CENTURY LITHIUM CORP.
(Formerly Cypress Development Corp.)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Independent auditor's report

To the Shareholders of Century Lithium Corp. (formerly Cypress Development Corp.)

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Century Lithium Corp. (formerly Cypress Development Corp.) and its subsidiary (together, the Company) as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2022;
- the consolidated statement of loss and comprehensive loss for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 December 31, 2022. 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.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of exploration and evaluation assets *Refer to note 3 – Significant accounting policies and note 11 – Exploration and evaluation assets to the consolidated financial statements.* The carrying value of exploration and evaluation assets amounted to $28.6 million as at December 31, 2022. At the end of each reporting period, management applies judgment in assessing whether there are any indicators of impairment relating to exploration and evaluation assets. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during 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) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying value of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at December 31, 2022.	Our approach to addressing the matter included the following procedures, among others: • Assessed the judgments made by management in determining whether there were impairment indicators, which included the following: – Obtained, for a sample of mining claims, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates. – Considered which claims will expire in the near future and, where management does not have plans to renew, assessed those plans by considering Board of Directors approved budgets. – Assessed the planned substantive expenditure on further exploration for and evaluation of mineral resources in the specific area by reading Board of Directors' minutes and obtaining Board of Directors approved budgets. – Assessed whether the exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources, leading the Company to discontinue activities, or whether sufficient data exists to indicate that the carrying value of exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale, based on evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to (i) the significance of the exploration and evaluation assets balance and (ii) the judgments made by management in its assessment of indicators of impairment related to exploration and evaluation assets, which have resulted in a high degree of subjectivity in performing audit procedures	

Comparative information

The financial statements of the Company for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on May 2, 2022.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise 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. 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 IFRS, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial

statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Dean Larocque.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 30, 2023

CENTURY LITHIUM CORP.
(Formerly Cypress Development Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT DECEMBER 31

	2022	2021
ASSETS		
Current		
Cash and cash equivalents (Note 4)	$26,550,120	$23,137,155
Short-term investments (Note 5)	700,000	-
Marketable securities (Note 6)	24,000	24,000
Receivables and prepaid expenses (Note 7)	447,227	355,501
	27,721,347	23,516,656
Reclamation bonds (Note 11)	41,774	41,774
Equipment (Note 8)	8,625	2,978
Intangible asset (Note 12)	1,192,000	1,192,000
Right-of-use asset (Note 10)	753,448	1,011,773
Exploration and evaluation assets (Note 11)	28,601,926	11,508,837
	$58,319,120	$37,274,018
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 15)	$534,187	$356,487
Lease liability, current (Note 10)	239,355	206,206
	773,542	562,693
Lease liability, long-term (Note 10)	571,900	811,257
	1,345,442	1,373,950
Equity		
Capital stock (Note 13)	88,837,293	67,400,524
Reserves (Note 14)	10,851,344	1,250,057
Deficit	(42,714,959)	(37,750,513)
	56,973,678	35,900,068
	$58,319,120	$37,274,018

Subsequent events (Note 20)

Approved and authorized by the Board on March 30, 2023

"Bryan Disher"	Director	*"Cassandra Joseph"*	Director
Bryan Disher		Cassandra Joseph	

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

CENTURY LITHIUM CORP.
(Formerly Cypress Development Corp.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
YEARS ENDED DECEMBER 31

	2022	2021
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative, office and miscellaneous	$588,255	$336,452
Consulting fees (Note 15)	301,056	463,840
Depreciation (Note 8)	2,048	526
Directors' fees	242,638	336,678
Finance costs (Note 10)	138,824	12,916
Legal	215,848	195,410
Recruitment	-	43,800
Salaries and wages (Note 15)	488,656	316,576
Share-based compensation (Note 14, 15)	3,057,107	1,170,146
Shareholder communications	790,595	395,816
Transfer agent and filing fees	106,467	93,742
Travel	127,787	14,526
	(6,059,281)	(3,380,428)
Foreign exchange gain	576,123	640,544
Interest income	518,712	19,663
Unrealized gain on marketable securities (Note 6)	-	6,000
Recovery on exploration and evaluation assets (Note 11)	-	25,849
Loss and comprehensive loss for the year	$(4,964,446)	$(2,688,372)
Basic and diluted loss per common share	$(0.03)	$(0.02)
Weighted average number of common shares outstanding – basic and diluted	144,551,198	119,884,305

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

CENTURY LITHIUM CORP.
(Formerly Cypress Development Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
YEARS ENDED DECEMBER 31

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$(4,964,446)	$(2,688,372)
Items not affecting cash:		
Depreciation	2,048	526
Finance costs	138,824	12,916
Share-based compensation	3,057,107	1,170,146
Recovery on exploration and evaluation asset	-	(25,849)
Unrealized gain on marketable securities	-	(6,000)
Foreign exchange gain	(576,123)	(640,544)
Changes in non-cash working capital items:		
(Increase) decrease in receivables and prepaid expenses	(224,096)	(182,775)
Increase in due from related parties	132,370	(113,996)
Increase in accounts payable and accrued liabilities	(202,704)	271,687
Net cash flows used in operating activities	(2,637,020)	(2,202,261)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(7,695)	(3,504)
Acquisition of subsidiary	-	(350,000)
Option payments received	-	25,849
Short-term investments	(700,000)	-
Expenditures on exploration and evaluation assets	(11,564,360)	(5,707,551)
Net cash flows used in investing activities	(12,272,055)	(6,035,206)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	19,541,553	30,164,898
Proceeds from issuance of warrants	22,720	-
Share issuance costs	(1,473,324)	(1,503,621)
Lease payments	(345,032)	(28,753)
Net cash flows provided by financing activities	17,745,917	28,632,524
Effect of foreign exchange on cash	576,123	640,544
Change in cash and cash equivalents during the year	3,412,965	21,035,601
Cash and cash equivalents, beginning of year	23,137,155	2,101,554
Cash and cash equivalents, end of year	$26,550,120	$23,137,155

Supplemental disclosures with respect to cash flows (Note 17)

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

CENTURY LITHIUM CORP.
(Formerly Cypress Development Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2022, AND DECEMBER 31, 2021

	Capital Stock					
	Number	**Amount**	**Reserves**	**Subscriptions received in advance**	**Deficit**	**Total**
Balance, as at December 31, 2020	98,772,470	$37,194,666	$ 4,588,544	$ 16,500	$ (35,062,141)	$6,737,569
Shares issued - private placement	15,640,000	18,768,000	782,000	-	-	19,550,000
Share issuance costs – cash	-	(1,503,621)	-	-	-	(1,503,621)
Share issuance costs - finders' warrants	-	(649,580)	649,580	-	-	-
Shares issued for options exercised	2,569,000	684,136	(320,516)	-	-	363,620
Shares issued for warrants exercised	14,283,115	10,887,475	(619,697)	(16,500)	-	10,251,278
Acquisition of DLE license and pilot plant equipment	1,000,000	970,000	-	-	-	970,000
Shares issued to acquire water rights	546,909	973,498	-	-	-	973,498
Shares issued to acquire exploration and evaluation assets	49,000	75,950	-	-	-	75,950
Share-based compensation	-	-	1,170,146	-	-	1,170,146
Loss for the year	-	-	-	-	(2,688,372)	(2,688 372)
Balance, as at December 31, 2021	132,860,494	67,400,524	6,250,057	-	(37,750,513)	35,900,068
Shares issued - private placement	9,058,000	16,645,840	1,470,160	-	-	18,116,000
Share issuance costs – cash	-	(1,473,324)	-	-	-	(1,473,324)
Share issuance costs - finders' warrants	-	(465,597)	465,597	-	-	-
Purchase of warrants - cash	-	22,720	-	-	-	22,720
Shares issued for options exercised	1,900,000	655,244	(312,044)	-	-	343,200
Shares issued for warrants exercised	639,642	1,161,886	(79,533)	-	-	1,082,353
Shares issued for Enertopia Project (Note 9)	3,000,000	4,890,000	-	-	-	4,890,000
Share-based compensation	-	-	3,057,107	-	-	3,057,107
Loss for the year	-	-	-	-	(4,964,446)	(4,964,446)
Balance, as at December 31, 2022	147,458,136	$88,837,293	$10,851,344	$ -	$ (42,714,959)	$56,973,678

1. NATURE AND CONTINUANCE OF OPERATIONS

Century Lithium Corp. (formerly Cypress Development Corp.) was incorporated pursuant to the Business Corporations Act (Saskatchewan) on August 23, 1991. It is a publicly traded company listed on the Toronto Stock Exchange ("TSX.V") under the symbol "LCE" (formerly "CYP") and on the OTCQB market in the United States under the symbol "CYDVF". The Company together with its subsidiaries (collectively referred to as the "Company") is principally engaged in the acquisition, exploration and evaluation and development of resource properties located in the United States.

The head office and records of the Company are located at Suite #1610 - 777 Dunsmuir Street, Vancouver, British Columbia, Canada. The registered office is located at Suite #1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada.

The Company has not yet determined whether its properties contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, and the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and bring them to future profitable production. The Company does not generate cash flows from operations to fund its activities and therefore relies principally on the issuance of securities for financing. The Company's future capital requirements will depend on many factors, including the Company's ability to execute its business plan.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Although the Company has incurred losses from inception, the Company has working capital of $26,947,805 as at December 31, 2022.

2. BASIS OF PREPARATION

Statement of Compliance with International Financial Reporting Standards

These consolidated financial statements (the "consolidated financial statements") have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value.

2. BASIS OF PREPARATION (cont'd…)

Critical 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 financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that 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, but are not limited to, the following:

i) *Carrying value of exploration and evaluation assets.* The initial carrying value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses whether there is a potential impairment of these assets, which involves assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

ii) *Remediation costs.* The Company does not anticipate any remediation after the Company's pilot plant operations, based in Amargosa Valley, Nevada ("Pilot Plant") is completed. As the Pilot Plant is comprised of many different components, the disassembly of it is relatively simple.

iii) Stock-based Compensation: The Company applies the fair value method to stock-based compensation for all awards including grants of options and direct awards of stock. The fair value is measured at grant date and each vesting tranche is recognized as a separate award. Compensation expense is recognized over the applicable vesting period with a corresponding increase in equity reserve. When the options are exercised, the exercise proceeds, together with the related equity reserve amounts are credited to share capital.

iv) Acquisition of Enertopia's Clayton Valley Lithium Claystone Project. The Company accounted for the acquisition of Enertopia's Clayton Valley Lithium Claystone Project (the "Enertopia Project") as an asset acquisition. Judgement was required to determine that the application of this accounting treatment was appropriate for the transaction. This included the determination that the Enertopia Project was not considered a business under IFRS 3, Business Combinations as it did not have significant inputs, processes, and outputs, that together constitute a business.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly controlled subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

These consolidated financial statements are presented in Canadian dollars which are the parent and subsidiaries' functional currency. The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the average exchange rates for the period.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Company acquired 2845028 Ontario Ltd. on July 5, 2021, a company which was incorporated on June 3, 2021. Details of the Company's subsidiaries are as follows:

Name of Subsidiary	Place of Incorporation	Percentage Ownership December 31, 2022	Percentage ownership December 31, 2021	Principal Activity	Functional Currency
Cypress Holdings (Nevada), Ltd.	Nevada, USA	100%	100%	US Exploration	CAD
2845028 Ontario Ltd.	Ontario, Canada	100%	100%	Holding company	CAD

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the statement of financial position date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits, and short-term liquid investments with the original term to maturity of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets

Costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the determination of technical feasibility and commercial viability. Once a decision is made that a mining project is technically feasible and commercially viable, exploration and evaluation assets related to that project are reclassified to mineral property development costs within property, plant and equipment. An impairment test is performed at the time of the reclassification.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for mineral properties 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.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization and impairment losses at the following amortization rates:

Computer hardware	30%	declining balance

Equipment that is withdrawn from use or has no reasonable prospect of being recovered through use or sale, are regularly identified, and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to items of property and equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Intangible assets

Intangible assets with finite lives are measured at cost less accumulated amortization and impairment losses. These intangible assets are amortized on a straight-line basis over their estimated useful lives. Useful lives, residual values, and amortization methods for intangible assets with finite useful lives are reviewed at least annually.

The Company amortizes its finite life intangible assets over their estimated useful lives which are considered to be the lesser of the term of the underlying license and the mine life, which is estimated to be 40 years. Amortization expense during the exploration and evaluation stage is recorded to exploration and evaluation assets.

Capital stock

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Proceeds from the issuance of equity units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment

At the end of each reporting period, management applies judgment in assessing whether there are any indicators of impairment relating to exploration and evaluation assets. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during 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) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying value of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

No impairment indicators were identified by management as at December 31, 2022 and 2021.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties and equipment, 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 mining assets along with a corresponding increase in the rehabilitation provision 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 mining assets.

The Company's estimates of reclamation 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 mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually 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 reclamation costs, are charged to profit and loss for the year.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to Directors, Officers, employees and consultants.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in reserves is recorded when stock options are expensed. When stock options are exercised, capital stock is credited for the consideration paid plus the related portion of share-based compensation previously recorded in reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based compensation (cont'd…)

Share-based payments issued to non-employees are measured at the fair value of the goods or services received, except in situations where the fair value of some or all of the goods or services received cannot be specifically identified, in which case they are measured at the fair value of the share-based payment.

Income taxes

Income tax on the profit or loss for the years 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, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position 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 following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither 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 consolidated statement of financial position date.

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.

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.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted loss per share is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company for the years presented, except if their inclusion is anti-dilutive.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

The Company's accounting policy for each of the categories is as follows:

*Financial assets at FVTPL***:** Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss for the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss) in which they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

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

Financial instruments	Classification
Cash and cash equivalents	FVTPL
Short-term investments	FVTPL
Receivables	Amortized cost
Due from related parties	Amortized cost
Marketable securities	FVTPL
Accounts payable and accrued liabilities	Amortized cost

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value (Note 18):

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. These amounts are capitalized to exploration and evaluation assets.

(Expressed in Canadian Dollars)

4. CASH AND CASH EQUIVALENTS

	2022	2021
Cash	$15,550,120	$22,437,155
Guaranteed Investment Certificates ("GIC")	11,000,000	700,000
Total	$26,550,120	$ 23,137,155

5. SHORT-TERM INVESTMENTS

The Company invests some of its financial resources in interest bearing securities, mainly GICs, with varying maturity dates.

As of December 31, 2022, the Company is holding one GIC with a maturity of November 15, 2023.

	2022	2021
GIC	$700,000	$ -

6. MARKETABLE SECURITIES

The Company holds 600,000 (2021 - 600,000) common shares of Pasinex Resources Limited, a Public company, (Note 9 – *Gunman Project, Nevada, USA*) that have been designated as fair value through profit or loss:

	2022	2021
Opening balance	$24,000	$18,000
Unrealized gain	-	6,000
Total	$24,000	$24,000

During the year ended December 31, 2022, the Company recorded an unrealized gain on marketable securities of $Nil (2021 - $6,000).

(Expressed in Canadian Dollars)

7. RECEIVABLES AND PREPAID EXPENSES

Receivables and prepaids are comprised of:

	2022	2021
GST receivable	$72,450	$24,165
Due from related parties	128	132,370
Prepayments	374,649	198,966
Total	$447,227	$355,501

8. EQUIPMENT

	Computer hardware
Cost	
Balance, December 31, 2020	$ -
Additions	3,504
Balance, December 31, 2021	3,504
Additions	7,695
Balance, December 31, 2022	$ 11,199
Accumulated amortization	
Balance, December 31, 2020	$ -
Additions	526
Balance, December 31, 2021	526
Additions	2,048
Balance, December 31, 2022	$ 2,574
Carrying amounts	
As at December 31, 2021	$ 2,978
As at December 31, 2022	$ 8,625

(Expressed in Canadian Dollars)

9. ASSET ACQUISITION

Acquisition of Enertopia Project, Esmeralda County, Nevada, USA

On May 4, 2022, the Company completed the acquisition of the Enertopia Project located immediately adjacent to the Company's Clayton Valley, Nevada project. The Enertopia Project owns certain mining claims, which include the right to mine for minerals, access, and any related data, including unpatented mining claims.

The underlying royalty holders retain a 1% net smelter royalty ("NSR").

Under the terms of the agreement, the Company issued 3,000,000 common shares ("Consideration Shares") valued at $4,890,000 and paid US$1,100,000 ($1,418,147) in cash. In connection with the transaction, the Company also paid a finder's fee of US$105,000 ($135,368).

The Company has determined that this transaction represents an asset acquisition.

The following table summarizes the fair value of the consideration paid and the fair values of the assets acquired, and liabilities assumed:

Consideration paid	
3,000,000 Century Lithium Corp. shares issued	$4,890,000
US$1,100,000 cash payment	1,418,147
US$105,000 cash finder's fee	135,368
Total consideration	$6,443,515
Allocation of consideration	
Exploration and evaluation assets	$6,443,515

(Expressed in Canadian Dollars)

10. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company's right-of-use asset is a refining facility lease located in the Amargosa Valley of Nye County, Nevada.

On December 16, 2021, the Company entered into a lease agreement (the "Agreement") replacing the initial lease agreement entered into on February 7, 2021. The initial term of the Agreement is for forty-eight (48) months, running from December 1, 2021 to November 30, 2025, at a cost of US$22,500 per month. The Agreement may be terminated with ninety (90) days notice and extended upon written agreement by all parties. The site is to be used solely for the operation of the lithium extraction pilot plant facility unless written consent is received.

Lease liability

A reconciliation of the carrying amount of the lease liability recognized on inception of the lease as follows:

Liability at inception of lease on December 16, 2021	$ 1,033,300
Lease payments	(28,753)
Lease interest (finance costs)	12,916
Balance December 31, 2021	1,017,463
Lease payments	(345,032)
Lease interest (finance costs)	138,824
Balance December 31, 2022	$811,255

During the year ended December 31, 2022, the Company incurred $91,787 (December 31, 2021 - $188,717) in short term and low value leases that were not reflected as right-of-use assets and lease liabilities. This amount was capitalized to exploration and evaluation assets (see note 11).

As at December 31, 2022, the total undiscounted amount of the estimated future cash flows to settle the Company's lease liabilities over the remaining lease terms is as follows:

2023	$ 345,030
2024	345,030
2025	316,278
Total	$1,006,338

Right-of-use asset

December 31, 2020	$ -
Additions	1,033,300
Accumulated depreciation	(21,527)
Balance December 31, 2021	1,011,773
Accumulated depreciation	(258,325)
Balance December 31, 2022	$ 753,448
Carrying amounts	
December 31, 2021	$ 1,011,773
December 31, 2022	$ 753,448

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION ASSETS

2022	Clayton Valley Project	Clayton Valley Pilot Plant	Goat Claims	Nevada, USA Total
Acquisition costs:				
Balance as at December 31, 2021	$ 596,050	$ -	$ 75,950	$ 672,000
Additions (note 9)	6,443,515	-	-	6,443,515
	7,039,565	-	75,950	7,115,515
Exploration and evaluation costs:				
Incurred during the year:				
Administrative expenses	277,747	-	-	277,747
Assaying/sampling	417,295	-	-	417,295
Consulting	1,151,721	-	-	1,151,721
Depreciation	-	258,325	-	258,325
Feasibility	3,524,858	-	-	3,524,858
Other/supplies	142,238	-	-	142,238
Pilot plant	1,664,781	2,982,912	-	4,647,693
Transportation/fuel	18,581	-	-	18,581
Travel	168,519	-	-	168,519
Wages	30,689	-	-	30,689
Water rights	11,908	-	-	11,908
	7,408,337	3,241,237	-	10,649,574
Balance, beginning of year	9,523,300	1,313,537	-	10,836,837
Balance, end of year	16,931,637	4,554,774	-	21,486,411
Total costs	$23,971,202	$4,554,774	$ 75,950	$28,601,926

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION ASSETS

2021	Clayton Valley Project	Clayton Valley Pilot Plant	Clayton Goat Claims	Gunman Project White Pine Claims	Nevada USA Total
Acquisition costs:					
Balance as at December 31, 2020	$ 438,092	$ -	$ -	$ -	$ 438,092
Additions	157,958	-	75,950	-	233,908
Option payments received	-	-	-	(25,849)	(25,849)
Recovery of costs	-	-	-	25,849	25,849
	596,050	-	75,950	-	672,000
Exploration and evaluation costs:					
Incurred during the year:					
Accommodation/food	19,096	-	-	-	19,096
Assaying/sampling	23,280	-	-	-	23,280
Consulting	975,690	-	-	-	975,690
Demobilization/mobilization	19,850	-	-	-	19,850
Dues/fees/permits	209,140	-	-	-	209,140
Environmental and other surveys	4,493	-	-	-	4,493
Equipment rentals/storage	13,595	-	-	-	13,595
Fuel/mileage	24,293	-	-	-	24,293
Office/miscellaneous/rent	36,569	-	-	-	36,569
Project management	11,022	-	-	-	11,022
Reports/maps	7,602	-	-	-	7,602
Staking/line-cutting	1,888	-	-	-	1,888
Supplies/maintenance	116,807	-	-	-	116,807
Transportation	50,870	-	-	-	50,870
Travel/airfare	131,972	-	-	-	131,972
Utilities	5,575	-	-	-	5,575
Water rights	3,664,943	-	-	-	3,664,943
Equipment	-	612,049	-	-	612,049
Repairs and maintenance	-	140,295	-	-	140,295
Equipment rentals	-	55,063	-	-	55,063
Lease	-	188,717	-	-	188,717
Other	-	156,521	-	-	156,521
Test work and analysis	-	139,365	-	-	139,365
Depreciation (Note 8)	-	21,527	-	-	21,527
	5,316,685	1,313,537	-	-	6,630,222
Balance, beginning of year	4,206,615	-	-	-	4,206,615
Balance, end of year	9,523,300	1,313,537	-	-	10,836,837
Total costs	$10,119,350	$1,313,537	$75,950	$ -	$11,508,837

11. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Title to mineral properties

Title to mineral properties 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 mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge; title to all of its properties is in good standing.

Claims

Glory Lithium Project, Clayton Valley, Nevada, USA

In 2016, the Company entered into an option agreement to acquire a 100% interest in the Glory Lithium Project in Clayton Valley, Nevada. To earn a 100% interest, the Company made US$162,500 in cash payments ($212,357) and issued 1,100,000 shares of the Company (issued at a fair value of $175,000). The optionor retains a 3% net smelter royalty ("NSR") with the Company having the right to purchase 2% NSR for US$1,000,000.

Gunman Project, White Pine Claims, Nevada, USA

The Company has a 100% interest in certain claims located in White Pine County, Nevada, known as the Gunman Project. The project is subject to a 2% NSR.

On December 5, 2017, the Company entered into an option agreement (the "Option Agreement") with Pasinex Resources Limited ("Pasinex"), whereby a previous optionee transferred its option to earn up to an 80% interest in the project to Pasinex.

In order to acquire an initial 51% interest in the project (the "First Option"), Pasinex issued 600,000 of its common shares to the Company, made cash payments of US$100,000 and had to incur exploration expenditures totaling US$1,850,000 over the three-year term of the Option Agreement. The Company also granted Pasinex a second option (the "Second Option") to acquire an additional 29% interest by issuing 200,000 common shares, making a cash payment of US$250,000 and incurring US$1,100,000 in exploration expenditures within one year of satisfying and exercising the First Option.

On September 11, 2019, and again on November 27, 2020, the Company and Pasinex amended the Option Agreement, whereby the First Option was extended to December 31, 2022, and the Second Option was extended to December 31, 2024. As a condition for extending the Option Agreement, Pasinex paid the Company US$15,000 ($19,498) and was required to incur exploration expenditures of US$200,000 by December 31, 2021. On December 13, 2021, a third amending agreement extended the due date of the US$200,000 in exploration expenditures from December 31, 2021 to June 30, 2022. As consideration for extension the Company received US$20,000 ($25,849) and recognized a recovery on exploration and evaluation assets in the statement of profit or loss during fiscal 2021.

Pasinex completed the required US$200,000 in exploration expenditures by June 30, 2022.

On December 29, 2022, a fourth amending agreement extended the deadline for completion of the First Option Conditions of Exercise from December 31, 2022 to March 31, 2023.

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Claims (cont'd…)

Gunman Project, White Pine Claims, Nevada, USA (cont'd…)

Pasinex now has the following cash payments and share issuances to make to the Company to earn the First and Second Options:

Due Date	Cash Payments	Share Issuances	Expenditure Commitments
To acquire 51%:			
By March 31, 2023	-	-	US$1,400,000
To acquire an additional 29%:			
By December 31, 2024	US$250,000	200,000	US$1,100,000
Receipt of a feasibility report within 90 days of exercise of the First Option			
Total	US$250,000	200,000	US$2,500,000

Dean, Clayton Valley, Nevada, USA

The Company acquired a 100% interest in claims located in southern Clayton Valley, Nevada, USA for US$140,000 in cash payments and the issuance of 1,050,000 shares of the Company. The optionor retains a 3% NSR. The Company has the right to purchase 2% of the NSR for US$1,000,000.

Goat Claims, Nevada, USA

The Company acquired mining claims in Clayton Valley, Nevada by issued 49,000 common shares with a fair value of $75,950. The claims have no retained or underlying royalties.

Water Rights, Nevada, USA

On September 7, 2021, the Company entered into a Water Rights Purchase and Sale Agreement (the "Water Rights Agreement") with Intor Resources Corporation ("Intor"), a wholly-owned subsidiary of Nevada Sunrise Gold Corporation, for the purchase of Intor's Water Rights Permit in Clayton Valley, Nevada (the "Permit"). The Permit allows for the use of water for mining, milling and domestic use.

Consideration paid for the Permit was US$2,150,000 ($2,691,445) and the issuance of 546,909 common shares with a fair value of $973,498.

On December 20, 2021, subsequent to the closing of the purchase of the Permit, the Company learned that a petition was filed by a junior exploration company in the Nevada District Court for review of the Nevada State Engineer's approval of Intor's application of the Permit.

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION ASSETS (cont'd…)

The petition was dismissed with prejudice by the Fifth Judicial Court of Esmeralda County, Nevada. With this court order, the State Engineer's approval is final and binding, and the extension of the Permit is valid until its annual renewal date of August 28, 2022.

On August 4, 2022, the Company submitted an Application of Time to Prevent Forfeiture of the Permit in relation to the Permit and is awaiting the outcome of the application.

Reclamation Bonds, Nevada, USA

As at December 31, 2022, the Company held reclamation bonds with respect to the Nevada, USA properties of $41,774 (December 31, 2021 - $41,774).

12. INTANGIBLE ASSET

The Company entered into a Share Purchase and License Agreement on July 5, 2021 (the "SPL Agreement") for the acquisition of the equipment for its pilot plant and a license to use the Lionex direct lithium extraction ("DLE") process to recover lithium from brines at the Company's Clayton Valley Project. Under the terms of the SPL Agreement, the Company acquired 100% ownership of a private company, 2845028 Ontario Inc., which owns the pilot plant equipment ("Pilot Plant Equipment") and the DLE license, for $350,000 and 1,000,000 of the Company's common shares ("Consideration Shares"). The Company paid $350,000 to the vendors on receipt of the Pilot Plant Equipment and the Consideration Shares, following regulatory approval, were transferred into escrow.

The purchase price grants the Company full ownership of 2845028 Ontario Inc. with no further payment or royalty obligations for the use of the DLE process. The Company had twelve months following installation of the Pilot Plant Equipment to carry out performance tests to confirm the successful operation of the pilot plant and determine, in its absolute discretion, whether to release the Consideration Shares from escrow. The shares were released from escrow in 2022.

The acquisition was treated as an asset acquisition as 2845028 Ontario Inc. did not meet the definition of a business under the parameters of IFRS 3 "Business Combinations".

Net assets of 2845028 Ontario Inc. acquired:	**July 5, 2021**
Intangible asset (DLE License)	$ 1,192,000
Exploration and evaluation assets (Pilot Plant Equipment)	128,000
Net Assets Acquired	**$ 1,320,000**
Consideration paid on asset acquisition:	
Cash consideration	$ 350,000
Consideration Shares (1,000,000 common shares at $0.97 per share)	970,000
Total Consideration Paid	**$ 1,320,000**

13. CAPITAL STOCK

Authorized

An unlimited number of common shares without par value.

Issuances during the year ended December 31, 2022:

During the current year, the Company entered into the following bought deal offering:

i) On February 4, 2022, the Company closed a bought deal offering, pursuant to a short form prospectus, consisting of 9,058,000 units of the Company at a price of $2.00 per unit for gross proceeds of $18,116,000. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant being exercisable into an additional common share at an exercise price of $2.65 for a period of two years, expiring on February 4, 2024. The Company bifurcated the value between the components of the units sold using a residual value approach. The result was an allocation of $16,645,840 to capital stock, with the residual value of $1,470,160 being allocated to reserves for the warrant component of the units.

In connection with the financing, the Company paid a 6% commission in the amount of $1,088,323 and incurred additional issuance costs of $381,834. Further, the Company issued a total of 543,480 finders' warrants, with each finders' warrant being exercisable into one common share for a period of two years at a price of $2.00, expiring on February 4, 2024.

The finders' warrants were valued at $465,597 using the Black-Scholes option pricing model with the following assumptions: estimated life of 2 years, volatility of 91.03%, dividend rate of 0% and risk-free interest rate of 1.36%. Using these assumptions, the fair value of each finders' warrant was $0.86.

ii) The Company issued a total of 1,900,000 common shares on the exercise of stock options for proceeds of $343,200. The Company transferred the original $312,044 fair value allocation of these options from reserves to capital stock.

iii) The Company issued a total of 639,642 common shares on the exercise of share purchase warrants for gross proceeds of $1,082,353. The Company transferred the original $79,533 value of these warrants from reserves to capital stock.

iv) The Company issued 3,000,000 common shares for acquisition of the Enertopia Project (Note 9).

Issuances during the year ended December 31, 2021:

i) On March 22, 2021, the Company closed a bought deal offering, pursuant to a short form prospectus, consisting of 15,640,000 units of the Company at a price of $1.25 per unit for gross proceeds of $19,550,000. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant being exercisable into an additional common share at an exercise price of $1.75 for a period of three years, expiring on March 22, 2024. The Company bifurcated the value between the components of the units sold using a residual value approach. The result was an allocation of $18,768,000 to capital stock, with the residual value of $782,000 being allocated to reserves for the warrant component of the units.

(Expressed in Canadian Dollars)

13. CAPITAL STOCK (cont'd…)

In connection with the financing, the Company paid a 6% commission of $1,173,000 and incurred additional issuance costs of $330,621. Further, the Company issued a total of 938,400 finders' warrants, with each finders' warrant being exercisable into one common share for a period of three years at a price of $1.25, expiring on March 22, 2024. The finders' warrants were valued at $649,580 using the Black-Scholes option pricing model with the following assumptions: estimated life of 3 years, volatility of 88.55%, dividend rate of 0% and risk-free interest rate of 0.48%. Using these assumptions, the fair value of each finders' warrant was $0.69.

ii) The Company issued a total of 2,569,000 common shares on the exercise of stock options for proceeds of $363,620. The Company transferred the original $320,516 fair value allocation of these options from reserves to capital stock.

iii) The Company issued a total of 14,283,115 common shares on the exercise of share purchase warrants for gross proceeds of $10,267,778 ($16,500 of which had been received as at December 31, 2020). The Company transferred the original $619,697 fair value of these warrants from reserves to capital stock.

iv) The Company issued into escrow 1,000,000 common shares with a fair value of $970,000 in connection with the acquisition of the DLE License and Pilot Plant Equipment. (Note 6, 8).

v) The Company issued 546,909 common shares with a fair value of $973,498 as part of the consideration under the Water Rights Agreement (Note 9).

vi) The Company issued 49,000 common shares with a fair value of $75,950 in connection with the acquisition of the Goat Claims (Note 9).

14. RESERVES

The Company has a stock option plan in place under which it is authorized to grant options, restricted share units and deferred share units to Directors, Officers, employees and consultants, to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option is set by the directors but cannot be less than the closing price on the grant date. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding and Exercisable, December 31, 2020	9,746,968	$0.267	6,779,000	$0.178
Issued/granted	16,578,400	1.722	2,845,000	1.954
Exercised	(14,283,115)	0.719	(2,569,000)	0.142
Expired	(5,000)	0.330	-	
Outstanding at December 31, 2021	12,037,253	1.734	7,055,000	0.908
Issued/granted	9,743,480	2.614	1,595,000	1.427
Exercised	(639,642)	1.692	(1,900,000)	0.181
Outstanding at December 31, 2022	21,141,091	$2.141	6,750,000	$1.235
Outstanding and Exercisable at December 31, 2022	21,141,091	$2.141	5,653,334	$1.092

(Expressed in Canadian Dollars)

The following incentive stock options and share purchase warrants were outstanding at December 31, 2022:

	Number of Shares	Exercise Price	Expiry Date
Stock options:	1,230,000	$ 0.220	November 2, 2023
	50,000	$ 0.220	November 28, 2023
	830,000	$ 0.180	August 13, 2024
	200,000	$ 0.345	August 4, 2025
	750,000	$ 1.250	May 3, 2024
	150,000	$ 1.510	October 1, 2026
	1,945,000	$ 2.260	November 22, 2026
	750,000	$ 1.840	April 4, 2027
	845,000	$ 1.060	November 17, 2027
Warrants:	9,200,000	$ 2.650	February 4, 2024
	543,480	$ 2.000	February 4, 2024
	11,088,500	$ 1.750	March 22, 2024
	309,111	$ 1.250	March 22, 2024

Share-based compensation

During the year ended December 31, 2022, the Company granted 1,595,000 (2021 – 2,845,000) options to consultants, officers, and directors. Total share-based compensation recognized in the statement of loss and comprehensive loss for options granted and vested was $3,057,107 (2021 - $1,170,146) and the weighted average fair value of each option granted was $1.92 (2021 - $0.41).

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during fiscal 2022 and 2021:

	2022	2021
Risk-free interest rate	2.51% – 3.33%	1.04%
Expected life	5 years	4.33 years
Annualized volatility	81.48% – 81.86%	85.02%
Estimated forfeiture rate	0%	0%
Dividend rate	0%	0%

(Expressed in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel consist of the Company's Directors and Officers. The aggregate amount paid or accrued to key management personnel, or companies under their control, was as follows:

	2022	2021
Consulting fees	$ -	$ 95,494
Directors' fees	272,392	336,678
Salaries and wages	195,867	226,800
General and administrative expenses	374,886	-
Capitalized to exploration and evaluation assets	1,228,128	139,907
Share-based compensation	1,968,383	753,973
Total	$ 4,039,656	$ 1,552,852

As at December 31, 2022, $54,693 (December 31, 2021 - $38,706) is included in accounts payable and accrued liabilities owing to Directors and/or companies under their control.

As at December 31, 2021, $132,370 was owing from key management in relation to income taxes owing on stock options exercised during the year. Subsequent to December 31, 2021, the amounts were received in full.

Administrative agreement

The Company operates from the premises of a private company owned by a Director of the Company. Prior to November 2021 this company had provided office and administrative services to the Company under a short-term contract on a cost-plus basis. In November 2021 the Board of Directors approved a revised contract with the company for the provision of these services for a fixed price of $27,500 per month, reviewable quarterly.

(Expressed in Canadian Dollars)

16. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	2022	2021
Loss before income taxes	$(4,964,446)	$(2,688,372)
Expected income tax recovery	$(1,340,000)	$ (726,000)
Non-deductible items	770,000	315,000
Change in statutory, foreign tax, and other	(388,000)	18,000
Share issue costs	(398,000)	(406,000)
Change in unrecognized deductible temporary differences	1,356,000	816,000
Adjust to prior years provision versus statutory return	-	(17,000)
Total income tax recovery	$ -	$ -

Significant components of deductible and taxable differences and unused tax losses that have not been included in the statement of financial position are as follows:

	2022	2021	Expiry Dates
Exploration and evaluation assets	$4,962,000	$4,549,000	No expiry date
Property and equipment	30,000	32,000	No expiry date
Share issue costs	2,087,000	1,227,000	2038 – 2045
Marketable securities	41,000	41,000	No expiry date
Non-capital losses	19,112,000	15,038,000	2020 – 2042
Total	$26,232,00	$20,887,000	

(Expressed in Canadian Dollars)

17. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2022	2021
Cash received during the year for interest	$448,187	$19,621
Cash paid during the year for interest	-	-
Cash paid during the year for income taxes	$ -	$ -

Significant non-cash transactions as at and for the year ended December 31, 2022, are as follows:

a) Exploration and evaluation asset expenditures of $430,326 remain in accounts payable and accrued liabilities.

b) Issued 543,480 finders’ warrants valued at $465,597 in connection with a unit offering (Note 13).

c) Issued 3,000,000 common shares valued at $4,890,000 for exploration and evaluation assets (Note 11)

Significant non-cash transactions as at and for the year ended December 31, 2021, are as follows:

a) Exploration and evaluation asset expenditures of $49,922 remain in accounts payable and accrued liabilities.

b) Issued 1,000,000 common shares valued at $970,000 in connection with the acquisition of the DLE license and Pilot Plant Equipment (Note 7).

c) Issued 49,000 common shares valued at $75,950 for exploration and evaluation assets (Note 9).

d) Issued 546,909 common shares valued at $973,498 in connection with the Water Rights Agreement (Note 9).

e) Issued 938,400 finders’ warrants valued at $649,580 in connection with a unit offering (Note 10).

f) Recognizing a lease liability of $1,033,300 and right of use asset of $1,033,300 (Note 8).

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted market prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based in valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Cash and cash equivalents and marketable securities are carried at fair value using a Level 1 fair value measurement. The carrying value of receivables, due from related party and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote because these instruments are due primarily from government agencies. Further, the majority of the Company's cash and cash equivalents are held with the Bank of Montreal, a Canadian bank.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at December 31, 2022, the Company had cash and cash equivalents of $26,550,120 (2021 - $23,137,155) to settle current liabilities of $773,542 (2021 - $562,693) and had working capital of $26,947,805 (2021 - $22,953,963). All of the Company's financial liabilities are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest rate risk

The Company has cash balances held with financial institutions. The Company's current policy is to invest excess cash in savings accounts or guaranteed investment certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company has $15,479,595 in interest-bearing savings accounts with banks as at December 31, 2022 (December 31, 2021 - $22,437,155) and $11,700,000 (December 31, 2021 - $700,000) in interest-bearing investment-grade guaranteed investment certificates with accrued interest of $70,525 (December 31, 2021 - $42). A 1% change in interest rates would have an effect of $267,724 (2021 - $224,372) on interest income.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in United States Dollars. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. In addition to cash in US currency of $11,455,547 (December 31, 2021 - $10,407,963) as of December 31, 2022, the Company has $454,490 (December 31, 2021 - $58,269) in liabilities to US payees. A 1% change in foreign exchange rates would have an effect of $110,011 (2021 - $103,497) on foreign currency gain/loss.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of lithium, gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

19. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' equity.

The properties in which the Company currently has an interest are in the exploration and evaluation stage. As such the Company has historically relied on the equity markets to fund its activities. The Company may continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management +during the year ended December 31, 2022.

20. SUBSEQUENT EVENTS

Name Change and New Trading Symbol

Effective January 27, 2023, Cypress Development Corp. changed its name to Century Lithium Corp. and commenced trading on the TSX-V under the symbol "LCE" on January 30, 2023. The CUSIP number is 156615106.

Exercise of Warrants

The Company issued 6,412 common shares pursuant to the exercise of warrants and received proceeds of $8,015.