MADORO METALS CORP

MADORO METALS CORP.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE THREE MONTHS ENDED MAY 31, 2023

EXPRESSED IN CANADIAN DOLLARS

(Unaudited – Prepared by Management)

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor DAVIDSON & COMPANY LLP has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim condensed consolidated financial statements by an entity's auditor.

(EXPRESSED IN CANADIAN DOLLARS)

	Notes		Unaudited May 31, 2023		Audited February 28, 2023
ASSETS					
Current assets					
Cash and cash equivalents	4	**$**	**427,266**	$	520,001
Amounts receivable	5		**4,071**		5,545
Marketable securities	6		**120,725**		146,725
Prepaid expenses and deposits			**8,157**		18,022
Total current assets			**560,219**		690,293
Non-current assets					
Equipment	7		**-**		30
Exploration and evaluation assets	8, 10,13		**1,141,814**		1,066,343
Total non-current assets			**1,141,814**		1,066,373
TOTAL ASSETS		**$**	**1,702,033**	$	1,756,666
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	9	**$**	**59,666**	$	62,525
Due to related parties	13		**18,310**		19,201
Total current liabilities			**77,976**		81,726
Total liabilities			**77,976**		81,726
Shareholders' equity					
Share capital	10		**8,858,131**		8,813,131
Reserves	10		**219,627**		219,627
Deficit			**(7,453,701)**		(7,357,818)
Total shareholders' equity			**1,624,057**		1,674,940
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**1,702,033**	$	1,756,666

Nature of operations (Note 1)
Subsequent event (Note 17)

Approved and authorised for issue on behalf of the Board on July 26, 2023

"Robert Archer" Director — *"Mary Ellen Thorburn"* Director

Robert Archer — Mary Ellen Thorburn

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

(Unaudited – Expressed in Canadian Dollars)

	Notes	Three months ended **May 31, 2023**	May 31, 2022
Expenses			
Management fees	13	**$ 24,000**	$ 24,000
Accounting and audit fees	13	**16,220**	8,505
Legal fees		**9,970**	244
Consulting fees	13	**7,500**	9,008
Transfer agent and filing fees		**4,117**	1,300
Rent		**3,000**	3,000
Insurance		**2,650**	2,430
Investor relations and promotion		**1,171**	880
Shareholder information		**442**	-
Office, telephone and miscellaneous		**284**	342
Loss before other income (expenses)		**(69,354)**	(49,709)
Other income (expenses):			
Gain on foreign exchange		**123**	4,790
Loss on write-off of taxes receivable	5	**(652)**	-
Unrealized loss on marketable securities	6	**(26,000)**	(18,375)
Loss on impairment of exploration and evaluation assets		**-**	(2,483)
Net and comprehensive loss for the period		**$ (95,883)**	$ (65,777)
Weighted average number of common shares outstanding (basic and diluted)		**78,622,259**	67,926,716
Basic and diluted loss per share		**$ (0.001)**	$ (0.001)

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

(Unaudited – Expressed in Canadian Dollars)

	Share capital (Note 10)		Reserves (Note 10)			
	Number of shares issued	**Amount**	**Warrants reserve**	**Share-based payments reserve**	**Deficit**	**Total**
Balance, February 28, 2022	67,926,716	$ 8,314,631	$ 52,573	$ 168,253	$ (6,895,956)	$ 1,639,501
Fair value of stock options expired	-	-	-	(14,177)	14,177	-
Net and comprehensive loss for the period	-	-	-	-	(65,777)	(65,777)
Balance, May 31, 2022	**67,926,716**	**$ 8,314,631**	**$ 52,573**	**$ 154,076**	**$ (6,947,556)**	**$ 1,573,724**
Balance, February 28, 2023	77,896,716	8,813,131	52,573	167,054	(7,357,818)	1,674,940
Shares issued for exploration and evaluation assets	750,000	45,000	-	-	-	45,000
Net and comprehensive loss for the period	-	-	-	-	(95,883)	(95,883)
Balance, May 31, 2023	**78,646,716**	**$ 8,858,131**	**$ 52,573**	**$ 167,054**	**$ (7,453,701)**	**1,624,057**

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

MADORO METALS CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Expressed in Canadian Dollars)

	Three months ended			
		May 31, 2023		May 31, 2022
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net and comprehensive loss for the period	**$**	**(95,883)**	$	(65,777)
Adjustments to reconcile loss to net cash used in operating activities:				
Unrealized loss on marketable securities		**26,000**		18,375
Loss on write-off of taxes receivable		**652**		-
Depreciation		**30**		3
Net changes in non-cash working capital accounts:				
Decrease in prepaid expenses and deposits		**9,865**		3,004
(Increase) decrease in amounts receivable		**822**		(471)
Decrease in due to related parties		**(891)**		(12,525)
Increase (decrease) in amounts payable and accrued liabilities		**(2,859)**		735
Cash used in operating activities		**(62,264)**		(56,656)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Exploration and evaluation assets		**(30,471)**		(4,706)
Cash used in investing activities		**(30,471)**		(4,706)
Net change in cash and cash equivalents		**(92,735)**		(61,362)
Balance, beginning of the period		**520,001**		559,078
Balance, closing of the period	**$**	**427,266**	$	497,716

Supplemental cash flow information (Note 14)

1. NATURE OF OPERATIONS

Madoro Metals Corp. (the "Company") incorporated in British Columbia on September 24, 1984, is an exploration stage public company listed on the TSX Venture Exchange and the Frankfurt Stock Exchange. The Company is assessing its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves and confirmation of the Company's interest in the underlying properties, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under mineral property agreements and to complete the development of the properties, and upon future profitable production or the sale thereof.

On August 24, 2018, the Company incorporated a subsidiary, Minera Mazateca, S.A. de C.V. ("Minera Mazateca" or "Subsidiary"), under the laws of the United Mexican States.

The Company is listed as a Tier 2 mining exploration issuer. These interim condensed consolidated financial statements (the "Financial Statements") present the consolidated operations of the Company and its Subsidiary. The Company is primarily engaged in the acquisition, exploration and development of mineral properties in Quebec, Canada and in the state of Oaxaca, Mexico (via its Subsidiary). As at May 31, 2023, the Company had no revenue producing operations, therefore, it is dependent on external financing to fund its operations. The Company expects to raise funds either through equity or external debt. Raising more equity will result in a dilution of interest of the existing shareholders. During the year ended February 28, 2023, the Company closed a private placement (Note 10) for net proceeds of $483,500.

The Company has incurred losses since inception and expects to incur further losses in the development of its business. As at May 31, 2023, the Company had an accumulated deficit of $7,453,701 and had a working capital of $482,243 with exploration and evaluation obligations of $1,255,441.

The Company's ability to continue as going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These Financial Statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of the financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The head office, and principal address of the Company is Suite 1450, 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2. The Company's registered and records address is at the corporate solicitor's office, Fasken Martineau DuMoulin LLP, 2900 – 550 Burrard Street, Vancouver, BC, V6C 0A3.

2. BASIS OF PRESENTATION

Basis of consolidation and preparation

These Financial Statements include the accounts of the Company and its Subsidiary, Minera Mazateca S.A. de C.V. Details of the controlled entity are as follows:

	Country of incorporation	Percentage owned
Minera Mazateca, S.A. de C.V.	Mexico	100%

Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of operations and comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intercompany transactions, balances, income and expenses are eliminated in full on consolidation.

Statement of compliance

These Financial Statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting. These Financial Statements should be read in conjunction with the Company’s 2023 audited consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These Financial Statements have been prepared using accounting policies consistent with those used in the Company’s 2023 annual financial statements except for income tax expense which is recognized and disclosed for the full financial year in the audited financial statements.

Basis of measurement

These Financial Statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at fair value through profit or loss and cash flow information.

Unless otherwise noted, these Financial Statements are presented in Canadian dollars, which is also the functional currency of the Company and its Subsidiary.

Approval of the Financial Statements

The Financial Statements of the Company for the period ended May 31, 2023, were authorized for issue on July 26, 2023, by the Board of Directors of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting estimates and assumptions

The Company makes estimates and assumptions 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. The loss effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgements

Information about critical judgements 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:

i) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

ii) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iii) Income taxes

The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

iv) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10.

Significant accounting policies

The significant accounting policies used in the preparation of these Financial statements are identical to those used in the preparation of the audit consolidated financial statements for the year ended February 28, 2023.

New accounting pronouncements

During the period ended May 31, 2023, the Company adopted certain new accounting standards and pronouncements, none of which had a material impact on the Company's financial statements.

There are no other standards or IFRIC interpretations that are yet effective that would be expected to have a material impact on the Company.

(EXPRESSED IN CANADIAN DOLLARS)

4. CASH AND CASH EQUIVALENTS

		May 31, 2023		February 28, 2023
Cash in bank	**$**	**416,223**	$	508,953
Term deposit		**11,043**		11,048
Cash and cash equivalents	**$**	**427,266**	$	520,001

5. AMOUNTS RECEIVABLE

As at May 31, 2023, the Company has following amounts as receivable:

		May 31, 2023		February 28, 2023
Taxes recoverable	**$**	**3,143**	$	4,617
Accounts receivable		**928**		928
Amounts receivable	**$**	**4,071**	$	5,545

6. MARKETABLE SECURITIES

	May 31, 2023				February 28, 2023			
		Fair Value		**Cost**		Fair Value		Cost
Zincx Resources Corp.	**$**	**8,500**	**$**	**104,975**	$	6,800	$	104,975
Eloro Resources Ltd.		**82,225**		**98,660**		89,925		98,660
DeepRock Minerals Inc.		**30,000**		**81,500**		50,000		81,500
	$	**120,725**	**$**	**285,135**	$	146,725	$	285,135

7. EQUIPMENT

		Equipment
Cost:		
At February 28, 2023	$	3,439
At May 31, 2023	**$**	**3,439**
Depreciation:		
At February 28, 2023	$	3,409
Charges for the period		30
At May 31, 2023	**$**	**3,439**
Net book value:		
At February 28, 2023	$	30
At May 31, 2023	**$**	**-**

		Equipment
Cost:		
At February 28, 2022	$	3,439
At February 28, 2023	$	3,439
Depreciation:		
At February 28, 2022	$	3,396
Charges for the year		13
At February 28, 2023	$	3,409
Net book value:		
At February 28, 2022	$	43
At February 28, 2023	$	30

(EXPRESSED IN CANADIAN DOLLARS)

8. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition and exploration costs on its mineral properties.

	Ralleau Project Quebec, Canada	Rama de Oro Project Oaxaca, Mexico	Magdalena Project Oaxaca, Mexico	Yautepec Project Oaxaca, Mexico	First Green Lithium Quebec, Canada	Total
Balance, February 28, 2023	**$ 35,284**	**$ 1**	**$ 1**	**$ 1,010,057**	**$ 21,000**	**$ 1,066,343**
Acquisition costs:						
Cash	-	-	-	-	17,500	17,500
Shares	-	-	-	-	45,000	45,000
Total acquisition costs	-	-	-	-	62,500	62,500
Exploration costs:						
Consulting fees	-	-	-	1,845	-	1,845
Staking and claim maintenance	-	-	-	5,203	-	5,203
Tools and supplies	125	-	-	5,798	-	5,923
Deferred exploration costs	125	-	-	12,846	-	12,971
Balance of costs:	-					
Total acquisition costs	96,543	325,319	193,901	375,886	83,500	1,075,149
Total proceeds received from optionees	(75,000)	-	-	-	-	(75,000)
Total shares received from optionees	(81,500)	-	-	-	-	(81,500)
Total cost recovery	(129,507)	-	-	-	-	(129,507)
Total deferred exploration costs	661,817	174,002	250,504	647,017	-	1,733,340
Total cumulative impairment charge	(436,944)	(499,320)	(444,404)	-	-	(1,380,668)
Balance, May 31, 2023	**$ 35,409**	**$ 1**	**$ 1**	**$ 1,022,903**	**$ 83,500**	**$ 1,141,814**

(EXPRESSED IN CANADIAN DOLLARS)

8. EXPLORATION AND EVALUATION ASSETS (continued)

	Ralleau Project Quebec, Canada	Rama de Oro Project Oaxaca, Mexico	Magdalena Project Oaxaca, Mexico	Yautepec Project Oaxaca, Mexico	First Green Lithium Quebec, Canada	Total
Balance, February 28, 2022	**$ 34,357**	**$ 1**	**$ 1**	**$ 886,413**	**$ -**	**$ 920,772**
Acquisition costs:						
Cash	-	-	-	56,665	21,000	56,665
Shares	-	-	-	15,000	-	15,000
Total acquisition costs	-	-	-	71,665	21,000	71,665
Exploration costs:						
Consulting fees	-	-	-	12,708	-	12,708
Staking and claim maintenance	927	-	-	27,957	-	28,884
Rent	-	-	-	11,314	-	11,314
Deferred exploration costs	927	-	-	51,979	-	52,906
Balance of costs:						
Total acquisition costs	96,543	325,319	193,901	375,886	21,000	1,012,649
Total proceeds received from optionees	(75,000)	-	-	-	-	(75,000)
Total shares received from optionees	(81,500)	-	-	-	-	(81,500)
Total cost recovery	(129,507)	-	-	-	-	(129,507)
Total deferred exploration costs	661,692	174,002	250,504	634,171	-	1,720,369
Total cumulative impairment charge	(436,944)	(499,320)	(444,404)	-	-	(1,380,668)
Balance, February 28, 2023	**$ 35,284**	**$ 1**	**$ 1**	**$ 1,010,057**	**$ 21,000**	**$ 1,066,343**

8. EXPLORATION AND EVALUATION ASSETS (continued)

1) Rama de Oro Project, Oaxaca, Mexico

On May 9, 2018, and as amended on August 10, 2020, the Company entered into an option agreement to acquire a 100% interest in the Rama de Oro Project, located in the state of Oaxaca, Mexico.

To earn a 100% interest, the Company is required to make total cash payments of US$35,000 (paid), issue a total of 2,900,000 common shares of the Company (issued), and incur total work expenditures of US$350,000.

A 2% net smelter return royalty is payable to the optionor, of which the Company will have the right to purchase 1% of the royalty at any time for US$1,650,000.

On August 12, 2020, an additional US$7,500 ($10,116) was paid in consideration of the amendment to the option agreement whereby the due date on the work expenditures was extended to May 9, 2022. As at February 28, 2022, the Company had capitalized US$151,953 ($197,077) of work expenditures.

In February 2022, the Company provided formal written notice to the optionor that it is declaring force majeure, as provided under the agreement, as access to the property has been unavailable to the Company since almost the onset of the agreement. During the year ended February 28, 2022, the management impaired the carrying value of the property to $1. Subsequent to the year ended February 28, 2022, any exploration expenditures incurred on the property were directly charged to the statement of operations and comprehensive loss.

During the year ended February 28, 2023, the Company received written notice from the optionor (i) rejecting the Company's force majeure claim and (ii) purporting to terminate the option agreement on the basis that the Company failed to make the required work expenditures within the option period specified in the agreement. The Company considers itself to be in compliance with the terms of the option agreement, as amended, and intends to vigorously contest this termination notice.

The Company has filed a Notice of Civil Claim in the Supreme Court of British Columbia against the optionor for specific performance of option agreements, damages, costs, and other relief. The claim is based on the Company's belief that it is in compliance with the terms of the agreements, despite receiving written notices of termination due to lack of work expenditure within the specified option periods. The Company intends to prove its allegations and dispute the termination notices in court.

2) Yautepec Project, Oaxaca, Mexico

On June 1, 2018, and as amended on August 10, 2020, the Company entered into an option agreement to acquire a 100% interest in the Yautepec Project, located in the state of Oaxaca, Mexico.

To earn a 100% interest, the Company is required to make total cash payments of US$5,000 (paid), issue a total of 1,550,000 common shares of the Company (issued), and incur total work expenditures of US$310,000 (incurred). An additional US$2,500 ($3,372) was paid in consideration of the amendment to the option agreement whereby the due date on the work expenditures was extended to December 1, 2021.

On June 24, 2022, the Company announced that it met all its commitments under the agreement and has exercised its option to acquire a 100% interest in the Yautepec project. During the year ended February 28, 2023, the Company filed the application for transfer of titles in the name of the Company. Pursuant to the delay by the Mexican authorities in transferring the title of the claims, the Company has filed a litigation suit against the Mexican authorities.

A 2% net smelter return royalty is payable to the optionor, of which the Company will have the right to purchase 1% of the royalty at any time for US$1,650,000.

8. EXPLORATION AND EVALUATION ASSETS (continued)

2) Yautepec Project, Oaxaca, Mexico (continued)

Cerro Minas

On October 16, 2019, the Company entered into an Option Agreement with Gunpoint Exploration Ltd. ("Gunpoint") and Gunpoint's subsidiary, Minera CJ Gold S.A. de C.V. ("CJ Gold"), whereas the Company, through its subsidiary, Minera Mazateca, may acquire a 100% interest in the Cerro Minas mineral concession (title # 234333) having a surface area of 899 hectares, located in the state of Oaxaca, Mexico (the "Property"). Under the terms of the Agreement, the Company may earn the interest in the Property by paying Gunpoint US$100,000 and issuing 800,000 common shares as follows:

i. US$10,000 (paid) and 100,000 shares (issued) on the effective date (October 23, 2019);
ii. US$20,000 (paid) and 150,000 shares (issued) on the first anniversary of the effective date;
iii. US$30,000 (paid) and 250,000 shares (issued) on the second anniversary of the effective date; and
iv. US$40,000 (paid on September 29, 2022) and 300,000 shares (issued on September 29, 2022) by the third anniversary of the effective date.

Gunpoint shall retain a 1.5% Net Smelter Returns Royalty on the Property, of which the Company may purchase, at any time, 0.5% for US$1,000,000.

During the year ended February 28, 2023, the Company exercised its option to purchase a 100% interest in the Cerro Minas mineral concession through final cash payment of $40,000 and issuance of 300,000 shares.

3) Magdalena Project, Oaxaca, Mexico

On June 1, 2018, and as amended on August 10, 2020, the Company entered into an option agreement to acquire a 100% interest in the Magdalena Project, located in the state of Oaxaca, Mexico.

To earn a 100% interest, the Company is required to make total cash payments of US$5,000 (paid), issue a total of 1,550,000 common shares of the Company (issued), and incur total work expenditures of US$230,000.

A 2% net smelter returns royalty is payable to the optionor, of which the Company will have the right to purchase 1% of the royalty at any time for US$1,650,000.

The Company shall also pay, for and on behalf of Minera Zalamera, all cash payments to be made to the Concession holder for a total amount of $50,000 (paid) over an 18-month period and the granting of a 1% net smelter returns royalty.

On August 12, 2020, an additional US$2,500 ($3,372) was paid in consideration of the amendment to the option agreement whereby the due date on the work expenditures was extended to December 1, 2022. As at February 28, 2022, the Company had capitalized US$194,200 ($257,916) of work expenditures.

In February 2022, the Company provided formal written notice to the optionor that it is declaring force majeure, as provided under the agreement, as access to the property has been unavailable to the Company for more than two years. During the year ended February 28, 2022, the management impaired the carrying value of the property to $1. Subsequent to the year ended February 28, 2022, any exploration expenditures incurred on the property were directly charged to the statement of operations and comprehensive loss.

8. EXPLORATION AND EVALUATION ASSETS (continued)

3) Magdalena Project, Oaxaca, Mexico (continued)

During the year ended February 28, 2023, the Company received written notices from the optionor (i) rejecting the Company's force majeure claim and (ii) purporting to terminate the option agreement on the basis that the Company failed to make the required work expenditures within the option period specified in the agreement. The Company considers itself to be in compliance with the terms of the option agreement, as amended, and intends to vigorously contest this termination notice.

The Company has filed a Notice of Civil Claim in the Supreme Court of British Columbia against the optionor for specific performance of option agreements, damages, costs, and other relief. The claim is based on the Company's belief that it is in compliance with the terms of the agreements, despite receiving written notices of termination due to lack of work expenditure within the specified option periods. The Company intends to prove its allegations and dispute the termination notices in court.

4) Ralleau Project, Quebec, Canada

On April 5, 2017, the Company entered into an option agreement with DeepRock Minerals Inc. (the "optionee") on the Company's wholly owned Ralleau Property. Under the terms of the option agreement and as amended on March 15, 2018 (1st Amending Agreement), on June 30, 2018 (2nd Amending Agreement), on April 20, 2020 (3rd Amending Agreement) and on March 12, 2021 (4th Amending Agreement), the optionee will be deemed to have exercised its option to acquire a 50% interest in the property by payment of $75,000 in cash, issuance of 1,400,000 in common shares of the Company, and incurring $250,000 in exploration expenditures in the period of four (4) years. During the year 2022, the optionee has fulfilled the above-mentioned obligations and the 50% interest in the Ralleau property has been transferred. As at May 31, 2023, the Company has a receivable balance of $928 (February 28, 2022 - $Nil) from the optionee (Note 5).

5) First Green Lithium, Quebec, Canada

On January 31, 2023, the Company entered into an option agreement with South Shore Partnership Inc. ("South Shore") to acquire an undivided 100% right, title and interest in and to the First Green Lithium property. South Shore will receive a total of $165,000 in cash payments, which will be made in four installments disbursed over the course of three years, and a total of 5,400,000 shares will be allotted, issued, and delivered to them in four installments, based on the following schedule:

(i) $21,000 cash payment (paid) and 750,000 shares (issued for a total of $45,000), on or before (February 5, 2023).
(ii) $36,000 cash payment and 1,050,000 shares on or before January 31, 2024.
(iii) $48,000 cash payment and 1,500,000 shares on or before January 31, 2025.
(iv) $60,000 cash payment and 2,100,000 shares on or before January 31, 2026.

The Company would need to complete aggregate expenditures of $1,000,000 as follows:

(i) $200,000 on or before January 31, 2024.
(ii) $300,000 on or before January 31, 2025.
(i) $500,000 on or before January 31, 2026.

Pursuant to the agreement, upon exercise of the option, the Company will assign 2% Net Smelter Returns ("NSR") to South Shore.

The Company also paid $17,500 in cash as finder fees to a third-party consultant to identify and then close the option agreement of First Green Lithium. The amount has been recorded as the cost of acquisition.

(EXPRESSED IN CANADIAN DOLLARS)

9. AMOUNTS PAYABLE AND ACCRUED LIABILITIES

		May 31, 2023		February 28, 2023
Accounts payable	**$**	**11,967**	$	19,155
Accrued liabilities		**47,699**		43,370
	$	**59,666**	$	62,525

10. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issuance of share capital

During the three months ended May 31, 2023.

On March 6th, 2023, pursuant to the option agreement with respect to the First Green Lithium project, the Company issued 750,000 common shares valued at $45,000.

During the year ended February 28, 2023

On September 26, 2022, the Company closed a non-brokered private placement financing and issued 9,670,000 units at a price of $0.05 per unit for proceeds of $483,500. Each unit comprises of one common share and one-half of transferable share purchase warrant. Each whole warrant will allow the holder to purchase an additional common share of the Company at a price of $0.08 for a period of 24 months.

On September 29, 2022, pursuant to the option agreement for Cerro Minas dated October 16, 2019, the Company issued 300,000 common shares valued at $15,000.

Share options

The Company adopted a share option plan (the "Share Option Plan") under which it may grant options to employees, officers, directors, or consultants for up to 10% of the issued and outstanding common shares. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee in a twelve-month period is limited to 5% of the issued shares of the Company. Under the plan, the exercise price of an option may not be less than the discounted market price. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

For share options granted to employees, directors, and consultants, the Company recognizes as an expense, the estimated fair value of the share options granted. The fair value of each share option granted was estimated on the date of grant using the Black-Scholes option-pricing model.

(EXPRESSED IN CANADIAN DOLLARS)

10. SHARE CAPITAL (continued)

Share options (continued)

A summary of share options outstanding as at May 31, and February 28, 2023 is as follows:

	Number of options	Weighted average exercise price	Weighted average number of years to expiry
Balance, February 28, 2022	2,468,000	0.11	0.28
Expired	(2,024,000)	0.11	-
Granted	3,150,000	0.11	-
Balance, February 28 and May 31, 2023	3,594,000	0.11	2.23
Exercisable	3,594,000	0.11	2.23

During the three months ended May 31, 2023

There was no share-based payment expense during the period ended May 31, 2023 (May 31, 2022 - $Nil). As at May 31, 2023, there was $Nil (February 28, 2023 - $133,534) of unrecognized share-based payments expenses related to unvested stock options.

During the year ended February 28, 2023

The Company issued 3,150,000 incentive stock options to the members of its board and the management team as share-based compensation during the year ended February 28, 2023. The options are exercisable for a period of three years from the date of grant at a price of $0.08 per share and vest immediately. At the date of grant the incentive stock options were valued at $133,534 which was calculated using the Black Scholes option pricing model with the following inputs.

Input variables		
Number of options		3,150,000
Stock price	$	0.060
Exercise price	$	0.08
Term (years)		3.00
Volatility		127.7%
Discount rate - bond equivalent yield		3.640%
Fair value of call options	**$**	**133,534**

During the year ended February 28, 2023, 2,024,000 of the outstanding stock options expired unexercised. The corresponding value of $134,733 was transferred from share-based payments reserve to deficit.

(EXPRESSED IN CANADIAN DOLLARS)

10. SHARE CAPITAL (continued)

Warrants

A summary of changes in warrants outstanding as at May 31, and February 28, 2023 is as follows:

	Warrants outstanding	Weighted average exercise price	Weighted average number of years to expiry
Balance, February 28, 2022	**5,792,500**	**$ 0.12**	**0.30**
Warrants expired	(5,792,500)	0.12	-
Warrants issued	4,835,000	0.08	1.32
Balance, February 28, and May 31, 2023	**4,835,000**	**$ 0.08**	**1.32**

During the three months ended May 31, 2023

During the period ended May 31, 2023, there were no warrants related transactions.

During the year ended February 28, 2023

Pursuant to the private placement closed on September 26, 2022, the Company issued 4,835,000 share purchase warrants at an exercise price of $0.08 for a period of 24 months.

During the year ended February 28, 2023, the 5,792,500 warrants expired unexercised.

11. CAPITAL DISCLOSURE

The Company considers its capital structure to include the net residual equity of all assets, less liabilities. Capital comprises the Company's shareholders' equity and any issued debt. The Company's objectives when managing capital are to (i) maintain sufficient working capital to meet current financial obligations and continue as a going concern; (ii) maintain a capital structure to allow the Company to raise equity funding to finance its capital expenditures and acquisition activities; (iii) maintain creditworthiness and maximize returns for shareholders over the long term.

The Company manages its capital structure and makes adjustments to it in light of changes in economic circumstances. The capital was mostly from proceeds from the issuance of common shares.

The Company is not subject to externally imposed capital restrictions nor were there any changes to the Company's capital management provisions during the period.

12. FINANCIAL INSTRUMENTS AND RISKS

Fair values

Per IFRS 7, a three-level hierarchy that reflects the significance of inputs used in making fair value measurements is required. The three levels of the fair value hierarchy are as follows:

a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 – Inputs for assets or liabilities that are not based on observable market data.

12. FINANCIAL INSTRUMENTS AND RISKS (continued)

Financial instrument risks

The following table outlines the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy described above. Assets and liabilities are classified in entirety based on the lowest level of input that is significant to the fair value measurement.

	As at May 31, 2023		As at February 28, 2023	
Cash and cash equivalents	**$**	**427,266**	$	520,001
Amounts receivable		**4,071**		5,545
Marketable securities		**120,725**		146,725
Total current liabilities		**(77,976)**		(81,726)
Financial instruments	**$**	**474,086**	$	590,545

The Company's cash and cash equivalents, and marketable securities are valued using quoted market prices in active markets for identical assets, and therefore are classified as Level 1.

The fair value of amounts receivable, accounts payable and accrued liabilities and due to related parties approximates their carrying values due to their short term to maturity, and therefore are classified as Level 2.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at May 31, 2023, the Company has a working capital of $482,243 (February 28, 2023 - $608,567). The payment terms for accounts payable and accrued liabilities to vendors are generally 30 days or due on receipt.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company's marketable securities bear market price risk. The maximum exposure to this risk is equal to the carrying value of the investment.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. The Company has no significant interest rate risk. As of May 31, 2023, the Company had a cash and cash equivalents balance of $427,266 of which $11,043 was in a term deposit, earning interest at a rate of 0.50% per annum. The Company had no interest-bearing debt.

Foreign currency risk

Foreign currency 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. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company is exposed to foreign currency risk on fluctuations related to amounts payable and Mexican property expenditures that are denominated in US dollars and Mexican pesos.

(EXPRESSED IN CANADIAN DOLLARS)

12. FINANCIAL INSTRUMENTS AND RISKS (continued)

Financial instrument risks (continued)

A 10% fluctuation in the Mexican peso against the Canadian dollar would affect comprehensive loss for the period by approximately $446.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash, cash equivalents and amounts receivable. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions.

13. RELATED PARTY TRANSACTIONS

The amounts due to related parties are for amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

As at May 31, 2023, $18,310 (February 28, 2023 - $19,201) was due to directors and officers of the Company.

	As at			
		May 31, 2023		February 28, 2023
Company controlled by the Chief Executive Officer ('CEO')	**$**	**4,200**	$	4,200
Company controlled by the Chief Financial Officer ('CFO')		**11,485**		9,200
Company controlled by the Corporate secretary		**2,625**		5,801
	$	**18,310**	$	19,201

During the period ended May 31, 2023, and 2022, the Company entered into the following transactions with related parties:

	Three months ended			
		May 31, 2023		May 31, 2022
Expenses paid or accrued to directors of the Company, senior officers and companies with common directors:				
Management fees	**$**	**24,000**	$	24,000
Consulting fees		**7,518**		4,500
Professional fees		**7,500**		7,500
	$	**39,018**	$	36,000

Management fees were paid or accrued to the following:

	Three months ended			
		May 31, 2023		May 31, 2022
Company controlled by the CEO	**$**	**12,000**	$	12,000
Company controlled by the CFO		**12,000**		12,000
	$	**24,000**	$	24,000

(EXPRESSED IN CANADIAN DOLLARS)

13. RELATED PARTY TRANSACTIONS (continued)

Consulting fees were paid or accrued to the following:

	Three months ended	
	May 31, 2023	May 31, 2022
Company controlled by the Corporate secretary	**$ 7,500**	$ 7,500
	$ 7,500	$ 7,500

During the period ended May 31, 2023, the Company paid or accrued a total of $7,518 (2022 - $4,500) to a company controlled by the CFO as professional fees.

14. SUPPLEMENTAL CASH FLOW INFORMATION

During the periods ended May 31, 2023 and May 31, 2022 the Company incurred non-cash financing and investing activities as follows:

	Three months ended	
	May 31, 2023	May 31, 2022
Non-cash financing activities:		
Fair value of options expired	**$ -**	$ 14,177
Non-cash investing activities:		
Shares issued for exploration and evaluations assets	**$ 45,000**	$ -

15. SEGMENTED INFORMATION

The Company operates in one business segment, being the exploration and development of mineral properties. Geographical information is as follows:

	Canada	Mexico	Total
Balance, as at May 31, 2023			
Exploration and evaluation assets	$ 494,797	$ 647,016	$ 1,141,813
Balance, as at February 28, 2023			
Exploration and evaluation assets	$ 432,173	$ 634,171	$ 1,066,344

16. SUBSEQUENT EVENT

On July 6, 2023, a total of 444,000 stock options, which had an exercise price of $0.11, expired without being exercised.