

**ICONIC MINERALS LTD.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MAY 31, 2023**

**Expressed in Canadian Dollars**  
**(Unaudited – prepared by management)**

## **NOTICE TO READER**

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

VANCOUVER, BC  
July 28, 2023

# Iconic Minerals Ltd.

Condensed Consolidated Interim Statements of Financial Position  
(Expressed in Canadian dollars - unaudited)

As at	May 31, 2023 -\$-	August 31, 2022 -\$-
<b>ASSETS</b>		
Current assets		
Cash	-	52,541
Restricted cash (Note 3)	295,046	3,702,014
Prepaid expenses (Note 8)	147,182	112,616
Receivables (Note 4)	41,161	16,182
Marketable securities (Note 5)	29,350	84,845
	512,739	3,968,198
Non-current assets		
Exploration advances (Note 6)	149,528	326,003
Exploration and evaluation assets (Note 6)	4,765,492	4,717,108
<b>TOTAL ASSETS</b>	<b>5,427,759</b>	<b>9,011,309</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	2,258,374	2,036,314
Advances from operating partners (Note 6)	295,046	3,702,014
Current portion of long-term liabilities (Note 9)	-	150,000
	2,553,420	5,888,328
Long-term liabilities (Note 9)	-	1,504,634
Rehabilitation obligation (Note 6)	54,372	52,160
<b>TOTAL LIABILITIES</b>	<b>2,607,792</b>	<b>7,445,122</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	45,343,213	45,718,213
Obligation to issue shares (Note 7,14)	2,947,157	-
Reserves (Note 10)	5,560,293	4,996,100
Performance shares issuable (Note 6)	289,200	259,256
Subscription receivable (Note 10, 15)	-	(375,000)
Deficit	(51,319,896)	(49,032,382)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,819,967</b>	<b>1,566,187</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>5,427,759</b>	<b>9,011,309</b>

Nature of Operations and Going Concern (Note 1)  
Subsequent events (Note 14)

Approved by the Directors:

"Jurgen Wolf"

"Richard Kern"

See accompanying notes to the condensed consolidated interim financial statements

# Iconic Minerals Ltd.

Condensed Consolidated interim Statements of Loss and Comprehensive Loss  
(Expressed in Canadian dollars - unaudited)

	Nine months ended		Three months ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
	-\$	-\$	-\$	-\$
<b>EXPENSES</b>				
Business development (Note 8)	155,117	135,982	58,835	45,000
Consulting (Note 8)	277,856	94,190	82,500	24,000
Foreign exchange loss (gain)	77,190	6,514	7,449	(2,258)
Interest expense (Note 9)	345,366	34,992	324,602	11,664
Management fees (Note 8)	77,206	75,021	24,569	24,972
Office administration (Note 8)	116,351	117,498	38,968	39,175
Professional fees	814,444	164,670	724,497	70,989
Shareholder communications	34,117	57,861	11,307	10,016
Share-based compensation (Notes 8 and 10)	564,193	-	-	-
Transfer agent and regulatory fees	50,852	39,263	32,222	7,245
<b>Operating loss</b>	<b>(2,512,692)</b>	<b>(725,991)</b>	<b>(1,304,949)</b>	<b>(230,803)</b>
Management fee income (Note 6)	193,623	18,947	30,503	11,191
Unrealized gain (loss) on marketable securities (Note 5)	151,171	72,087	57,512	(20,155)
Loss on sale of marketable securities (Note 5)	(154,133)	(303,852)	(70,645)	(110,195)
Impairment of exploration and evaluation assets (Note 6)	-	(487)	-	-
Gain on sale of previously impaired assets (Note 5 and 6)	34,517	118,084	-	-
<b>Loss and comprehensive loss for the period</b>	<b>(2,287,514)</b>	<b>(821,212)</b>	<b>(1,287,579)</b>	<b>(349,962)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>131,189,001</b>	<b>131,078,031</b>	<b>130,245,778</b>	<b>132,745,778</b>

See accompanying notes to the condensed consolidated interim financial statements

## Iconic Minerals Ltd.

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

	Share capital		Obligation to issue Shares	Subscription Receivable	Reserves	Performance shares issuable	Deficit	Total
	Number of shares	Amount						
<b>Balance at August 31, 2021</b>	<b>129,440,778</b>	<b>\$ 45,209,338</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 5,009,225</b>	<b>\$ 233,647</b>	<b>\$ (47,986,790)</b>	<b>\$ 2,465,420</b>
Warrants exercised	3,305,000	495,750	-	-	-	-	-	495,750
Performance shares issuable	-	-	-	-	-	69,140	-	69,140
Loss for the period	-	-	-	-	-	-	(821,212)	(821,212)
Balance at May 31, 2022	132,745,778	\$ 45,705,088	\$ -	-	\$ 5,009,225	\$ 302,787	\$ (48,808,002)	\$ 2,209,098
<b>Balance at August 31, 2022</b>	<b>132,745,778</b>	<b>\$ 45,718,213</b>	<b>\$ -</b>	<b>\$ (375,000)</b>	<b>\$ 4,996,100</b>	<b>\$ 259,256</b>	<b>\$ (49,032,382)</b>	<b>\$ 1,566,187</b>
Cancelled subscription receivable	(2,500,000)	(375,000)	-	375,000	-	-	-	-
Share-based compensation	-	-	-	-	564,193	-	-	564,193
Performance shares issuable	-	-	-	-	-	29,944	-	29,944
Debt Settlements	-	-	2,947,157	-	-	-	-	2,947,157
Loss for the period	-	-	-	-	-	-	(2,287,514)	(2,287,514)
<b>Balance at May 31, 2023</b>	<b>130,245,778</b>	<b>\$ 45,343,213</b>	<b>\$ 2,947,157</b>	<b>\$ -</b>	<b>\$ 5,560,293</b>	<b>\$ 289,200</b>	<b>\$ (51,319,896)</b>	<b>\$ 2,819,967</b>

See accompanying notes to the condensed consolidated interim financial statements

# Iconic Minerals Ltd.

Condensed Consolidated Interim Statements of Cash Flows  
(Expressed in Canadian dollars - unaudited)

	Nine months ended	
	May 31, 2023	May 31, 2022
	-\$-	-\$-
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(2,287,514)	(821,212)
Adjustments for non-cash items:		
Interest expense accreted	345,366	34,992
Impairment of exploration and evaluation assets	-	487
Foreign exchange gain	(65,498)	(7,528)
Loss on sale of marketable securities	154,133	303,852
Unrealized gain on marketable securities	(151,171)	(72,087)
Gain on disposal of Hercules property	(34,517)	(118,084)
Share-based compensation	564,193	-
Net change in non-cash working capital accounts:		
Advance from operating partner	(3,406,968)	4,679,836
Prepaid expenses	(34,566)	(70,517)
Receivables	(24,979)	6,076
Accounts payable and accrued liabilities	1,607,122	(238,432)
<b>NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(3,334,399)</b>	<b>3,697,383</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets expenditures and advances	(4,152,335)	(651,823)
Recoveries of exploration and evaluation expenditures	3,872,465	378,938
Exploration advance	-	(316,990)
Net proceeds from sale of marketable securities	87,050	71,299
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(192,820)</b>	<b>(518,576)</b>
<b>FINANCING ACTIVITIES</b>		
Shares issued for warrants exercised	-	495,750
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>495,750</b>
Effect of foreign exchange on cash	67,710	-
Increase (decrease) in cash in the period	(3,459,509)	3,674,557
Cash, beginning	3,754,555	2,371,843
<b>CASH AND RESTRICTED CASH, ENDING</b>	<b>295,046</b>	<b>6,046,400</b>

The significant non-cash transactions during the periods presented include:

	May 31, 2023	May 31, 2022
	-\$-	-\$-
Accounts payable related to exploration and evaluation assets	907,846	828,323
Allocation of debt from long term to current	-	140,000
Performance shares issuable for exploration and evaluation assets	29,944	69,140

See accompanying notes to the condensed consolidated interim financial statements

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine months ended May 31, 2023

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

Iconic Minerals Ltd. ("Company") is engaged in the acquisition and exploration of exploration and evaluation assets. The Company was incorporated under the laws of British Columbia on September 14, 1979. The Company's head office and principal place of business is located at 303 - 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiary will continue as a going concern, meaning they will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At May 31, 2023, the Company had a working capital deficiency and the Company's ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements, continued cooperation of creditors and related parties, and ultimately upon the discovery of proven reserves and generating profitable operations. These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern.

The Company is currently evaluating its exploration and evaluation assets and has not determined whether any of these properties contain reserves that are economically recoverable. The recoverability of amounts recorded for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves. The Company's future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, and competition and global market conditions. The Company's operating losses and working capital deficiency will require that it obtain additional capital to continue operations.

The Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available to meet the continuing exploration costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected, thus giving rise to doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

### Statement of compliance to International Financial Reporting Standards

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. These financial statements do not contain all of the information required for full annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended August 31, 2022.

These Financial Statements follow the same accounting policies and methods of application as our most recent annual financial statements, save for the adoption of IFRS 16 for the 2019 fiscal year starting on September 1, 2019. The effect of initially applying this standard did not have a material impact on the Company's financial statements.

The directors of the Company authorized the financial statements for issue on July 28, 2023.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2023

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

### Principles of consolidation

These financial statements have been prepared on a consolidated basis and include the accounts of the Company, its wholly-owned subsidiary Bonaventure Nevada Inc. ("Bonaventure") incorporated in the State of Nevada, USA and its wholly-owned subsidiary Goldnev Exploration Ltd. ("Goldnev") incorporated in British Columbia, Canada on August 7, 2020. All significant inter-company balances and transactions have been eliminated on consolidation. All amounts are expressed in Canadian dollars which is the functional currency of the parent company and its subsidiaries, unless denominated otherwise.

### Exploration and evaluation assets

Upon acquiring the legal right to explore, all costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of an exploration and evaluation asset is impaired, that property is written down to its estimated net realizable value. An exploration and evaluation asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Recoveries on mineral properties are recorded against the related property cost as amounts are received, with any net excess recorded to profit or loss.

### Joint venture participation and accounting

From time to time the Company enters into agreements that provide for specified percentage interests in exploration and evaluation asset rights to be allocated to joint venture participants in exchange for funding or joint funding of exploration programs.

Where agreements specify the Company as the operator and where controlling interest of the exploration program remains with the Company, such arrangements are considered to be participation funding and not considered to be joint ventures. Funds provided by partners in advance of expenditure are classified as restricted cash.

### Tax credits

Any federal or provincial tax credits received by the Company, with respect to exploration or development work conducted on any of its exploration and evaluation assets are credited as a reduction to the carrying costs of the exploration and evaluation assets to which the credits relate. Until such time that there is significant certainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt. No gain or loss is realized during the exploration stage until all carrying costs of the specific interest have been offset.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2023

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

### Future site restoration costs

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of its exploration and evaluation assets, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the decommission liability in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as related assets.

The Company's estimates of decommissioning costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed at the end of each reporting period for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of decommissioning costs, are charged to profit or loss.

Estimated future removal and site restoration costs will be provided for on the unit-of-production method. Costs will be based on estimates in accordance with current legislation and industry practices. Actual removal and site restoration expenditures will be charged to the accumulated provision account as incurred.

### Financial instruments

#### Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss and cash, restricted cash, and marketable securities are classified as FVTPL.

#### Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2023

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

### Financial instruments (cont'd...)

#### Impairment (cont'd)

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, accrued liabilities and long-term liabilities (including current portion) are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

### Income (loss) per share

The Company computes income (loss) per share assuming that proceeds received from in-the-money stock options and share purchase warrants are used to repurchase common shares at the prevailing market rate.

Basic income (loss) per share figures is calculated using the weighted average number of shares outstanding during the respective years. Diluted income (loss) per share is computed by dividing net income (loss) by the weighted average shares outstanding adjusted for additional shares from the assumed exercise of stock options, restricted share units, or warrants, if dilutive. The number of additional shares is calculated by assuming the outstanding dilutive stock options are exercised and that the assumed proceeds are used to acquire common shares at the average market price during the year.

### Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the recoverability of the carrying value of exploration and evaluation assets, rehabilitation obligation, fair value measurements for long term liabilities and other equity-based payments, including performance shares issuable. Actual results may differ from those estimates and judgments.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2023

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

### Significant accounting judgments, estimates and assumptions (cont'd...)

#### *Rehabilitation obligation*

The Company has recorded an estimated present value of a rehabilitation obligation that is expected to be paid at a future date, determined by estimates of amounts to be paid in future years. Such estimates are revised based on market conditions.

#### *Long term debt*

The Company has non-interest-bearing long-term debt as described in Note 9. The Company has recorded an estimate of the current value of such debt expected to be repaid over 25 years. Assumptions and estimates are made in relation to the expected amounts to be repaid in future years, and the expected timing of those repayments. Such estimates are revised based on market conditions.

#### *Valuation of Exploration and Evaluation assets*

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project. Property under lease has attributes of an option agreement and accordingly the Company capitalizes annual lease payments and exploration and evaluation costs required under the lease agreement.

#### *Share-based compensation*

The Company grants stock options to directors, officers and consultants. All share-based awards are measured and recognized using a fair value-based method. The fair value of options and other share-based awards to employees or consultants, issued or altered in the period, are determined using the Black-Scholes option pricing model.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received. The vesting of share-based payments is subject to estimation uncertainty.

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can significantly change the fair value estimate and the Company's earnings and equity reserves.

Performance shares issuable is calculated based on the fair value of the equity instruments effected for estimated forfeiture rates on performance benchmarks and is recorded as benchmarks are achieved.

#### **Deferred income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2023

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

### Deferred income taxes (cont'd)

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither the accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that the future taxable profits will be available against which the assets can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### *Foreign currency translation*

The Company's reporting currency and the functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. The functional currency determination was conducted through an analysis of consideration factors identified in IAS 21, *The Effect of Changes in Foreign Exchange Rates*.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss.

### Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

### Related party transactions

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

## 3. RESTRICTED CASH

At May 31, 2023, the Company classified \$295,046 (August 31, 2022 - \$3,702,014) as restricted cash. This amount is from joint operating partners for exploration (Note 6). Partner advances expected to be used within the following 12 months are included with current assets.

## 4. RECEIVABLES

The components of receivables are as follows:

	May 31, 2023 -\$ -	August 31, 2022 -\$ -
Due from government agencies	41,161	16,182
	41,161	16,182

## 5. MARKETABLE SECURITIES

Marketable securities consist of shares or warrants of publicly listed companies which are carried at market value.

- 1) During the year ended August 31, 2019, pursuant to the Bonnie Claire Lithium Project Agreement (Note 6), the Company purchased units for \$100,000 in a company related by virtue of a common officer (CFO).

During the period ended May 31, 2023, the Company recognized a gain of \$26,170 upon the sale of 250,000 shares of St-Georges.

As at May 31, 2023, the Company held 15,000 (2022 – 265,000) shares of St-Georges Eco-Mining Corp. (“TSXV: SX”), and the value of the shares was \$2,100 (2022 - \$59,625).

- 2) During the year ended August 31, 2020, pursuant to the Hercules Option Agreement (Note 6), the Company received 1,000,000 shares of Eclipse Gold Mining Corporation (“TSXV: EGLD”) (“Eclipse”).

On February 19, 2021, the Company held 10,000 shares of Eclipse, and exchanged into 10,900 shares of Northern Vertex Mining Corp. (“TSXV: NEE”) “Northern Vertex” upon the acquisition of Eclipse by Northern Vertex.

- 3) On February 19, 2021, the Company received 10,900 shares of Northern Vertex upon exchange of 10,000 shares of Eclipse. During the year ended August 31, 2021, pursuant to the amending agreement (Note 6), the Company received 1,090,000 shares of Northern Vertex.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2023

## 5. MARKETABLE SECURITIES (cont'd...)

On September 24, 2021, Northern Vertex changed name to Elevation Gold Mining Corporation (TSXV: ELVT) ("Elevation Gold") and completed a share consolidation on a six for one basis. After the consolidation, the Company has 130,833 shares of Elevation Gold.

Pursuant to the amending agreement, on February 28, 2022, the Company received an additional 181,667 shares of Elevation Gold valued at \$118,084.

Pursuant to the amending agreement, on February 28, 2023, the Company received another 181,667 shares of Elevation Gold valued at \$34,517.

During the period ended May 31, 2023, the Company recognized a loss of \$180,303 upon the sale of 218,000 shares of Elevation Gold.

As at May 31, 2023, the Company held 181,667 (2022 – 218,000) shares of Elevation Gold, and the value of the shares was \$27,250 (2022 - \$46,870).

During the period ended May 31, 2023, the Company recognized a loss of \$154,133 (2022 - \$303,852) upon the sale of certain shares, and unrealized gain on securities held of \$151,171 (2022 - \$72,087).

## 6. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to its exploration and evaluation assets and, to the best of its knowledge, they are in good standing.

### NEVADA, USA PROPERTIES

The following table summarizes the consolidated schedule of exploration and evaluation assets:

	New Pass	Midas South	Bonnie Claire	Smith Creek	Total
	- \$ -	- \$ -	- \$ -	- \$ -	- \$ -
<b>Beginning balance September 1, 2021</b>	<b>156,118</b>	<b>1</b>	<b>3,679,785</b>	<b>512,701</b>	<b>4,348,605</b>
Claims renewals and reclamation bonds	16,180	15,908	223,689	138,393	394,170
Consulting geological	-	-	175,152	9,082	184,234
Drilling, geophysical and assay	1,197	1,197	1,677,890	157,741	1,838,025
Exploration expenditure, extraction technology	-	-	25,609	-	25,609
Fieldwork	-	-	249,956	16,068	266,024
Site office and administration	17	-	96,645	-	96,662
Travel	-	-	75,426	4,229	79,655
	17,394	17,105	2,524,367	325,513	2,884,379
	173,512	17,106	6,204,152	838,214	7,232,984
Less:					
Impairments	-	(17,105)	-	-	(17,105)
Recoveries	-	-	(2,498,771)	-	(2,498,771)
<b>Ending balance August 31, 2022</b>	<b>173,512</b>	<b>1</b>	<b>3,705,381</b>	<b>838,214</b>	<b>4,717,108</b>

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

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For the nine months ended May 31, 2023

## 6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

	New Pass	Midas South	Bonnie Claire	Smith Creek	Total
	- \$ -	- \$ -	- \$ -	- \$ -	- \$ -
<b>Beginning balance September 1, 2022</b>	<b>173,512</b>	<b>1</b>	<b>3,705,381</b>	<b>838,214</b>	<b>4,717,108</b>
Claims renewals and reclamation bonds	6,476	-	270,789	-	277,265
Consulting geological	-	-	238,238	182,185	420,423
Drilling, geophysical and assay	680	680	2,878,976	-	2,880,336
Exploration expenditure, extraction technology	-	-	29,944	-	29,944
Fieldwork	-	-	222,060	2,375	224,435
Site office and administration	-	-	9,491	13,202	22,693
Travel	-	-	59,272	6,481	65,753
	<u>7,156</u>	<u>680</u>	<u>3,708,770</u>	<u>204,243</u>	<u>3,920,849</u>
	180,668	681	7,414,151	1,042,457	8,637,957
Less:					
Recoveries	-	-	(3,668,222)	(204,243)	(3,872,465)
<b>Ending balance May 31, 2023</b>	<b>180,668</b>	<b>681</b>	<b>3,745,929</b>	<b>838,214</b>	<b>4,765,492</b>

**New Pass** - The property consists of a 50% interest in certain unpatented mining claims located in Churchill County, Nevada.

The Company has estimated a rehabilitation obligation of \$27,186 (August 31, 2022 - \$26,080) related to this property.

As at May 31, 2023, the Company has posted a bond of \$6,353 (August 31, 2022 - \$6,094).

**Midas South** - The property consists of a 50% interest in certain unpatented mining claims located in Elko County, Nevada.

**Hercules Project** – The Company is a party to an earn in agreement, subsequently amended, with a company related by virtue of a common director, on certain claims in Lyon County, Nevada.

On August 9, 2019, the Company entered into an agreement (“Hercules Option Agreement”) with Great Basin Resources Inc., Eclipse Gold Mining Corporation (“Eclipse”) and Hercules Gold USA, LLC (“HGU”), a subsidiary of Eclipse, in respect of the Hercules project.

In consideration for the termination of the existing option and data transfer, Eclipse will:

- make a cash payment to Iconic in the sum of \$325,000 within five business days of the execution of the Hercules Option Agreement (received); and
- issue up to an aggregate of 4,000,000 common shares in the capital of Eclipse to the Company as follows:
  - 1,000,000 Eclipse shares on the date which is 10 days immediately following the date on which Eclipse’s share become listed on a public stock exchange (received February 28, 2020, valued of \$720,000), and
  - 1,000,000 Eclipse shares on each of the first, second, and third anniversary dates of the Listing Date (amending agreement on February 12, 2021).

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

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## 6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Under the terms of the Hercules Option Agreement, Great Basin Resources Inc. has granted an option (“HGU Option”) to HGU, under which HGU must complete certain exploration expenditures over a three-year period and make cash payments to Great Basin Resources Inc. In the event that HGU fails to exercise the HGU Option in accordance with the Hercules Option Agreement, the Company may elect to receive an assignment of HGU’s rights and benefits under the Hercules Option Agreement and to assume certain of HGU’s remaining obligations under the Hercules Option Agreement as may be outstanding at such time. The term of the HGU Option is the earlier of the date of exercise of the HGU Options, the termination of the Hercules Option Agreement or 12 years from the Listing Date.

Pursuant to the Hercules Option Agreement, the Company terminated the existing option, and lease, and transferred the existing data to HGU. The Company has recorded the receipt of the \$325,000 paid by Eclipse as a recovery to the property. No value was originally assigned to the Eclipse shares as they are contingently issuable by Eclipse pursuant to the option agreement. During the year ended August 31, 2020, the Company received 1,000,000 shares of Eclipse valued at \$720,000, and recorded it as a gain on disposal of the Hercules property. Additionally, the Company received a refund of \$168,506 from the Bureau of Land Management for the Hercules project reclamation bond, and the reversal of its retirement obligations of \$11,591.

On February 12, 2021, the Company entered into an amending agreement with Great Basin Resources Inc., Eclipse, Hercules, and Elevation Gold Mining Corporation (“Elevation Gold”) to add Elevation Gold as a party to the agreement and to agree that rather than Eclipse issuing to the Company the remaining 3,000,000 option shares, Elevation Gold will issue to the Company 3,270,000 pre-consolidation common shares as follows (Note 5):

- a) 1,090,000 on February 28, 2021; (received on February 23, 2021)
- b) 1,090,000 on February 28, 2022; (received 181,667 post-consolidation shares on February 28, 2022) and
- c) 1,090,000 on February 28, 2023. (received 181,667 post-consolidation shares on February 15, 2023)

During the year ended August 31, 2021, the Company received 1,090,000 pre-consolidation shares of Elevation Gold valued at \$490,500, and recorded it as a gain on disposal of the Hercules property.

During the year ended August 31, 2022, the Company received 181,667 post-consolidation shares of Elevation Gold valued at \$118,084, and recorded it as a gain on disposal of the Hercules property.

During the period ended May 31, 2023, the Company received 181,667 post-consolidation shares of Elevation Gold valued at \$34,517, and recorded it as a gain on disposal of the Hercules property.

**Bonnie Claire Lithium Project** - In December 2015, the Company entered into a Property Option Agreement (“Bonnie Claire Option Agreement”) with a party related by virtue of a common director to acquire a 100% interest in certain lithium claims located in Nye County, Nevada.

The Company earned its 100% interest in the property by paying US \$96,500 and incurring expenditures totaling US \$1,300,000.

The Company has estimated a rehabilitation obligation of \$27,186 (August 31, 2022 - \$26,080) related to this property.

In January 2018, the Company entered into an exclusive definitive licensing agreement with St-Georges Eco-Mining Corp. (“St-Georges”), a non-arm’s length transaction by virtue of a common chief financial officer, to utilize its proprietary lithium extraction, purification and processing technology. The agreement grants the Company the exclusive right to a site license within the state of Nevada, to use St-Georges’ proprietary and related technology, products, patents and future improvements for the purpose of extracting, processing and selling lithium. Pursuant to the agreement, St-Georges has agreed to provide engineering and technical services on all licensed production sites.

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Notes to the Condensed Consolidated Interim Financial Statements  
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## 6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

In consideration for the licensing rights, the Company agreed to issue St-Georges a total of 5,000,000 common shares in stages over a 36-month period, subject to performance benchmarks. The performance shares vest in three tranches which are subject to the forfeiture rates of 0%, 25%, and 25% respectively.

In July 2019, St-Georges completed a performance benchmark resulting in the Company issuing 2,000,000 common shares with a value of \$234,000 to St-Georges. The shares will remain in escrow for three years.

During the year ended August 31, 2019, the Company executed an option to invest \$100,000 into units of St-Georges at a price of \$0.10 per unit in a private placement (Note 5).

During the period ended May 31, 2023, the Company has recorded a total of \$289,200 (August 31, 2022 - \$259,256) to performance shares issuable to record the fair value of the performance shares issuable should the performance benchmarks be achieved. The Company has agreed to pay a Net Revenue Interest Royalty (NRI) of 5% on all minerals produced and sold on all production sites licensed with St-Georges' technologies. The Company is entitled to receive 20% of royalties received by St-Georges from other operations within a specified area.

On November 30, 2020, the Company and its wholly owned subsidiary, Bonaventure entered into an option agreement ("NL Option Agreement") and subsequently amended agreement with Nevada Lithium Corp. ("Nevada Lithium"), which provides for the earn-in by Nevada Lithium of up to a 50% interest in the Bonnie Claire lithium property and the subsequent formation of a joint venture among the Company, Bonaventure, and Nevada Lithium ("NL Joint Venture").

On November 30, 2020, the Company entered into an agreement to amend the Bonnie Claire option agreement dated December 8, 2015 so as to: (i) reduce the 4.5% NSR royalty to 2.0% payable to the vendor of the Bonnie Claire option agreement, and remove the right of the Company to buy back any portion of the NSR.

Pursuant to the NL Option Agreement, Nevada Lithium may exercise the option in three stages by funding US\$5,600,000 in cumulative exploration expenditures on the Bonnie Claire property as follow:

- Option Phase I – acquire 20% interest in the property by advancing funds for exploration expenditures totaling US\$1,600,000 on or before March 8, 2021; (received)
- Option Phase II – acquire 15% interest in the property by advancing funds for exploration expenditures totaling US\$2,000,000 on or before December 1, 2021; (received)
- Option Phase III – acquire 15% interest in the property by advancing funds for exploration expenditures totaling US\$2,000,000 on or before December 15, 2021. (received)

Upon the exercise of the option, Nevada Lithium has fully earned its option for an aggregate 50% ownership in the Bonnie Claire Project. The Company and Nevada Lithium will form a joint venture, with the initial joint venture interests of the parties being 50% as to the Company and 50% as to Nevada Lithium.

On March 24, 2023, the Company and Nevada Lithium entered into a definitive arrangement agreement, whereby Nevada Lithium will acquire 100% interest in the Bonnie Claire property by way of a plan of arrangement (Note 14).

As at May 31, 2023, the Company has \$nil (August 31, 2022 - \$3,702,014) advances from operating partner, and recorded \$183,411 (2022- \$18,947) management fee income from the Bonnie Claire project during the period ended May 31, 2023.

As of May 31, 2023, the Company has advanced \$67,970 (August 31, 2022 - \$326,003) to vendors for future exploration on Bonnie Claire project.

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## 6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

**Smith Creek Lithium Project** - In October 2016, the Company entered into an option agreement with a company related by virtue of a common director to acquire a 100% interest in certain mining claims in Nevada. The Company may earn its 100% interest by: (a) reimbursing the vendor for all documented expenses, not to exceed US \$40,000; (b) expending initial and annual claim filing fees and expenses estimated at US \$193,000; and (c) also expending for exploration in the first year US \$200,000, second year US \$500,000, third year US \$500,000 and fourth year US \$1,000,000, totaling US \$2,000,000. The optionor has agreed to suspend the commitments under the option until additional funding is received to advance the property.

On November 4, 2022, the Company entered into a binding term sheet with Lithium of Nevada Pty Ltd. ("Lithium of Nevada"), to grant to Lithium of Nevada the option to earn up to a 50% interest in the Company's Smith Creek lithium project.

In February 2023, the Company and Lithium of Nevada entered into a definitive property option agreement. Pursuant to the definitive agreement, Lithium of Nevada can exercise the option by making cash earn-in payments to the Company in the aggregate amount of USD\$5,600,000. The earn-in payments will be used to fund work programs on the Smith Creek project during the term of the option and will be payable as follows:

- USD\$1,750,000 on or before March 19, 2023 (received USD\$200,000 deposit in November 2022, USD\$150,000 in February 2023, and USD\$25,320 in May 2023);
- USD\$1,250,000 on or before May 31, 2023;
- USD\$1,500,000 on or before June 30, 2023;
- USD\$1,100,000 on or before September 30, 2023.

Upon the completion of all earn-in payments, Lithium of Nevada will have earned a 50% interest in the Smith Creek project. The Company and Lithium of Nevada will form a joint venture, with the initial joint venture interests of the parties being 50% as to the Company and 50% as to Lithium of Nevada.

As at May 31, 2023, the Company has \$295,046 (August 31, 2022 - \$nil) advances from operating partner, and recorded \$10,212 (2022- \$nil) management fee income from the Smith Creek project during the period ended May 31, 2023.

As of May 31, 2023, the Company has advanced \$81,558 (August 31, 2022 - \$nil) to vendors for future exploration on Smith Creek project.

## 7. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	May 31, 2023	August 31, 2022
	- \$ -	- \$ -
Trade payables	1,622,425	841,716
Amounts due to related parties (Note 8)	304,549	858,691
Accrued liabilities	331,400	335,907
	2,258,374	2,036,314

During the period ended May 31, 2023, the Company entered into debt settlement agreements with certain creditors for debts in the aggregate amount of \$947,157 to be settled by the issuance of 5,262,173 common shares of the Company at a deemed price of \$0.1792 and 0.18 per share. As of May 31, 2023, the Company recorded an obligation to issue shares of \$947,157 for those debt settlements (Note 14).

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Notes to the Condensed Consolidated Interim Financial Statements

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## 8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company defines key management as directors and officers of the Company. During the periods ended May 31, 2023 and 2022, transactions with key management were as follows:

	2023	2022
	- \$ -	- \$ -
Management fees paid or accrued to the CEO and CFO	77,206	75,021
Fees paid or accrued to the CEO or Company under control by CEO included in exploration and evaluation assets	61,422	73,055
Consulting fees paid or accrued to a company controlled by the corporate manager	49,500	36,000
Consulting fees to a company controlled by director	49,500	36,000
Fees paid or accrued to a company controlled by the corporate manager for office administration and accounting	112,500	112,500
Fees paid or accrued to a company controlled by the corporate manager for business development	135,000	135,000
Share-based compensation	416,092	-
<b>Total</b>	<b>901,220</b>	<b>467,576</b>

The amounts due to key management personnel as at May 31, 2023 and August 31, 2022 were as follows:

	May. 31, 2023	Aug. 31, 2022
	- \$ -	- \$ -
Included in accounts payable and accrued liabilities are amounts due to the corporate manager or companies controlled by the corporate manager	127,079	27,226
Included in accounts payable are amounts due to the CEO and companies controlled by the CEO.	177,470	831,465
<b>Total</b>	<b>304,549</b>	<b>858,691</b>

As at May 31, 2023, \$10,587 (August 31, 2022 - \$16,735) was prepaid to the corporate manager, and \$92,207 (August 31, 2022 - \$65,000) advanced to the company controlled by the corporate manager for future services on the Bonnie Claire property.

The remuneration of directors and other key management personnel, which include the amounts disclosed above for the period ended May 31, 2023 and 2022, were as follows:

	2023	2022
	- \$ -	- \$ -
Short-term employee benefits – management, administrative, and consulting fees	176,206	147,021
Share-based compensation	416,092	-

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
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## 9. LONG-TERM LIABILITIES

Pursuant to debt settlements reached with certain creditors during fiscal 2010, the Company agreed to repay their debts pro-rata at an aggregate amount of ten percent from the gross proceeds of future share financings plus twenty percent of any warrants exercised. The debts are unsecured and non-interest bearing.

The total amount of debt subject to the agreements was \$3,613,433. The amount expected to be repaid within the upcoming twelve months has been estimated at \$nil (August 31, 2022 - \$150,000). During the period ended May 31, 2023, the Company recorded an interest expense related to accretion of \$345,366 (2022 - \$34,992). The long-term balance has been discounted to reflect a fair value long-term balance, using a net present value calculation to reflect an estimated 25 years repayment schedule, of which 13 years remain, and a risk-free rate of interest of 2.76% per annum. The discount is being accreted to interest expense and loan balance over the remaining period of 13 years. The carrying value of the debt is \$nil (August 31, 2022 - \$1,654,634) and principal amount undiscounted is \$2,000,000.

On March 15, 2023, the Company entered into a debt settlement agreement for the \$2,000,000 long-term debt plus accrued and unpaid interest by the issuance of 11,001,100 shares of the Company at a deemed price of \$0.1818 per debt share. As of May 31, 2023, the Company recorded an obligation to issue shares of \$2,000,000 for the debt settlement (Note 14).

## 10. SHARE CAPITAL AND RESERVES

### 2022 Transactions

During the year ended August 31, 2022, the Company issued 3,305,000 common shares for \$495,750 for the exercise of warrants, of which \$375,000 remains receivable.

On December 12, 2022, 2,500,000 common shares were cancelled due to incomplete transfer of funds for warrants exercise included as subscription receivable as at August 31, 2022.

### Stock options

The Company's stock option plan allows for the granting of options to acquire a number of common shares equal to 10% of the issued and outstanding common shares at the time of the grant. Options granted under the plan will vest at a schedule determined by the board of directors.

### Share-based payment

On February 4, 2021, a total of 3,000,000 stock options were granted to purchase common shares, exercisable on or before February 4, 2023, at an exercise price of \$0.25 per share. The estimated grant date fair value of these options was \$454,197.

The grant date fair values of the options granted above were based on the following assumptions: share price at grant date of \$0.24; exercise price of \$0.25; expected life of 2 years; expected volatility of 129%; risk free interest rate of 0.17%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

On September 7, 2022, a total of 8,000,000 stock options were granted to purchase common shares. exercisable on or before September 7, 2025, at an exercise price of \$0.11 per share. The estimated grant date fair value of these options was \$564,193.

The grant date fair values of the options granted above were based on the following assumptions: share price at grant date of \$0.10; exercise price of \$0.11; expected life of 3 years; expected volatility of 121%; risk free interest rate of 3.57%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

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## 10. SHARE CAPITAL AND RESERVES (cont'd...)

	May 31, 2023		August 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	10,250,000	\$ 0.15	10,250,000	\$ 0.15
Options granted	8,000,000	0.11	-	-
Options expired	(10,250,000)	0.15	-	-
Options outstanding, end of the period	8,000,000	\$ 0.11	10,250,000	\$ 0.15
Options exercisable, end of the period	8,000,000	\$ 0.11	10,250,000	\$ 0.15

On September 2, 2022, 7,250,000 stock options expired unexercised.

On February 4, 2023, 3,000,000 stock options expired unexercised.

In connection to an exclusive definitive licensing agreement with St-Georges (Note 6), as of May 31, 2023, the Company has recorded the cumulative fair value of performance shares issuable as \$289,200 (August 31, 2022 - \$259,256) based on meeting certain future performance benchmarks.

### Warrants

Details of the Company's warrants are as follows:

	Number of Warrants	Weighted Average Prices	Weighted Average Remaining Life
<b>Balance, August 31, 2021</b>	<b>8,605,000</b>	<b>\$ 0.13</b>	<b>0.58 year</b>
Warrants exercised	(3,305,000)	0.15	
Warrants expired	(5,300,000)	0.12	
<b>Balance, August 31, 2022 and May 31, 2023</b>	<b>-</b>		

On June 29, 2022, 3,500,000 warrants expired unexercised.

On January 26, 2022, 1,800,000 warrants expired unexercised.

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## 11. SEGMENTED INFORMATION

The Company operates in one business segment being the acquisition and exploration of properties.

Geographic information is as follows:

	United States
Exploration and evaluation assets	- \$ -
At August 31, 2022	4,717,108
At May 31, 2023	4,765,492

## 12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to carry out exploration and evaluation activities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The issuance of common shares requires approval of the Board of Directors. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its properties for the benefit of its stakeholders. There are no externally imposed capital requirements other than described in Note 10.

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Financial Instruments

The fair value of cash, restricted cash and marketable securities are measured using level 1 of the fair value hierarchy. The carrying values of receivables, accounts payable and accrued liabilities approximate fair values because of the short-term nature of these instruments.

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

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

The carrying value of long-term debt differed from the fair value which was estimated based on discounted future cash flows using the Company's estimated risk-free rate of interest.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, interest rate and price risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

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## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

### *Credit Risk*

Credit risk arises from non-performance by counterparties of contractual financial obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company's cash and restricted cash are invested in established Canadian and US banking and federal institutions and collection of receivables is primarily due from government agencies.

### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by endeavoring to maintain sufficient cash to meet its anticipated operational needs. Liquidity requirements are managed based on expected cash flow to ensure that there is adequate capital to meet short term and long-term obligations. At May 31, 2023, the Company had a working capital deficit of \$2,040,681 (August 31, 2022 - \$1,920,130) and is seeking additional financing.

### *Currency risk*

The Company operates in Canada and the United States. At May 31, 2023, the Company had foreign exchange risk with respect to US accounts payable of CAD \$1,287,923. If the Canadian dollar changes by one percent against all foreign currencies, with all other variables held constant, the impact of the foreign currency change on the Company's foreign denominated financial instruments would result in a reduction or increase of after-tax net loss of approximately \$12,879 for the period ended May 31, 2023.

### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal risk as it does not carry interest bearing debt.

### *Commodity price risk*

The ability of the Company to find and explore exploration and evaluation assets and the future profitability of the Company are directly related to the market price of base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

## **Risk management**

The Company conducts business in Canada and the United States giving rise to exposure to market risks from changes in foreign currency rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company is at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations. The Company is not exposed to significant credit concentration risk or interest rate risk.

# Iconic Minerals Ltd.

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## 14. SUBSEQUENT EVENTS

On June 30, 2023, the Company received acceptance from the TSX Venture Exchange to close its debt settlement. The Company issued a total of 17,263,273 commons shares at deemed price between \$0.1792 and \$0.1818 per share to settle \$3,127,156.50 of outstanding debt.

On July 7, 2023, the Company and Nevada Lithium completed the plan of arrangement under the Business Corporations ACT. Nevada Lithium acquired the Company's 50% interest in the Bonnie Claire lithium project, upon the completion of the arrangement, Nevada Lithium now holds a 100% interest in the Bonnie Claire project.

Nevada Lithium issued an aggregate of 66,912,827 common shares as consideration for the arrangement, of which 60,221,528 consideration shares are received by the shareholders of the Company, and 6,691,299 are received by the Company. In the case of the shareholders of the Company, 0.4082576248 consideration share for each one share of the Company held.

Nevada Lithium also issued an aggregate of 4,000,000 warrants to the Company at an exercise price of \$0.20 per share for two years from the closing of the arrangement.

Nevada Lithium granted to certain eligible persons associated with the Company an aggregate of 3,930,000 stock options, bearing the same terms as the Nevada Lithium stock options that were outstanding immediately prior to the completion of the arrangement.

Nevada Lithium paid \$500,000 to the Company structuring fee and reimbursed certain expenses and contractual obligations of Iconic in respect of the Bonnie Claire Project arising prior to the effective date of the arrangement, including legal, contract management and other professional fees incurred by Iconic in connection with the Arrangement.