the Pontax Property during the first option period.

Upon the exercise of the first option, Harfang is required to grant the second option. Within 60 days of the grant of the second option, the Company shall provide Harfang written notice that it either (a) accepts the grant of the second option, which acceptance shall be accompanied by a payment of \$50,000 in cash or through the issuance of common shares, at the Company's discretion or (b) elects not to accept the grant of the second option, in which case a joint venture is to be formed with the initial participating interest of 51% and 49% for the Company and Harfang, respectively.

To exercise the second option and acquire a further 19% interest (for an aggregate 70% interest), the Company is required to incur an additional \$3,350,000 in expenditures on the Pontax Property.

Upon the exercise of the second option, Harfang will have the option of converting its remaining participating interest of 30% into a 2.5% NSR or to form a joint venture to further explore the property.

#### **MOYENNE PROJECT**

##### **Lac des Montagnes Option Agreement**

On September 22, 2022, the Company entered into an option agreement (the "Option Agreement") with 9219-8845 Quebec Inc. ("9219") and Steve LaBranche (collectively with 9219, the "Optionors") pursuant to which the Company was granted the option to acquire a 100% interest in and to the Lac des Montagnes Lithium Property, located near Nemaska Village in the Province of Quebec (the "Lac des Montagnes Property").

## **Li-FT Power Ltd.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended February 28, 2023 and 2022

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### **5. EXPLORATION AND EVALUATION PROPERTIES (continued)**

#### **MOYENNE PROJECT (continued)**

##### **Lac des Montagnes Option Agreement (continued)**

Under the terms of the Option Agreement, the Company can earn a 100% interest in the Lac des Montagnes Property by issuing 225,000 common shares to the Optionors on closing of the agreement (issued), paying an aggregate of \$300,000 in cash, due upon signing (paid), and an additional aggregate of fully-paid common shares with a value of \$3,000,000 to the Optionors. The payment schedule is as follows:

- a) \$300,000 in cash (paid) and 225,000 Li-FT Shares (issued valued at \$1,883,250) (Note 6) within five (5) business days of the effective date;
- b) An additional \$1,500,000 in value of common shares of the Company on the 6-month anniversary of the effective date (issued subsequent to year-end) (Note 13); and
- c) An Additional \$1,500,000 in value of common shares of the Company on the 12-month anniversary of the effective date.

Immediately upon the exercise of the option, a 2% NSR is required to be granted in favour of 9219 (1.5%) and Steve LaBranche (0.5%).

#### **YELLOWKNIFE LITHIUM PROJECT**

On December 30, 2022, the Company completed the acquisition of 1361516 B.C. Ltd. and the core of the Yellowknife Lithium Project. The Yellowknife Lithium Project is comprised of fourteen (14) mineral leases that cover most of the lithium pegmatites that make up the Yellowknife Pegmatite Province ("YPP"). The Property is subject to an underlying 2% net smelter royalty and an overriding 2% gross production royalty.

On February 18, 2023, the Company entered into an option agreement (the "Option Agreement") with a private company holding a 100% interest in the Thompson-Lundmark Project (the "Property"), whereby the Company has been granted the sole and exclusive right to acquire a 100% in interest in the Property (the "Option"). The Property is subject to a 1.5% net smelter returns royalty.

In order to exercise the Option, the Company must make aggregate cash payments of \$3,000,000 and incur exploration expenditures on the Property over a two-year period as follows:

- a) \$550,000 cash payment due on execution of the Option Agreement (paid);
- b) \$700,000 cash payment to be paid and \$50,000 in exploration expenditures to be incurred by the first anniversary of the Option Agreement;
- c) \$1,750,000 cash payment to be paid and an additional \$1,250,000 in exploration expenditures to be incurred by the second anniversary of the Option Agreement.

Upon the exercise of the Option, the Company is required to grant a 1.5% NSR on the Property to Perlis, of which 1/3 (0.5%) may be purchased by the Company at any time for \$500,000 in cash. The Company will retain a right of first refusal on the royalty.

### **6. SHARE CAPITAL**

#### **Authorized Share Capital**

The Company has an authorized share capital of an unlimited number of common shares with no par value.

As at November 30, 2022, the Company had 18,465,063 common shares issued and outstanding.

## **Li-FT Power Ltd.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended February 28, 2023 and 2022

(Unaudited)

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### **6. SHARE CAPITAL**

#### **Share Issuances**

##### **a) Private Placements**

###### **During the year ended November 30, 2022**

On December 20, 2021, the Company completed a private placement and issued 200,000 common shares of the Company at a price of \$0.30 per share for total proceeds of \$60,000.

On December 23, 2021, the Company completed a private placement and issued 21,000 common shares of the Company at a price of \$2.00 per share for total proceeds of \$42,000.

On December 24, 2021, the Company completed a private placement and issued 101,750 common shares of the Company at a price of \$2.00 per share for total proceeds of \$203,500.

On January 14, 2022, the Company completed a private placement and issued 297,000 common shares of the Company at a price of \$2.00 per share for total proceeds of \$594,000.

On November 3, 2022, the Company completed a private placement and issued 428,400 flow-through common shares of the Company at a price of \$16.34 per share for total proceeds of \$7,000,056. The Company recorded a flow-through premium liability of \$3,294,396 (Note 10). The Company paid share issue costs of \$207,746.

##### **b) Exercise of Options**

###### **During the year ended November 30, 2022:**

During the year ended November 30, 2022, the Company issued 275,000 common shares of the Company upon exercise of stock options at \$0.05 per share for total proceeds of \$13,750.

##### **c) Shares issued for Exploration and Evaluation Properties**

###### **During the three months ended February 28, 2023:**

On December 30, 2022, the Company issued 18,000,000 common shares valued at \$198,000,000 to the shareholders of 1361516 B.C. Ltd. to complete the acquisition of the Yellowknife Lithium project (Note 4).

###### **During the year ended November 30, 2022:**

On February 2, 2022, the Company issued 1,751,913 common shares valued at \$3,503,826 to Kenorland pursuant to the option agreement related to the Rupert Property (Note 5).

On September 22, 2022, the Company issued 225,000 common shares valued at \$1,883,250 for the option agreement related to the Lac des Montagnes Lithium Property (Note 5).

## Li-FT Power Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended February 28, 2023 and 2022

(Unaudited)

(Expressed in Canadian dollars)

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### 6. SHARE CAPITAL

#### Stock options

On July 30, 2021, the Company granted 1,500,000 stock options to certain consultants and the director of the Company. The stock options had an exercise price of \$0.05 per common share and were exercisable for one year until July 30, 2022. The stock options vested immediately.

The fair value of the stock options was estimated to be \$33,948 calculated using the Black-Scholes Option Pricing Model using the following assumptions:

	Period ended November 30, 2021
Risk-Free Annual Interest	0.42%
Expected Volatility	120%
Expected Life of Option	1 year
Expected Annual Dividend	0%

During the year ended November 30, 2022, 275,000 stock options were exercised and the remainder expired. As at November 30, 2022 and February 28, 2023, no stock options were outstanding.

### 7. TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors and Officers of the Company, as well as close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

On October 15, 2022, the Company entered into a consulting agreement with 1354195 B.C. Ltd., a company controlled by the CEO of the Company. Pursuant to this consulting agreement, the Company agreed to pay CHF11,111 per month to 1354195 B.C. Ltd. for management services. The Company accrued \$47,999 (CHF33,333) for the three months ended February 28, 2023 (2022 - \$Nil).

During the three months ended February 28, 2023, the Company paid consulting fees of \$22,500 to its Corporate Secretary (2022 - \$Nil).

During the three months ended February 28, 2023, the Company paid \$4,500 in consulting fees for Purple Crown, a company controlled by Julie Hajduk, one of the Company's directors (2022 - \$Nil).

During the three months ended February 28, 2023, the Company accrued \$30,000 in director fees (2022 - \$nil). Each director receives \$5,000 per quarter.

Included in accounts payable and accrued liabilities at February 28, 2023 was \$119,738 due to related parties (2022 - \$Nil).

### 8. LOANS PAYABLE

During the year ended November 30, 2022, the Company obtained a loan from an arm's length party in the amount of \$300,000 that is unsecured, bearing interest at 3% per annum and due within 6 months. During the three months ended February 28, 2023, the Company has accrued interest in the amount of \$2,220 (2022 - \$Nil). The loan was repaid subsequent to the period-end (Note 13).

During the year ended November 30, 2022, the Company obtained a loan from 1361516 B.C. Ltd., a private company that was acquired by the Company, in the amount of \$250,000. Prior to the acquisition, the Company received additional \$504,863. On acquisition, the aggregate balance of \$754,863 was considered as either (1) an asset acquired or (2) a reduction in purchase price and has been eliminated upon consolidation.

## Li-FT Power Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months ended February 28, 2023 and 2022  
(Unaudited)  
(Expressed in Canadian dollars)

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### 9. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	February 28, 2023	November 30, 2022
	\$	\$
<b>FINANCIAL ASSETS</b>		
<b>Amortized cost</b>		
Cash	15,106,765	5,441,777
<b>Total financial assets</b>	<b>15,106,765</b>	<b>5,441,777</b>
<b>Other liabilities, at amortized cost</b>		
Accounts payable and accrued liabilities	337,645	230,260
Short-term loan	300,000	550,000
<b>Total financial liabilities</b>	<b>637,645</b>	<b>780,260</b>

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk
- Currency Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them during the period unless otherwise stated in the note.

#### General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

#### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of two types of risk: interest rate risk and equity price risk.

## **Li-FT Power Ltd.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended February 28, 2023 and 2022

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### **9. FINANCIAL INSTRUMENTS (continued)**

#### **Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with major financial institutions.

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate cash to settle its liabilities. The Company continuously monitors both actual and forecasted cash flows and matches the maturity profile of financial assets and liabilities.

As at February 28, 2023, the Company had cash of \$15,106,765 to settle current liabilities of \$3,932,042. As such, liquidity risk is considered minimal. Management seeks additional financing through the issuance of equity instruments to continue its operations. There can be no assurance it will be able to do so.

#### **Determination of Fair Value**

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 and liabilities

Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and

Level 3 – Inputs that are not based on observable market data.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, accounts payable and short term loans approximate fair value due to their short-term nature.

### **10. FLOW THROUGH SHARE PREMIUM LIABILITY**

On November 3, 2022, the Company completed a private placement and issued 428,400 flow-through common shares of the Company at a price of \$16.34 per share for total proceeds of \$7,000,056. The flow-through liability associated with these issuances, using the residual method was \$3,294,396. During the three months ended February 28, 2023, no flow-through eligible costs were incurred.

### **11. SEGMENTED INFORMATION**

The Company's only business activity is exploration and development of exploration and evaluation properties carried out in Canada.



## **Li-FT Power Ltd.**

Notes to the Condensed Consolidated Interim Financial Statements

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### **12. SUBSEQUENT EVENTS**

- a) On March 10, 2023, the Company repaid the loan of \$300,000 plus interest of \$3,279 (Note 8).
- b) On March 22, 2023, the Company closed the brokered private placement of 2,602,500 flow-through common shares of the Company at a price of \$13.45 per flow-through common share for aggregate gross proceeds of \$35,003,625. The Company paid commissions and other capital raise related expenditures in the amount of \$2,248,528 in relation to this private placement.
- c) On March 22, 2023, the Company issued 173,169 common shares in order to satisfy the second payment of its Lac des Montagnes option agreement (Note 5).
- d) On April 17, 2023, the Company granted stock options (the "Options") to its directors, officers, employees and consultants to acquire a total of 575,000 common shares of the Company at an exercise price of \$10.00 per share for a period of five years. The Options vest after two years, with one quarter of the total options vesting at each six-month anniversary.