



CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pure Energy Minerals Limited:

Opinion

We have audited the consolidated financial statements of Pure Energy Minerals Limited and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of comprehensive income (loss), consolidated statements of changes in shareholders' equity, and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators for exploration and evaluation assets	
Refer to note 4	Our approach to addressing the matter involved the following procedures, among others:
As at June 30, 2023, the carrying amount of the Company's exploration and evaluation assets was \$34,907,268. At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Management assesses exploration and evaluation assets for impairment based on, at minimum, the presence of any one of the following indicators: (i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or (iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at June 30, 2023. We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of impairment indicators related to exploration and evaluation assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.	Evaluating the judgments made by management in determining impairment indicators, which included the following: • Obtained, for a sample of claims by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates. • Read the board of directors' minutes and resolutions and observed evidence supporting the continued and planned expenditures. • Assessed whether available data indicates the potential for commercially viable mineral resources. • Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
October 26, 2023

PURE ENERGY MINERALS LIMITED

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Notes	June 30, 2023	June 30, 2022
ASSETS			
CURRENT			
Cash		\$ 579,878	\$ 371,443
Goods and Services Tax receivable		2,324	1,829
Prepaid expenses and other receivables		41,629	56,648
		623,831	429,920
Reclamation bonds	4	60,316	58,703
Exploration and evaluation assets	4	34,907,268	34,890,872
TOTAL ASSETS		\$ 35,591,415	\$ 35,379,495
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	5	\$ 121,987	\$ 99,144
		121,987	99,144
Decommissioning liabilities	4	60,316	58,703
TOTAL LIABILITIES		182,303	157,847
SHAREHOLDERS' EQUITY			
Share capital	6	59,291,398	59,192,258
Reserves	6	2,910,183	3,153,960
Foreign currency translation reserve		42,185	25,196
Deficit		(26,834,654)	(27,149,766)
TOTAL SHAREHOLDERS' EQUITY		35,409,112	35,221,648
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 35,591,415	\$ 35,379,495

Nature of Business and Going Concern (Note 1)

These consolidated financial statements were approved for issue by the Board of Directors on October 26, 2023, and signed on its behalf by:

"Mary Little"
Director

"Joseph Mullin"
Director

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

PURE ENERGY MINERALS LIMITED

Consolidated Statements of Comprehensive Income (Loss)

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

Years Ended	Notes	June 30, 2023	June 30, 2022
REVENUE	4	\$ 536,769	\$ 506,351
EXPENSES			
Bank charges and interest		621	1,188
Consulting		4,500	63,294
Investor relations		14,701	20,873
Management fees and salaries	5	180,067	193,925
Office and rent		76,376	55,514
Professional fees	5	88,390	85,745
Share-based compensation	5, 6	462,792	-
Transfer agent and filing fees		52,388	46,970
Travel		4,783	6,681
		884,618	474,190
INCOME (LOSS) BEFORE OTHER ITEMS		(347,849)	32,161
OTHER ITEMS			
Foreign exchange gain		1,707	2,243
Gain on write-down of accounts payable		-	43,881
Bank interest income		330	39
TOTAL OTHER ITEMS		2,037	46,163
NET INCOME (LOSS) FOR THE YEAR		(345,812)	78,324
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified subsequently to income (loss) for the year			
Foreign currency translation adjustment		16,989	26,297
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		\$ (328,823)	\$ 104,621
Earnings (loss) per share, basic		\$ (0.01)	\$ 0.00
Earnings (loss) per share, diluted		\$ (0.01)	\$ 0.00
Weighted average number of common shares outstanding			
Basic		33,030,688	32,856,321
Diluted		33,030,688	33,957,343

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

PURE ENERGY MINERALS LIMITED

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital		Reserves	Foreign Currency Translation Reserve	Deficit	Total Shareholders' Equity
	Number of Common Shares without Par Value	Amount (\$)				
Balance, June 30, 2021	32,802,233	58,968,672	3,248,884	(1,101)	(27,304,059)	34,912,396
Shares issued on exercise of stock options	70,000	21,000	-	-	-	21,000
Reclassification of fair value on exercise of options	-	18,955	(18,955)	-	-	-
Shares issued for debt settlement	151,660	183,631	-	-	-	183,631
Reclassification of fair value of expired stock options	-	-	(75,969)	-	75,969	-
Net income and comprehensive income for the year	-	-	-	26,297	78,324	104,621
Balance, June 30, 2022	33,023,893	59,192,258	3,153,960	25,196	(27,149,766)	35,221,648
Shares issued on exercise of stock options	117,750	53,495	-	-	-	53,495
Reclassification of fair value on exercise of options	-	45,645	(45,645)	-	-	-
Reclassification of fair value of expired stock options	-	-	(660,924)	-	660,924	-
Share-based compensation	-	-	462,792	-	-	462,792
Net loss and comprehensive loss for the year	-	-	-	16,989	(345,812)	(328,823)
Balance, June 30, 2023	33,141,643	59,291,398	2,910,183	42,185	(26,834,654)	35,409,112

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

PURE ENERGY MINERALS LIMITED

Consolidated Statements of Cash Flows

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

Years Ended	June 30, 2023	June 30, 2022
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net income (loss) for the year	\$ (345,812)	\$ 78,324
Items not involving cash		
Unrealized (gain) loss on foreign exchange	(12,883)	-
Gain on write-down of accounts payable	-	(43,881)
Share-based compensation	462,792	-
	104,097	34,443
Net changes in non-cash working capital items		
Goods and Services Tax receivable	(495)	1,970
Prepaid expenses	15,019	(27,255)
Accounts payable and accrued liabilities	22,843	86,402
Net cash provided by operating activities	141,464	95,560
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(421)	-
Net cash provided by (used in) investing activities	(421)	-
FINANCING ACTIVITY		
Proceeds from stock options exercised	53,495	21,000
Net cash provided by financing activities	53,495	21,000
Effect of exchange rate changes on cash	13,897	4,111
Change in cash during the year	208,435	120,671
Cash, beginning of the year	371,443	250,772
Cash, end of the year	\$ 579,878	\$ 371,443

Supplemental cash flow information (Note 10)

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

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Pure Energy Minerals Limited ("Pure Energy" or the "Company") was incorporated on May 10, 2007 under the British Columbia *Business Corporations Act*. The Company's principal business activities are the acquisition, exploration and development of mineral properties. The Company is domiciled in Canada and is a reporting issuer in British Columbia and Alberta. Its common shares are publicly traded on the TSX Venture Exchange (the "Exchange") under the stock symbol "PE". In addition, the Company trades on the OTCQB trading platform in the United States ("US") under the trading symbol "PEMIF" and on the Börse Frankfurt (Stock Exchange) under the trading symbol "AHG". The address of its head office is 2820-200 Granville Street, Vancouver, British Columbia, Canada.

At June 30, 2023, the Company had not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete development and upon future profitable production from the mineral properties or proceeds from the disposition of the mineral properties. Under the terms of an earn-in agreement dated May 1, 2019 (the "Transaction") with Schlumberger Technology Corporation ("SLB"), a subsidiary of Schlumberger Limited, SLB is responsible for all costs associated with the Clayton Valley Project ("CV Project") and Pilot Plant (Note 4).

For the year ended June 30, 2023, the Company earned advance royalty revenue of \$536,769 (2022 - \$506,351), and incurred costs related to share-based compensation of \$462,792 (2022 - \$Nil), resulting in a net loss of \$345,812 (2022 - net income of \$78,324). At June 30, 2023, the Company had a working capital surplus of \$501,844 (June 30, 2022 - \$330,776) and an accumulated deficit of \$26,834,654 (June 30, 2022 - \$27,149,766). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The necessity that the Company raise sufficient funds to carry out its exploration and development plans is conditional, in part, on the continuation of its agreements and investor support. The material uncertainty raised by these conditions may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments, which would be necessary should the Company be unable to continue as a going concern. In such circumstances, the Company would be required to realize its assets and discharge its liabilities outside of the normal course of business, and the amounts realized could differ materially from those reflected in the accompanying consolidated financial statements.

2. BASIS OF PRESENTATION**a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC").

b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

c) Consolidation

The consolidated financial statements include the accounts of the Company and its 100% wholly owned subsidiaries, 0891884 B.C. Ltd., Esmeralda Minerals, LLC, 1056625 B.C. Ltd., 1061582 B.C. Ltd. and LT Capital Holdings, LLC (collectively referred to as the "Company"). Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions are eliminated on consolidation.

d) Significant accounting estimates and judgments

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

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the reporting date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following.

Critical accounting estimates

- *Share-based compensation*

Share-based compensation is valued using the Black-Scholes option pricing model at the date of grant and expensed in profit or loss over the vesting period of each award. The Black-Scholes option pricing model utilizes subjective assumptions, such as expected price volatility, forfeiture rate and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Critical accounting judgments

- *Impairment of exploration and evaluation asset*

The net carrying value of an exploration asset is reviewed regularly for conditions that suggest potential indications of impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

d) Significant accounting estimates and judgments (continued)

- *Functional currency*

The functional currency for the Company's subsidiary, Esmeralda Minerals, LLC, is the US dollar, which is the currency of the primary economic environment in which this entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currency translation

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity enters transactions. The functional currency of the Company, 0891884 B.C. Ltd., 1056625 B.C. Ltd., 1061582 B.C. Ltd. and LT Capital Holdings, LLC is the Canadian dollar. The functional currency of Esmeralda Minerals, LLC is the US dollar ("US"). The presentation currency of Pure Energy is the Canadian dollar.

Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the consolidated statement of financial position, while non-monetary assets and liabilities are translated at historical rates.

Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of profit or loss in the period in which they occur.

The results of operations and financial position of each subsidiary where the functional currency is different from the presentation currency are translated as follows: assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; expenses are translated at the average exchange rate for the period in which they are incurred, all resulting exchange differences are recognized in other comprehensive income or loss.

b) Exploration and evaluation assets

Pre-exploration costs are those costs incurred prior to obtaining the legal right to explore and are expensed as project evaluation expense in the period in which they are incurred.

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction".

The property is tested for impairment before it is transferred to development properties. Upon commencement of commercial production, the related accumulated costs are amortized using the units of production method over estimated recoverable reserves.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**b) Exploration and evaluation assets (continued)**

Mineral properties are carried at cost less accumulated impairment losses, if any. Management annually assesses the facts and circumstances of exploration stage properties and determines if there are events and circumstances that may indicate possible impairment. Indicators that a property may be impaired include, but are not limited to: (i) whether the period for which the entity has the right to explore a specific area has expired or will expire in the near future; (ii) where substantive expenditures on further exploration for and evaluation of mineral resources in the specific areas is neither budgeted nor planned; (iii) where exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue activities in the specific area; and (iv) where sufficient data exist to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where an indicator of impairment is present, the Company determines the recoverable amount of the specific asset by determining the asset's value in use or fair value less costs of disposal, and comparing this to the carrying amount as at the reporting date. In the event that recoverable amount is determined by management to be insufficient to recover the carrying amount of the property, an impairment loss is recognized in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

The recoverability of mineral properties and exploration and evaluation costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its mineral properties contain economically recoverable reserves.

Exploration and evaluation expenditures are classified as intangible assets.

c) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. 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, calculated using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is determined using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 reporting date applicable to the period of expected realization or settlement.

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

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**d) Decommissioning, restoration and similar liabilities**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. These costs are charged against profit or loss over the economic life of the related asset through amortization using either the unit-of-production or the straight-line method. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates based on a pre-tax rate that reflects the time value of money are used to calculate the net present value. The corresponding liability is progressively increased as the effect of discounting unwinds, creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company recognizes the cost of rehabilitation and environmental obligations on the consolidated statement of financial position.

e) Share-based compensation

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if the fair value of the goods or services cannot be reliably measured, and is recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded expense is to reserves.

f) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based compensation included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to reserves. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in reserves is transferred to share capital. Charges for options or warrants that are cancelled or expired are reclassified from reserves to deficit.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed similar to basic earnings (loss) per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The Company applies the treasury stock method in calculating diluted earnings per share, which assumes that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. Diluted loss per share excludes all dilutive potential common shares, as their effect would be anti-dilutive.

h) 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 operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

i) Revenue recognition

The Company recognizes revenue pursuant to contractually agreed terms when the Company has met its performance obligations and the collectability of revenue is reasonably assured. Royalties consist of revenues earned directly from royalty agreements. Revenue recognition generally occurs in the month of receipt from the royalty property, until such time as the property goes into production. Revenue is measured at fair value of the consideration received or receivable when management can reliably estimate the amounts pursuant to the terms of the royalty agreement.

j) Financial Instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial assets and liabilities:

Financial assets/liabilities	Classification
Cash	FVTPL
Reclamation bonds	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial Instruments (continued)

(ii) Measurements

Financial assets and liabilities at FVTOCI or amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Financial instruments measured at amortized cost utilize the effective interest method of accounting. The 'effective interest rate' is the rate that discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets. Interest expense is reported in profit or loss.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in profit or loss.

Financial liabilities

Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. Gains and losses on derecognition of financial liabilities are recognized in profit or loss.

k) Recent Accounting pronouncements

New standards, interpretations, amendments and improvements to existing standards with future effective dates have been reviewed by management and are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

*(Expressed in Canadian Dollars)***4. EXPLORATION AND EVALUATION ASSETS**

		Clayton Valley Claims
Acquisition costs		
Balance, June 30, 2021	\$	20,482,717
Impact of foreign exchange		3,332
Balance, June 30, 2022		20,486,049
Impact of foreign exchange		2,398
Balance, June 30, 2023	\$	20,488,447
Exploration and evaluation		
Balance, June 30, 2021	\$	14,385,969
Impact of foreign exchange		18,854
Balance, June 30, 2022		14,404,823
Impact of foreign exchange		13,998
Balance, June 30, 2023	\$	14,418,821
Total, June 30, 2022	\$	34,890,872
Total, June 30, 2023	\$	34,907,268

Clayton Valley Claims**Schlumberger transaction**

The Company entered into an agreement with SLB on May 28, 2019 (the "Earn-In Agreement") for an earn-in option (the "Option") of, and if completed, the sale of the CV Project to SLB.

The Earn-In Agreement provides a three-year earn-in period (the "Option Period") commencing on the receipt of the final federal and state permits necessary for the construction of the Pilot Plant. SLB may exercise the Option at any time during the Option Period, provided that the Pilot Plant has become operational in accordance with prescribed specifications.

Concurrently, SLB undertook a private placement in the Company for US\$1,500,000 and converted convertible debt of US\$400,000 and interest of \$19,765. These transactions resulted in SLB holding 5,915,440 common shares, a 17.8% interest in Pure Energy at June 30, 2023 (June 30, 2022 - 17.9%).

During the Option Period, SLB will assume all project-related property, permitting and development costs, and will act as operator of the Project.

Upon exercise of the Option, the Company will be entitled to receive a 3% net smelter return royalty ("NSR") on minerals produced at the CV Project and an advance minimum royalty ("AMR") payment of US\$400,000 annually commencing January 1, 2021 for a period of five years or until the CV Project achieves commercial production. AMR payments are non-refundable, but are recoverable from SLB against up to 60% of future NSR payments.

During the year ended June 30, 2023, the Company recognized \$536,769 (US\$400,000) (2022 - \$506,351 (US\$400,000)) of royalty revenue related to the AMR payments outlined in the Earn-In Agreement.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

*(Expressed in Canadian Dollars)***4. EXPLORATION AND EVALUATION ASSETS (continued)****GeoXplor Corp. ("GeoXplor") and Clayton Valley Lithium Inc. for the CV and DB claims in Clayton Valley, Esmeralda County, Nevada**

On May 12, 2014, the Company entered into a definitive option agreement with GeoXplor to earn a 100% interest in the CV and DB claims in Clayton Valley, Esmeralda County, Nevada (the "Property"). Under the agreement, GeoXplor was the operator, and the Company had an option to earn a 100% interest for the following consideration:

Date	Cash Payment US\$	Expenditure Requirement US\$	Share Issuance
Effective date (paid/issued)	100,000	-	166,667
Within one year (paid/issued)	250,000	750,000	29,485
Within two years (paid/issued)	250,000	1,000,000	29,485
Within three years (superseded)	250,000	2,000,000	29,485
Within four years (superseded)	250,000	Pre-feasibility study or commercial production	29,485
Total	1,100,000	3,750,000	284,607

On May 10, 2017, the Company entered into a new option agreement with GeoXplor (described below under "GeoXplor-LiX consolidated agreement"). The new option agreement supersedes the original May 12, 2014 agreement. Once the earn-in is complete, GeoXplor will receive a 3% NSR royalty on commercial production, which may be purchased at a future date.

GeoXplor is a private company that holds the CV and DB mineral claims, subject to the option agreement described above. Prior to this new agreement, GeoXplor also provided contract exploration services to Pure Energy at the CV Project.

Nevada Alaska Option and Lease Agreement for the CD and CE claims in Clayton Valley, Esmeralda County, Nevada

On May 31, 2015 (the "Effective date"), the Company entered into an option and lease agreement whereby the Company acquired an exclusive lease and exploration license to conduct exploration and evaluation work on certain unpatented placer mining claims located in Esmeralda County, Nevada. Consideration for this acquisition is as follows:

Date	Cash Payment	Share Issuance
Effective date (paid/issued)	\$35,000	37,770
Within one year (paid/issued)	\$35,000	2,380
Within two years (paid/issued)	\$35,000	2,564
Within three years (paid/issued)	\$35,000	6,369
Within four years (paid by SLB, issued)	\$35,000	21,653
Within five years and each year thereafter ⁽¹⁾	US\$75,000	-

⁽¹⁾ SLB paid US\$75,000 on May 26, 2023, May 16, 2022 and May 28, 2021

The Company can acquire a 100% interest in the property by making a payment to the optionor of US\$500,000 or issuing shares of the Company of equal value. The optionor will retain a 3% NSR on the property.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)**Clayton Valley Claims (continued)****GeoXplor-LiX consolidated agreement for NSP, PM, CV, DB, CVL and CVS claims in Clayton Valley, Esmeralda County**

On May 10, 2017, the Company entered into an agreement to acquire Lithium X Energy Corp.'s ("Lithium X") subsidiaries holding certain Clayton Valley properties and property options and to consolidate the claims with the GeoXplor claims under a revised option agreement. The Transaction resulted in 100% acquisition of three subsidiaries, 1056625 B.C. Ltd., 1061582 B.C. Ltd. and LT Capital Holdings, LLC.

The Company issued 3,339,697 common shares at a fair value of \$12,022,909 and 337,048 share purchase warrants measured at a fair value of \$724,223. The fair value of the shares and warrants issued, along with the costs incurred to complete the Transaction, were capitalized in accordance with the Company's accounting policy for its evaluation and exploration assets. On acquisition, the Company also assumed and recognized decommissioning liability, measured at a fair value of \$81,381. The warrants expired unexercised during the year ended June 30, 2020.

In addition, Lithium X acquired 595,238 units of the Company for gross proceeds of \$2,000,000. Each unit consisted of one common share and one-half of one share purchase warrant. The warrants expired unexercised during the year ended June 30, 2020. As part of the agreement, the Company was assigned the obligation to pay a 2% NSR from the production of minerals and mineral ores that are extracted from the CVS and CVL claims to the original seller of such claims to Lithium X. On May 26, 2021, the Company entered into an agreement to purchase the 2% NSR. The purchase of the underlying royalty removes any future obligation by the Company for royalty payments on these properties. The purchase price consisted of 75,000 common shares of the Company, valued at \$89,250 and a cash payment of \$30,985 (US\$25,000). The Company also reimbursed the seller \$6,411 (US\$5,000) of legal expenses.

On May 10, 2017, the Company also entered into a new option agreement with GeoXplor, closing June 5, 2017. The option agreement superseded the May 12, 2014 agreement (CV and DB claims). Under the option agreement, the Company decreases its royalty obligations and assumes operatorship over an expanded group of optioned mineral claims. The agreement required the completion of a feasibility study by December 31, 2019 and the payment of US\$4,500,000 on or before July 1, 2021 (amended as per April 20, 2021 amending agreement below).

The Company entered into amending agreements with GeoXplor dated June 8, 2018, August 10, 2018, October 1, 2018 and April 20, 2021.

Total cash consideration of US\$1,037,500 was paid to GeoXplor between May 10, 2017 and May 30, 2019.

Total share consideration of 1,083,333 common shares was issued to GeoXplor between May 10, 2017 and December 31, 2018.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)**Clayton Valley Claims (continued)**

The fourth amending agreement dated April 20, 2021 provides a modified payment schedule as follows, and eliminates the feasibility requirement in exchange for a final investment decision by SLB.

- (i) US\$500,000 in value of the Company's shares on the signing of the fourth amending agreement (issued);
- (ii) US\$250,000 of the Company's shares on or before June 30, 2021 (transferred from SLB's existing holdings);
- (iii) US\$250,000 of the Company's shares on or before December 31, 2021 (transferred from SLB's existing holdings);
- (iv) US\$500,000 on June 30, 2022 (paid by SLB);
- (v) US\$500,000 on December 31, 2022 (paid by SLB);
- (vi) US\$3,000,000 on December 31, 2023 or earlier at the discretion of SLB (to be paid by SLB); and
- (vii) US\$1,000,000 in value of the Company's shares on the earlier of the date of the final investment decision or December 31, 2023 (to be issued by the Company).

The terms of the royalty obligation with GeoXplor are as follows:

- (i) A 3% royalty on all minerals produced and extracted from the GeoXplor property;
- (ii) Payment of an advance royalty of US\$250,000 on the fourth (paid subsequently by SLB) and fifth anniversaries of the May 10, 2017 option agreement (creditable against the production royalty in (i) above); and
- (iii) Payment of an advance royalty of US\$500,000 on each anniversary thereafter (creditable against the production royalty in (i) above).

The royalty can be purchased by the Company for US\$10,000,000 at any time after the eighth anniversary and prior to the ninth anniversary of the closing date.

Under the Bureau of Land Management of the United States (the "Bureau"), the Company is required to hold reclamation bonds that cover the estimated cost to reclaim the disturbed ground. As at June 30, 2023, the Company has recorded reclamation bonds of \$60,316 (June 30, 2022 - \$58,703) relating to its Clayton Valley claims. The total decommissioning liabilities have been estimated as the value of reclamation bond requirements, which total \$60,316 (June 30, 2022 - \$58,703) as at June 30, 2023. Management believes that the value of the reclamation bonds as calculated by the Bureau is an accurate representation of the cost to reclaim the limited ground disturbance.

NE Claims

On November 8, 2017, the Company entered into an asset purchase agreement (the "Agreement") with Advantage Lithium Corp. ("Advantage") and Nevada Sunrise Gold Corporation ("Nevada Sunrise") (together, the "Vendors") to acquire the Clayton NE claim blocks (the "Acquired Claims") located in Esmeralda County, Nevada.

Pursuant to the Agreement, Pure Energy issued to the Vendors an aggregate 1,166,667 common shares (the "Consideration Shares") in total amount of \$3,395,000, with 816,667 Consideration Shares issued to Advantage and 350,000 Consideration Shares issued to Nevada Sunrise. In addition, in respect of certain of the Acquired Claims, the Company has agreed to assume a 3% gross overriding royalty granted in favour of a prior owner.

The Agreement required that the Vendors would not, directly or indirectly, sell or transfer any of the Consideration Shares.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties consist of the directors, executive officers and companies owned in whole or in part by them.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers.

Compensation of Key Management Personnel

For the years ended:	June 30, 2023	June 30, 2022
Management fees and salaries	\$ 167,256	\$ 189,953
Share-based compensation – officers and management	99,545	-
Share-based compensation – directors	232,798	-
Share-based compensation – a company controlled by former CFO	74,475	-
Total	\$ 574,074	\$ 189,953

Other Related Parties

During the year ended June 30, 2023, the Company incurred professional fees of \$56,376 (2022 - \$23,967) to a company controlled by a former officer of the Company.

Amounts Due to Related Parties

At June 30, 2023, accounts payable and accrued liabilities include \$69,869 (June 30, 2022 - \$44,418) owing to directors and officers of the Company and a company controlled by an officer, former officer or director of the Company for accrued and unpaid management fees, salaries, expense reimbursements, accounting services and management services. These amounts are unsecured, non-interest-bearing and due on demand.

6. SHARE CAPITAL**a) Authorized**

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

During the year ended June 30, 2023 the Company received \$53,495 related to the issuance of 117,750 shares from the exercise of stock options.

Share capital activity for the year ended June 30, 2022 is described as follows:

- (i) During the year ended June 30, 2022, the Company issued 70,000 common shares pursuant to the exercise of stock options for proceeds of \$21,000. The weighted average share price of the Company was \$1.51 when these options were exercised.
- (ii) During the year ended June 30, 2022, the Company issued 151,660 common shares for debt settlement at a fair value of \$183,631.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

*(Expressed in Canadian Dollars)***6. SHARE CAPITAL (continued)**

c) Stock options

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan"), which complies with the rules and policies of the Exchange. Under the Plan, the exercise price of each option may not be less than the discounted market price (as defined). The aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares. The options are subject to vesting provisions as determined by the Board of Directors. The maximum term is 10 years.

The continuity of stock options for the years ended June 30, 2023 and June 30, 2022 is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, June 30, 2021	1,151,252	1.71
Exercised	(70,000)	(0.30)
Expired	(54,167)	(3.00)
Balance, June 30, 2022	1,027,085	1.74
Expired/cancelled	(708,335)	(2.32)
Exercised	(117,750)	(0.45)
Granted	1,055,000	0.53
Balance, June 30, 2023	1,256,000	0.52
Fully vested and exercisable at June 30, 2023	864,750	0.51

A summary of the Company's options outstanding as at June 30, 2023 is as follows:

Expiry Date	Exercise Price (\$)	Options Outstanding	Weighted Average Remaining Life of Options (Years)	Options Exercisable
June 8, 2025	0.30	196,667	1.94	196,667
October 27, 2025	0.90	83,333	2.33	83,333
November 30, 2025	0.53	801,000	2.42	541,000
January 16, 2028	0.53	25,000	4.55	6,250
February 27, 2028	0.54	150,000	4.67	37,500
		1,256,000	2.75	864,750

c) Share-based compensation

On November 30, 2022, the Company issued 80,000 stock options to consultants of the Company. Each option is exercisable into one common shares at a price of \$0.53 per share and expires November 30, 2025. The value of the stock options was estimated to be \$76,955 using the Black-Scholes option pricing model using the following inputs: stock price of \$1.08, exercise price of \$0.53, term of 4.5 years, cumulative volatility of 126.57%, risk-free rate of 3.40% and dividend yield of 0%. The related expenses for the year ended June 30, 2023 is \$55,975.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

c) Share-based compensation (continued)

On November 30, 2022, the Company issued 800,000 stock options to directors and officers of the Company. Each option is exercisable into one common shares at a price of \$0.53 per share and expires November 30, 2025. The value of the stock options was estimated to be \$359,212 using the Black-Scholes option pricing model using the following inputs: stock price of \$0.53, exercise price of \$0.53, term of 5 years, cumulative volatility of 124.14%, risk-free rate of 3.18% and dividend yield of 0%. The related expenses for the year ended June 30, 2023 is \$338,615.

On January 17, 2023, the Company issued 25,000 stock options to officer of the Company. Each option is exercisable into one common shares at a price of \$0.53 per share and expires January 16, 2028. The value of the stock options was estimated to be \$8,851 using the Black-Scholes option pricing model using the following inputs: stock price of \$0.43, exercise price of \$0.53, term of 5 years, cumulative volatility of 122.36%, risk-free rate of 2.93% and dividend yield of 0%. The related expenses for the year ended June 30, 2023 is \$5,332.

On February 27, 2023, the Company issued 90,000 stock options to consultant of the Company. Each option is exercisable into one common shares at a price of \$0.54 per share and expires February 27, 2028. The value of the stock options was estimated to be \$115,619 using the Black-Scholes option pricing model using the following inputs: stock price of \$1.40, exercise price of \$0.54, term of 4.69 years, cumulative volatility of 131.26%, risk-free rate of 3.52% and dividend yield of 0%. The related expenses for the year ended June 30, 2023 is \$49,078.

On February 27, 2023, the Company issued 60,000 stock options to officer of the Company. Each option is exercisable into one common shares at a price of \$0.54 per share and expires February 27, 2028. The value of the stock options was estimated to be \$26,809 using the Black-Scholes option pricing model using the following inputs: stock price of \$0.53, exercise price of \$0.54, term of 5 years, cumulative volatility of 122.68%, risk-free rate of 3.57% and dividend yield of 0%. The related expenses for the year ended June 30, 2023 is \$13,792.

During the year ended June 30, 2023, the Company expensed \$462,792 (2022 - \$Nil) relating to stock options granted and vested.

d) Warrants

A summary of the changes in the Company's warrants for the years ended June 30, 2023 and 2022 is presented below.

	Agent Warrants		Financing Warrants	
	Number of Warrants	Weighted Average Exercise Price (\$)	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, June 30, 2021	111,859	2.40	2,290,833	3.30
Exercised	(17,788)	(2.40)	-	-
Expired	(94,071)	(2.40)	(2,290,833)	(3.30)
Balance, June 30, 2022 and June 30, 2023	-	0.00	-	0.00

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

e) Reserves

As at June 30, 2023 and 2022, reserves consisted of the following:

	June 30, 2023		June 30, 2022	
Loan forgiveness	\$	2,449,536	\$	2,449,536
Stock options		460,647		704,424
Total reserves	\$	2,910,183	\$	3,153,960

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of mineral properties. The Company considers the items in shareholders' equity as capital, which amounted to \$35,409,112 at June 30, 2023 (June 30, 2022 - \$35,221,648). There has been no change to what the Company considers capital from the prior year. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and adjusts 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 issue common shares, dispose of assets or adjust the amount of cash. There has been no change to how capital is managed from the prior year.

8. FINANCIAL INSTRUMENTS**Fair value**

As at June 30, 2023, the Company's financial instruments consist of cash, reclamation bonds, accounts payable and accrued liabilities.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value.

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The accrued receivable, reclamation bonds, accounts payable and accrued liabilities all have carrying amounts that approximate their fair values, due to either the short-term nature of these instruments or the attached market rate of interest. The Company's cash is carried at fair value in accordance with Level 1 of the fair value hierarchy.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk, the Company places its cash with high credit quality financial institutions. There has been no material change to the Company's exposure to or management of credit risk during the year ended June 30, 2023.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS (continued)**Liquidity risk**

Liquidity risk is the risk that the Company encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset (see Note 1). The Company manages liquidity risk through the management of its capital structure, as outlined in Note 7. The Company is working to seek financing to meet its cash needs.

The Company monitors its ability to meet its short-term exploration and administrative expenditure requirements by raising additional funds through share issuance when required. The Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at June 30, 2023, the Company had cash of \$579,878 (June 30, 2022 - \$371,443), to meet its current liabilities of \$121,987 (June 30, 2022 - \$99,144). There has been no material change to the Company's exposure to or management of liquidity risk during the year ended June 30, 2023.

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: foreign exchange risk, interest rate risk and other price risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency fluctuations. From time to time, the Company has US dollar balances in cash, accrued receivable, reclamation bonds, accounts payable and accrued liabilities, and is therefore exposed to gains or losses on foreign exchange. A significant change in the foreign exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's profit or loss, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations at June 30, 2023.

At June 30, 2023, the Company, through its wholly owned subsidiaries, had a foreign currency cash balance of US\$392,560 (June 30, 2022 - US\$284,318), reclamation bonds of US\$45,556 (June 30, 2022 - US\$45,556) and accounts payable and accrued liabilities of US\$54,772 (June 30, 2022 - US\$47,150). The Company is committed to certain property payments and exploration and evaluation expenditures that are denominated in US dollars. A 10% change in the Canadian dollar versus the US dollar would give rise to a gain/loss of approximately US\$38,000 (June 30, 2022 - US\$28,000) based on the Company's current net exposure. In practice, the actual results may differ from this sensitivity analysis, and the difference may be material. Management considers foreign exchange to be a significant risk, and did not see a material change in the Company's exposure to or management of this risk during the year ended June 30, 2023.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest earned on cash balances approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. At June 30, 2023, the Company did not hold any liabilities that are subject to interest rates. The Company's exposure to and management of interest rate risk has not changed during the year ended June 30, 2023.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

*(Expressed in Canadian Dollars)***8. FINANCIAL INSTRUMENTS (continued)****Other price risk**

Other price risk is defined as 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 exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company's ability to raise capital to fund exploration and evaluation activities is subject to risks associated with fluctuations in the market price of lithium. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. There has been no material change to the Company's exposure to or management of other price risk during the year ended June 30, 2023.

9. SEGMENT INFORMATION

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company's primary exploration and evaluation assets are located in the US, and its corporate assets, comprising mainly cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues from the sale of minerals or related operating results. The Company received advance royalty income of US\$400,000 per year in the US starting January 1, 2021.

The Corporation's total assets are segmented geographically as follows:

	Canada		US		Total
As at June 30, 2023					
Current assets	\$	77,852	\$	545,979	\$ 623,831
Reclamation bonds		-		60,316	60,316
Exploration and evaluation assets		750,000		34,157,268	34,907,268
	\$	827,852	\$	34,763,563	\$ 35,591,415
As at June 30, 2022					
Current assets	\$	60,681	\$	369,239	\$ 429,920
Reclamation bonds		-		58,703	58,703
Exploration and evaluation assets		750,000		34,140,872	34,890,872
	\$	810,681	\$	34,568,814	\$ 35,379,495

10. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash Financing and Investing Activities	June 30, 2023		June 30, 2022	
Fair value of options exercised	\$	45,646	\$	18,955

There were no cash flows for interest and income taxes during the year ended June 30, 2023 and 2022.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

*(Expressed in Canadian Dollars)***11. INCOME TAX**

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2023	2022
Combined statutory tax rate	27.00%	27.00%
Income tax expense (recovery) at combined statutory rate	\$ (93,400)	\$ 21,100
Foreign tax and foreign exchange rates and other	184,000	128,800
Non-deductible expenses	124,600	-
Adjustment to prior years provision versus statutory tax	2,540,800	(1,918,300)
Change in unrecognized deferred tax assets (liabilities)	(2,756,000)	1,768,400
Income tax expense	\$ -	\$ -

Significant components of the Company's unrecognized deferred tax assets (liabilities) are shown below:

	2023	2022
Share issue costs	\$ -	\$ 8,400
Property and equipment	5,800	-
Canadian eligible capital	-	100
Exploration and evaluation assets	(2,134,300)	662,500
Decommissioning liabilities	16,300	15,800
Capital loss carryforwards	701,800	698,400
Non-capital loss carryforwards	6,719,100	6,679,500
Total deferred income tax assets	5,308,700	8,064,700
Unrecognized deferred tax assets	(5,308,700)	(8,064,700)
Net deferred tax assets	\$ -	\$ -

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2023	Expiry Date Range	2022	Expiry Date Range
Exploration and evaluation assets	\$ (7,904,800)	No expiry date	\$ 2,453,800	No expiry date
Canadian eligible capital	-	No expiry date	100	No expiry date
Share issue costs	-	2022-2023	31,000	2021-2023
Decommissioning liabilities	60,300	No expiry date	58,700	No expiry date
Allowable capital losses	2,489,900	No expiry date	2,480,100	No expiry date
Non-capital losses available for future periods	25,391,515	As below	24,454,300	As below

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

11. INCOME TAXES (continued)

Non-capital losses available for future periods in Canada expire as follows:

Expiry	Canada	US	Total
2043	\$ 328,700	\$ -	\$ 328,700
2042	542,100	-	542,100
2041	893,200	170,700	1,063,900
2040	4,444,000	328,400	4,772,400
2039	2,309,300	220,300	2,529,600
2038	3,256,300	-	3,256,300
2037	2,788,000	-	2,788,000
2036	2,489,300	-	2,489,300
2035	1,261,300	-	1,261,300
2034	579,900	-	579,900
2033	801,900	-	801,900
2032	1,369,200	-	1,369,200
2031	1,559,500	-	1,559,500
2030	701,100	-	701,100
2029	160,500	-	160,500
2028	142,600	-	142,600
2027	182,800	-	182,800
2026	143,000	-	143,000
	\$ 23,952,700	\$ 719,400	\$ 24,672,100

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. SUBSEQUENT EVENTS

Subsequent to June 30, 2023, the Company granted a total of 1,214,820 stock options to officers, directors and consultants exercisable at a price of \$0.83 per share for a period of five years.