

SPOD LITHIUM CORP.

Condensed Interim Financial Statements

Nine months ended April 30, 2023
Expressed in Canadian dollars (Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM 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 financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by the entity's auditor.

SPOD LITHIUM CORP.Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

| | Note | April 30, 2023 | July 31, 2022 |
|---|------|----------------|---------------|
| | | \$ | \$ |
| Assets | | | |
| Current assets and total assets | | | |
| Cash | | 1,135,525 | 36,629 |
| Prepays | | 39,139 | - |
| Receivable | 3 | 491,946 | 23,719 |
| Total current assets | | 1,666,610 | 60,348 |
| Non-current assets | | | |
| Exploration and valuation assets | 4 | 2,279,985 | 650,234 |
| Total non-current assets | | 2,279,985 | 650,234 |
| Total assets | | 3,496,595 | 710,582 |
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Accounts payable | | 4,042 | 64,168 |
| Accrued liabilities | | 2,600 | 40,766 |
| Due to related party | 7 | 5,440 | 6,275 |
| Flow through share liability | 5,8 | - | 32,090 |
| Total current liabilities | | 12,082 | 143,299 |
| Shareholders' equity | | | |
| Share capital | 5 | 4,774,625 | 1,113,770 |
| Reserve | 5 | 340,540 | 223,227 |
| Deficit | | (1,180,652) | (769,714) |
| Total shareholders' equity | | 3,934,513 | 567,283 |
| Total liabilities and shareholders' equity | | 3,496,595 | 710,582 |

Nature and continuance of operations (Note 1)

Approved on behalf of the Board:

"Chris Cooper"

Chris Cooper, Director

"Habi Zabaneh"

Habi Zabaneh, Director

The accompanying notes are an integral part of these financial statements

SPOD LITHIUM CORP.Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars)

| | Note | Three Months Ended April 30, 2023 | Three Months Ended April 30, 2022 | Nine months ended April 30, 2023 | Nine months ended April 30, 2022 |
|--|------|---|---|---|---|
| | | | | \$ | \$ |
| Administrative expenses | | | | | |
| General and administrative | 7 | 33,812 | 11,702 | 97,479 | 32,594 |
| Consulting | 7 | 32,100 | 9,000 | 92,815 | 27,136 |
| Transfer agent and filing fees | | 36,193 | 3,704 | 62,281 | 17,080 |
| Management fees | 7 | 43,000 | 13,500 | 120,881 | 35,000 |
| Legal and accounting | | 13,876 | 9,349 | 69,572 | 48,569 |
| | | (158,981) | (47,255) | (443,028) | (160,379) |
| Other | | | | | |
| Write-down of exploration and valuation assets | | - | - | - | (40,000) |
| Reversal of flow-through share | 8 | - | 30,441 | 32,090 | 38,828 |
| Net and comprehensive loss | | (158,981) | (16,814) | (410,938) | (161,551) |
| Weighted average number of outstanding shares | | 50,468,715 | 18,967,957 | 45,830,959 | 18,559,017 |
| Basic and diluted loss per share | | 0.00 | 0.00 | (0.01) | (0.01) |

The accompanying notes are an integral part of these financial statements

SPOD LITHIUM CORP.

Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

| | Share capital | | | | Total shareholders' equity |
|---|---------------|--------------|---------------|---------------|----------------------------------|
| | Number | Amount \$ | Reserve \$ | Deficit \$ | |
| Balance, July 31, 2021 | 18,361,215 | 788,270 | 223,227 | (467,120) | 544,377 |
| Shares issued for evaluation and exploration asset (Notes 4 and 5) | 1,000,000 | 180,000 | - | - | 180,000 |
| Net and comprehensive loss | - | - | - | (161,551) | (161,551) |
| Balance, April 30, 2022 | 19,361,215 | 968,270 | 223,227 | (628,671) | 562,826 |
| Shares issued for evaluation and exploration asset (Notes 4 and 5) | 1,600,000 | 145,500 | - | - | 145,500 |
| Net and comprehensive loss | - | - | - | (141,043) | (141,043) |
| Balance, July 31, 2022 | 20,961,215 | 1,113,770 | 223,227 | (769,714) | 567,283 |
| Balance, July 31, 2022 | 20,961,215 | 1,113,770 | 223,227 | (769,714) | 567,283 |
| Shares issued (Note 5) | 25,000,000 | 2,581,128 | 118,872 | - | 2,700,000 |
| Share issuance costs (Note 5) | | (65,232) | | - | (65,232) |
| Shares issued for evaluation and exploration asset (Notes 4 and 5) | 4,500,000 | 1,142,500 | | - | 1,142,500 |
| Shares issued on warrant exercises (Note 5) | 7,500 | 2,459 | (1,559) | - | 900 |
| Net and comprehensive loss | | | | (410,938) | (410,938) |
| Balance, April 30, 2023 | 50,468,715 | 4,774,625 | 340,540 | (1,180,652) | 3,934,513 |

The accompanying notes are an integral part of these financial statements

SPOD LITHIUM CORP.Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)

| | Nine months Ended April 30, 2023 | Nine months ended April 30, 2022 |
|---|--|--|
| | \$ | \$ |
| Cash provided by (used in): | | |
| Operating activities | | |
| Net loss | (410,938) | (161,551) |
| Adjustment for non-cash item | | |
| Reversal of flow-through share liability | (32,090) | (38,828) |
| Write-down of exploration and valuation assets | | 40,000 |
| Changes in non-cash working capital items | | |
| Prepays | (39,139) | 9,773 |
| Receivable | (468,227) | (8,018) |
| Accounts payable | (60,126) | (4,815) |
| Accrued liabilities | (38,166) | (5,300) |
| Due to related party | (835) | 6,693 |
| Cash used in operating activities | (1,049,521) | (162,046) |
| Financing activities | | |
| Proceeds from issuance of shares, net of costs | 2,635,668 | - |
| Cash provided by financing activities | | - |
| Investing activities | | |
| Exploration and evaluation assets expenditures | (487,251) | (39,281) |
| Cash used in investing activities | (487,251) | (39,281) |
| Increase (decrease) in cash | 1,098,896 | (201,327) |
| Cash, beginning | 36,629 | 444,667 |
| Cash, ending | 1,135,525 | 243,340 |
| Non-cash transactions: | \$ | \$ |
| Exploration and evaluation assets in accounts payable | | 87,874 |
| Warrant reserves in share capital | 117,313 | - |
| Shares issued for exploration and evaluation assets | 1,142,500 | 180,000 |

The accompanying notes are an integral part of these financial statements

SPOD LITHIUM CORP.

For the nine months ended April 30, 2023

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Spod Lithium Corp. (Formerly EEE Exploration Corp.) (the "Company") was incorporated on November 11, 2014 under the laws of British Columbia, Canada. On April 15, 2021, the Company changed its name to EEE Exploration Corp. and on September 21, 2022, the Company name was changed to Spod Lithium Corp. On June 21, 2021, the Company commenced trading on the Canadian Securities Exchange ("CSE" or "Exchange") under the symbol "SPOD", and on February 23, 2023, the common shares of the company also began trading on the OTCQB under the symbol "EEEXF" and then "SPODF" on May 4, 2023. The Company is engaged in the business of mineral exploration. The Company's corporate head office is located at Suite 1910, 1030 West Georgia Street, Vancouver, British Columbia, Canada.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, and its financial success will be dependent upon the extent to which it can successfully develop its exploration and evaluation assets and whether those assets contain ore reserves that are economically recoverable. The development of the Company's business may take many years to be successful and the amount of resulting income, if any, is difficult to determine with any certainty. On April 30, 2023, the Company had not yet achieved profitable operations, incurred a net loss of \$410,938 (2022: \$161,551) for the nine months then ended, had a deficit of \$1,180,652 (July 31, 2022 -\$769,714), and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus ("COVID-19"). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations, cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2023.

The condensed interim financial statements were approved by the Board of Directors on June 29, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed, and therefore these condensed consolidated interim financial statements should be read in conjunction with the Company's July 31, 2022 audited annual financial statements and the notes to such financial statements.

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit and loss or fair value through other comprehensive income, if applicable, which are stated at their fair value. These condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Future changes in accounting policies

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

SPOD LITHIUM CORP.

For the nine months ended April 30, 2023

(Expressed in Canadian dollars)

3. RECEIVABLE

| | April 30, 2023 | July 31, 2022 |
|-----------------------------------|----------------|---------------|
| | \$ | \$ |
| Deposits to be returned | 407,500 | - |
| Government sales taxes receivable | 84,446 | 23,710 |
| | <u>491,946</u> | <u>23,719</u> |

4. EXPLORATION AND EVALUATION ASSETS**ONTARIO PROPERTIES*****NW Abitibi Project***

On February 22, 2021, the Company entered into a property option agreement where it can acquire a 100% interest in the NW Abitibi Project, comprised of sixty-three mineral claims located in the Province of Ontario. During the year ended July 31, 2021, the Company paid \$20,000 cash and issued 100,000 common shares with a fair value of \$20,000 (Note 5). The Company has decided that upon the completion of an evaluation of this project, not to proceed with further exploration. Accordingly, the acquisition costs of \$40,000 incurred to July 31, 2022, have been written off.

Byron Pegmatite Property

On June 7, 2022, the Company entered into a purchase option agreement to acquire a 100% interest in 46 unpatented mining claims located in the Province of Ontario, by the issuance of 300,000 common shares and cash payments totaling \$74,000 as follows:

| On or before | Cash payments | Shares Issued |
|---------------------|----------------------|---------------------------|
| June 7, 2022 | (Paid) \$12,000 | (Issued) 300,000 (Note 5) |
| June 7, 2023 | \$12,000 | - |
| June 7, 2024 | \$20,000 | - |
| June 7, 2025 | \$30,000 | - |
| Total | \$74,000 | 300,000 |

On successful exercise of the option, the Company will also grant the optionors an aggregate 1.5% net smelter returns royalty respecting the property. The Company will have the right to purchase 0.5% of the royalty (leaving a 1.0% royalty) at any time by paying an aggregate sum of \$500,000 to the optionors. For the nine months ended April 30, 2023, there were no expenditures on this property. As at April 30, 2023 total project costs are \$42,000 (July 31, 2022 - \$42,000).

Barbara Property

On July 25, 2022, the Company entered into a purchase option agreement to acquire a 100% interest in two unpatented mining claims in the province of Ontario by making aggregate cash payments of \$120,000 to the optionors and by issuing an aggregate of 800,000 Class A common shares.

| On or before | Cash payments | Shares Issued |
|---------------------|----------------------|---------------------------|
| July 25, 2022 | (Paid) \$20,000 | (Issued) 800,000 (Note 5) |
| July 25, 2023 | \$26,000 | - |
| July 25, 2024 | \$30,000 | - |
| July 25, 2025 | \$44,000 | - |
| Total | \$120,000 | 800,000 |

SPOD LITHIUM CORP.

For the nine months ended April 30, 2023

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd)**ONTARIO PROPERTIES (cont'd)*****Barbara Property (cont'd)***

On successful exercise of the option, the Company will also grant the optionors an aggregate 1.5% net smelter returns royalty with respect to the Barbara Property. The Company will have the right to purchase 0.5% of the royalty (leaving a 1.0% royalty) at any time by paying an aggregate sum of \$500,000 to the optionors. For the nine months ended April 30, 2023, there were no expenditures on this property. As at April 30, 2023 total project costs are \$88,000 (July 31, 2022 - \$88,000).

Ferdinand Property

On July 25, 2022, the Company entered into a purchase option agreement to acquire a 100% interest in two unpatented mining claims in the province of Ontario by making aggregate cash payments of \$50,200 to the optionors, and by making minimum exploration expenditures of \$30,000 on the property as follows:

| On or before | Cash payments | Exploration Expenditures |
|---------------------|----------------------|---------------------------------|
| July 25, 2022 | (Paid) \$5,200 | - |
| July 25, 2023 | \$10,000 | \$30,000 |
| July 25, 2024 | \$15,000 | - |
| July 25, 2025 | \$20,000 | - |
| Total | \$50,200 | \$30,000 |

On successful exercise of the option, the Company will also grant the optionors an aggregate 1.5% net smelter returns royalty with respect to the Ferdinand Property. The Company will have the right to purchase 0.5% of the royalty (leaving a 1.0% royalty) at any time by paying an aggregate sum of \$500,000 to the optionors. For the nine months ended April 30, 2023, there were no expenditures on this property. As at April 30, 2023 total project costs are \$5,200 (July 31, 2022 - \$5,200).

North Nipigon Property

On November 24, 2022, the Company closed a property purchase agreement to purchase the North Nipigon exploration property comprising 401 mineral claims located north of the town of Nipigon, Ontario. The Company acquired 100% interest in the property by making an aggregate cash payment of \$65,000 and by issuing an aggregate 4,000,000 Class A common shares to the sellers on the closing of the agreement. The property is subject to a 2% net smelter return royalty.

For the nine months ended April 30, 2023, acquisition costs were \$1,145,000 and \$309,946 in exploration costs have been incurred on this property. At April 30, 2023 total project costs are \$1,454,946 (July 31, 2022 - \$nil).

SPOD LITHIUM CORP.

For the nine months ended April 30, 2023

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd)**QUEBEC PROPERTIES*****Golden Moon Property***

On August 31, 2020, the Company entered into a property option agreement where it can acquire up to an 80% interest in the Golden Moon Property, comprised of 10 claims located in the Province of Quebec, by spending \$450,000 on the property on or before December 31, 2023, or cash payments in lieu thereof and issuing 1,500,000 common shares. In September 2020, the Company issued 500,000 shares with a fair value of \$25,000 in terms of the option agreement (Note 5).

In January 2022, the Company acquired a 20% interest in the Golden Moon Property for \$10,000.

In March 2022, the Company acquired the remaining 80% interest in the Golden Moon Property by issuing 1,000,000 common shares with a fair value of \$180,000 as consideration (Note 5). Upon acquiring the remaining 80% interest in the property, the original option agreement from August 31, 2020, was terminated.

The Company now owns a 100% interest in the Golden Moon Property, subject to: a 1% net smelter returns royalty on the property that the Company has granted to Noranda Royalties Inc. ("Noranda") on three mineral claims (the "Noranda Royalty") and a 1% net smelter returns royalty on seven mineral claims comprising the property that the Company previously granted to the prospectors of the property (the "Prospector Royalty"). The Company has the right to repurchase the Noranda Royalty at any time for \$500,000, and the Company also has the right to repurchase the Prospector Royalty at any time for \$500,000.

On October 26, 2022, the Company granted GIA Resources Inc. (GIA) an option to earn a 100% interest in Spod's Golden Moon Property, subject to the underlying NSRs on the property. To earn a 100% interest in the property, GIA is required to make aggregate exploration expenditures of \$450,000 on the property and to issue an aggregate of 1,700,000 common shares to Spod as follows:

| On or before | Shares Received | Exploration Expenditures |
|---------------------|------------------------|---------------------------------|
| November 5, 2022 | (Issued) 250,000 | - |
| October 31, 2023 | 300,000 | \$100,000 |
| October 31, 2024 | 500,000 | Additional \$150,000 |
| October 31, 2025 | 650,000 | Additional \$200,000 |
| Total | 1,700,000 | \$450,000 |

GIA has the right to accelerate the exploration expenditures and share issuances and is entitled to make cash payments to Spod in lieu of incurring the exploration expenditures.

During the nine months ended April 30, 2023, for the Golden Moon Property, the Company incurred \$nil in exploration costs. At April 30, 2023 total project costs are \$422,534 (July 31, 2022 - \$422,534).

SPOD LITHIUM CORP.

For the nine months ended April 30, 2023

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd)**QUEBEC PROPERTIES (cont'd)*****Lithium Grande 4 Property***

On July 6, 2022, entered into an option agreement to acquire up to a 100% interest in 41 mining claims province of Quebec by making aggregate cash payments of \$325,000 and issuing an aggregate of 3,000,000 common shares to optionor as follows:

| On or before | Cash payments | Shares Issued | Exploration Expenditures |
|---------------------|----------------------|---------------------------|---------------------------------|
| July 6, 2022 | (Paid) \$25,000 | (Issued) 500,000 (Note 5) | - |
| July 6, 2023 | \$50,000 | 700,000 | - |
| July 6, 2024 | \$100,000 | 800,000 | - |
| July 6, 2025 | \$150,000 | 1,000,000 | \$1,850,000 |
| Total | \$325,000 | 3,000,000 | \$1,850,000 |

Upon completing all earn-in obligations, the Company will own 100% of the Lithium Grande project, subject to a 2% net smelter return royalty in favor of Noranda. The NSR royalty may be reduced at any time from two percent (2%) to one percent (1%) by paying \$1,000,000 to optionor. For the nine months ended April 30, 2023, the Company incurred \$87,189 in geological costs and \$116 to consultants. At April 30, 2023, total project costs are \$159,805 (July 31, 2022 - \$72,500).

Megali Property

On August 3, 2022, the Company entered into a purchase option agreement to acquire a 50% interest in 78 mineral claims in the province of Quebec by making the commitments to the optionors as follows:

| On or before | Cash payments | Shares Issued | Exploration Expenditures |
|---------------------|----------------------|----------------------|---------------------------------|
| August 3, 2022 | (Paid) \$25,000 | (Issued) 500,000 | - |
| August 3, 2023 | \$50,000 | 700,000 | \$350,000 |
| August 3, 2024 | \$100,000 | 800,000 | Additional \$500,000 |
| August 3, 2025 | \$150,000 | 1,000,000 | Additional \$1,000,000 |
| Total | \$325,000 | 3,000,000 | \$1,850,000 |

On successful exercise of the option, SPOD will have acquired a 50% interest in the Property and the parties will be deemed to have formed a joint venture for the purposes of the continued exploration of the Property. Under the joint venture, SPOD will be the first operator on the Property and each party will be required to contribute its proportionate share of all Property expenditures or be diluted accordingly. If a party is diluted to a 2% or lower joint venture interest in the Property, then that party's interest in the Property will convert into a 2% net smelter returns royalty.

For the nine months ended April 30, 2023, acquisition costs of \$87,500 have been incurred on this property. At April 30, 2023 total project costs are \$87,500 (July 31, 2022 - \$nil).

SPOD LITHIUM CORP.

For the nine months ended April 30, 2023

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd)

| | ONTARIO, CANADA | | | | | Total Ontario Properties |
|-------------------------|-----------------|-----------------|---------|-----------|------------------|--------------------------|
| | NW Abitibi | Byron Pegmatite | Barbara | Ferdinand | Northern Nipigon | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, July 31, 2021 | 40,000 | - | - | - | - | 40,000 |
| Acquisition costs | - | 42,000 | 88,000 | 5,200 | - | 135,200 |
| Exploration costs | | | | | | |
| Geological | - | - | - | - | - | - |
| Consultants | - | - | - | - | - | - |
| Drilling | - | - | - | - | - | - |
| Total additions | (40,000) | 42,000 | 88,000 | 5,200 | - | 135,200 |
| | | | | | | (40,000) |
| Balance, July 31, 2022 | - | 42,000 | 88,000 | 5,200 | - | 135,200 |
| Acquisition costs | - | - | - | - | 1,145,000 | 1,145,000 |
| Exploration costs | | | | | | |
| Geological | - | - | - | - | 309,946 | 309,946 |
| Total additions | - | - | - | - | 309,946 | 309,946 |
| Balance, April 30, 2023 | - | 42,000 | 88,000 | 5,200 | 1,454,946 | 1,590,146 |

| | QUEBEC, CANADA | | | | Total All Locations |
|----------------------------------|----------------------|---------------------------|-----------------|-------------------------|---------------------|
| | Golden Moon Property | Lithium Grande 4 Property | MegaLi Property | Total Quebec Properties | |
| | \$ | \$ | \$ | \$ | \$ |
| Balance, July 31, 2021 | 137,040 | - | - | 137,040 | 177,040 |
| Acquisition costs | 190,000 | 72,500 | - | 262,500 | 397,700 |
| Exploration costs | | | | | |
| Geological | 4,361 | - | - | 4,361 | 4,361 |
| Consultants | 27,572 | - | - | 27,572 | 27,572 |
| Drilling | 83,561 | - | - | 83,561 | 83,561 |
| Total additions | 115,494 | - | - | 115,494 | 115,494 |
| Write-down of exploration assets | - | - | - | - | (40,000) |
| Balance, July 31, 2022 | 422,534 | 72,500 | - | - | 650,234 |
| Acquisition costs | - | - | 87,500 | 87,500 | 1,232,500 |
| Exploration costs | | | | | |
| Geological | - | 87,189 | - | 87,189 | 397,135 |
| Consultants | - | 116 | - | 116 | 116 |
| Total additions | - | 87,305 | - | 87,305 | 397,251 |
| Balance, April 30, 2023 | 422,534 | 159,689 | 87,500 | 689,839 | 2,279,985 |

SPOD LITHIUM CORP.

For the nine months ended April 30, 2023

(Expressed in Canadian dollars)

5. SHARE CAPITAL

Common shares

The Company has authorized an unlimited number of Class A common shares without par value.

At April 30, 2023, the Company had 50,468,715 Class A common shares issued and outstanding (July 31, 2022 – 20,961,215)

Share Issuances for the nine months ended April 30, 2023

On August 3, 2022, the Company issued 500,000 Class A common shares with a fair value of \$62,500 pursuant to the property option agreement to acquire up to 50% of the MegaLi Property (Note 4).

On September 1, 2022, the Company issued 15,000,000 Class A common shares of the Company and at a price of \$0.10 per unit and 10,000,000 flow-through Class A common shares at a price of \$0.012 per share for gross proceeds of \$2,700,000. The Company paid fees of \$65,232 and issued 571,800 broker warrants. The warrants are valued at \$118,872 using the residual method.

On October 20, 2022, the Company issued 7,500 Class A common shares upon exercise of broker warrants at \$0.12 for gross proceeds of \$900. Transferred from reserves to share capital was \$1,559.

On November 24, 2022, the Company issued 4,000,000 Class A common shares with a fair value of \$1,080,000 pursuant to the property option agreement to acquire 100% of the North Nipigon Property (Note 4).

Share Issuances for the year ended July 31, 2022

On March 7, 2022, the Company issued 1,000,000 Class A common shares with a fair value of \$180,000 pursuant to the purchase of the remaining 80% of the Golden Moon Property (Note 4).

On June 7, 2022, the Company issued 300,000 Class A common shares with a fair value of \$30,000 pursuant to the property option agreement to acquire up to 100% of the Byron Pegmatite Property (Note 4).

On July 6, 2022, the Company issued 500,000 Class A common shares with a fair value of \$47,500 pursuant to the property option agreement to acquire up to 100% of the Lithium Grande 4 Property (Note 4).

On July 25, 2022, the Company issued 800,000 Class A common shares with a fair value of \$68,000 pursuant to the property option agreement to acquire up to 100% of the Barbara Property (Note 4).

Preferred shares

The Company has authorized an unlimited number of Class B preferred shares without par value. There are no preferred shares issued to date.

Escrow shares

On June 21, 2021, the Company's common shares were approved for listing on the CSE. In accordance with the policies of the CSE, certain officers and directors entered into an agreement with the Company and a trustee, whereby they have agreed to deposit 5,325,000 common shares in escrow. 10% was released to the escrow shareholders on June 21, 2021 and an additional 15% will be released to the escrow shareholders on each of the dates that are 6, 12, 18, 24, 30 and 36 months after the first release. At April 30, 2023, there were 2,396,250 shares in escrow (July 31, 2022 – 3,195,000).

SPOD LITHIUM CORP.

For the nine months ended April 30, 2023

(Expressed in Canadian dollars)

5. SHARE CAPITAL (cont'd)**Warrants**

The continuity of the Company's outstanding warrants is as follows:

| | April 30, 2023 | | July 31, 2022 | |
|-----------------------------------|--------------------|------------------------------------|--------------------|------------------------------------|
| | Number of warrants | Weighted average Exercise price \$ | Number of warrants | Weighted average Exercise price \$ |
| Warrants, beginning of the period | 2,590,000 | 0.20 | 2,590,000 | 0.20 |
| Issued | 571,800 | 0.12 | - | - |
| Exercised | (7,500) | 0.12 | - | - |
| Warrants, end of the period | 3,154,300 | 0.19 | 2,590,000 | 0.20 |

At April 30, 2023, the following warrants were outstanding and exercisable:

| Number of Warrants Outstanding | Number of Warrants Exercisable | Exercise price (\$) | Expiry date |
|--------------------------------|--------------------------------|---------------------|-------------------|
| 1,850,000 | 1,850,000 | 0.20 | November 20, 2023 |
| 740,000 | 740,000 | 0.20 | November 24, 2023 |
| 564,300 | 564,300 | 0.12 | September 1, 2023 |
| 3,154,300 | 3,154,300 | | |

The weighted average of the inputs used in the calculation of the fair value of the broker warrants on the date of issue are as follows:

| | April 30, 2023 |
|-------------------------|----------------|
| Volatility | 118.11% |
| Expected life | 1 year |
| Risk-free interest rate | 3.67% |
| Expected dividend yield | 0.00% |

Stock Options

The Company has an incentive stock option plan in place under which it is authorized to grant options to executive officers, directors, employees, and consultants to acquire up to 10% of the outstanding issued common shares. The exercise price of options granted under the plan will be determined by the board of directors but will not be less than the greater of the closing market price of the Company's Common Shares on the Exchange on (a) the trading day prior to the date of grant of the options; and (b) the date of grant of the stock options.

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5. SHARE CAPITAL (cont'd)

Stock Options (cont'd)

The continuity of the Company's outstanding stock options is as follows:

| | April 30, 2023 | | July 31, 2022 | |
|----------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|
| | Number of options | Weighted average exercise price \$ | Number of options | Weighted average exercise price \$ |
| Options, beginning of the period | 1,000,000 | 0.10 | 1,000,000 | 0.10 |
| Granted | - | - | - | - |
| Options, end of the period | 1,000,000 | 0.10 | 1,000,000 | 0.10 |

At April 30, 2023, there were 1,000,000 stock options outstanding and exercisable at a price of \$0.10 and with an expiry date of April 13, 2026.

Reserve

The 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.

6. FINANCIAL INSTRUMENTS

| | Ref. | April 30, 2023 | July 31, 2022 |
|-----------------------------|------|----------------|---------------|
| | | \$ | \$ |
| Other financial assets | a | 1,627,471 | 60,348 |
| Other financial liabilities | b | (9,482) | (70,443) |

a. Comprised of cash and receivable.

b. Comprised of accounts payable and due to related party.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. Other receivables comprise sales tax refunds from the Canadian federal government. Credit risk has been assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. Liquidity risk has been assessed as high.

SPOD LITHIUM CORP.

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6. FINANCIAL INSTRUMENTS (cont'd)***Market Risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

Currency Risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company does not have any assets or liabilities denominated in foreign currencies and engages in very few transactions denominated in a foreign currency; therefore, its exposure to currency risk is low.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to price risk.

7. RELATED PARTY TRANSACTIONS

As at April 30, 2023, due to related party includes \$5,440 (July 31, 2022 – \$6,275,) to directors or a company controlled by a director. The amounts are unsecured, non-interest bearing and has no fixed terms of repayment.

The Company considers officers and members of the Board of Directors as related parties. Key management costs for the period ended April 30, 2023, is \$128,001 (2022 - \$41,700). Remuneration was made to the following officers and directors, or to companies controlled by these officers and directors:

| | April 30, 2023 | April 30, 2022 |
|--|----------------|----------------|
| | \$ | \$ |
| Fees paid or accrued to a company controlled by the CEO | 107,881 | 29,000 |
| Fees paid or accrued to the CFO | 13,000 | 6,000 |
| Fees paid or accrued to a director | 4,000 | - |
| Fees paid or accrued to a company controlled by a director | 4,000 | - |
| Rent paid to a company controlled by the CEO | - | 6,700 |
| | 128,881 | 41,700 |

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8. FLOW-THROUGH SHARE LIABILITY

For the purposes of calculating any premium related to the issuances of the flow-through shares, the Company compares the market price of its shares to the subscription price of flow-through shares to determine if there was a premium paid on the flow-through shares (Note 4). As a result, the Company's flow-through liability on issuance of flow-through shares in connection with the private placements is as follows:

| | April 30, 2023 | July 31, 2022 |
|------------------|-----------------------|----------------------|
| | \$ | \$ |
| Balance, opening | 32,090 | 71,465 |
| Addition | - | - |
| Reversal | 32,090 | (39,375) |
| Balance, ending | - | 32,090 |

As of April 30, 2023, the Company is committed to spending approximately \$1,017,144 (July 31, 2022 - \$98,901) in connection with its flow-through offering. Failure to incur the required eligible expenditures may result in penalties and taxes and the Company may also be liable to indemnify the shareholders for their income taxes and penalties.

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund exploration activities. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. There were no changes in the Company's approach to capital management since inception. The Company is not subject to any external capital requirements.