

CENTURY LITHIUM CORP.
(Formerly Cypress Development Corp.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

CENTURY LITHIUM CORP.

(Formerly Cypress Development Corp.)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

AS AT MARCH 31, 2023

	March 31, 2023	December 31, 2022
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$22,830,432	\$26,550,120
Short-term investments (Note 4)	700,000	700,000
Marketable securities	24,000	24,000
Receivables and prepaid expenses (Note 5)	<u>458,756</u>	<u>447,227</u>
	24,013,188	27,721,347
Reclamation bonds (Note 7)	41,774	41,774
Property, plant, and equipment (Note 8)	5,002,482	8,625
Intangible asset	1,184,550	1,192,000
Right-of-use asset (Note 6)	688,866	753,448
Exploration and evaluation assets (Note 7)	<u>26,425,479</u>	<u>28,601,926</u>
	<u>\$57,356,338</u>	<u>\$58,319,120</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$182,921	\$534,187
Lease liability, current (Note 6)	<u>288,381</u>	<u>239,355</u>
	471,302	773,542
Lease liability, long-term (Note 6)	<u>466,337</u>	<u>571,900</u>
	<u>937,639</u>	<u>1,345,442</u>
Equity		
Capital stock (Note 9)	88,849,746	88,837,293
Reserves (Note 10)	11,046,188	10,851,344
Deficit	(43,477,235)	(42,714,959)
	<u>56,418,699</u>	<u>56,973,678</u>
	<u>\$57,356,338</u>	<u>\$58,319,120</u>

Subsequent event (Note 15)

Approved and authorized by the Board on May 10, 2023

"Bryan Disher"

Bryan Disher

Director

"Cassandra Joseph"

Cassandra Joseph

Director

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

CENTURY LITHIUM CORP.

(Formerly Cypress Development Corp.)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited - Expressed in Canadian Dollars)

THREE MONTHS ENDED MARCH 31

	2023	2022
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative, office and miscellaneous	\$131,487	\$179,568
Consulting fees	71,079	32,846
Directors' fees	67,985	69,027
Finance costs (Note 6)	29,721	37,551
Legal	98,402	32,537
Salaries and wages	121,804	107,343
Share-based compensation	199,282	677,754
Shareholder communications	303,225	105,315
Transfer agent and filing fees	36,860	46,701
Depreciation	655	-
Travel	17,705	3,071
	(1,078,205)	(1,291,713)
Foreign exchange gain (loss)	81,855	(75,724)
Interest income	234,074	23,495
Unrealized gain on marketable securities	-	6,000
Loss and comprehensive loss for the period	\$(762,276)	\$(1,377,942)
Basic and diluted earnings per common share	\$(0.01)	\$(0.01)
Weighted average number of common shares outstanding – basic and diluted	147,462,197	139,516,058

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

CENTURY LITHIUM CORP.
(Formerly Cypress Development Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)
PERIODS ENDED MARCH 31

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$(762,276)	\$(1,337,942)
Items not affecting cash:		
Depreciation	655	-
Finance costs	29,721	37,551
Share-based compensation	199,282	677,754
Unrealized gain on marketable securities	-	(6,000)
Foreign exchange (gain) loss	(81,855)	-
Changes in non-cash working capital items:		
Increase in receivables and prepaid expenses	(11,529)	(156,179)
Increase in deposit	-	(62,530)
Decrease in accounts payable and accrued liabilities	<u>(75,703)</u>	<u>(249,443)</u>
Net cash flows used in operating activities	<u>(701,705)</u>	<u>(1,096,789)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(257)	-
Expenditures on exploration and evaluation assets	<u>(3,021,339)</u>	<u>(1,501,458)</u>
Net cash flows used in investing activities	<u>(3,021,596)</u>	<u>(1,501,458)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	-	19,228,950
Proceeds from issuance of warrants	8,015	22,720
Share issuance costs	-	(1,470,156)
Lease payments	<u>(86,258)</u>	<u>(86,258)</u>
Net cash flows provided by financing activities	<u>(78,243)</u>	<u>17,695,256</u>
Effect of foreign exchange on cash	<u>81,855</u>	<u>-</u>
Change in cash and cash equivalents during the period	(3,719,688)	15,097,009
Cash and cash equivalents, beginning of period	<u>26,550,120</u>	<u>23,137,155</u>
Cash and cash equivalents, end of period	\$22,830,432	\$38,234,164

Supplemental disclosures with respect to cash flows (Note 12)

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

CENTURY LITHIUM CORP.
(Formerly Cypress Development Corp.)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)
PERIODS ENDED MARCH 31

	Capital Stock		Reserves	Deficit	Total
	Number	Amount			
Balance, as at December 31, 2022	147,458,136	\$88,837,293	\$ 10,851,344	\$ (42,714,959)	\$56,973,678
Shares issued for warrants exercised (note 9)	6,412	12,453	(4,438)	-	8,015
Share-based compensation	-	-	199,282	-	199,282
Loss for the period	-	-	-	(762,276)	(762,276)
Balance as at March 31, 2023	147,464,548	\$88,849,746	\$11,046,188	\$(43,477,235)	\$56,418,699
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	-	(1,470,156)	-	-	(1,470,156)
Share issuance costs - finders' warrants	-	(465,597)	465,597	-	-
Purchase of warrants - cash	-	22,720	-	-	22,720
Shares issued for options exercised	710,000	254,841	(119,441)	-	135,400
Shares issued for warrants exercised	558,600	1,005,480	(27,930)	-	977,550
Share-based compensation	-	-	677,754	-	677,754
Loss for the period	-	-	-	(1,337,942)	(1,337,942)
Balance as at March 31, 2022	143,187,094	\$83,393,652	\$8,716,197	\$(39,088,455)	\$53,021,394

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

CENTURY LITHIUM CORP.

(Formerly Cypress Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

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 \$23,541,885 as at March 31, 2023.

2. BASIS OF PREPARATION

Statement of Compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements (the “interim financial statements”), which are presented in Canadian dollars, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. They do not include all information required for a complete set of IFRS financial statements. However selected notes are included to explain events and transactions that are significant to an understanding of the changes and performance since the Company’s last annual financial statements as at and for the year ended December 31, 2022.

CENTURY LITHIUM CORP.

(Formerly Cypress Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

2. BASIS OF PREPARATION (cont'd...)

Basis of consolidation

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

These interim financial statements are presented in Canadian dollars which is also the parent company's 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.

The US subsidiary's functional currency is the Canadian dollar.

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.

Accounting policies

Except as set out below, the accounting policies, estimates and judgements, methods of computation and presentation followed in these interim financial statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2022. Accordingly, these interim financial statements should be read in conjunction with the Company's most recent annual financial statements.

Presentation of Financial Statements: On January 23, 2020, the IASB issued an amendment to IAS 1, "*Presentation of Financial Statements*" providing a more general approach to the classification of liabilities. The amendments clarify that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity, instruments, other assets, or services to the counterparty. The Company adopted these amendments retrospectively on January 1, 2023. The adoption of these amendments did not have an effect on the interim financial statements.

Critical Accounting Estimates and Judgments

The preparation of these interim 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.

Except as detailed above, the accounting policies and basis of presentation applied in the preparation of these interim financial statements are consistent with those applied and disclosed in the Company's audited annual consolidated financial statements for the year ended December 31, 2022.

CENTURY LITHIUM CORP.

(Formerly Cypress Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

2. BASIS OF PREPARATION (cont'd...)

Acquisition of Enertopia's Clayton Valley Lithium Claystone Project (Enertopia)

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.

Approval of financial statements

The Board of Directors approved these interim financial statements for issue on May 10, 2023.

CENTURY LITHIUM CORP.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

3. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022
Cash	\$4,319,232	\$15,550,120
Guaranteed Investment Certificates ("GIC")	18,511,200	11,000,000
Total	\$22,830,432	\$26,550,120

4. SHORT-TERM INVESTMENTS

The Company invests some of its financial resources in interest bearing securities, mainly GICs, with varying maturity dates generally less than 90 days from the date of investment.

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

	March 31, 2023	December 31, 2022
GIC	\$700,000	\$700,000

5. RECEIVABLES AND PREPAID EXPENSES

Receivables and prepaids are comprised of:

	March 31, 2023	December 31, 2022
GST receivable	\$24,108	\$72,450
Due from related parties	-	128
Prepayments	434,648	374,649
Total	\$458,756	\$447,227

CENTURY LITHIUM CORP.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

6. 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 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 is as follows:

Balance December 31, 2022	811,255
Lease payments	(86,258)
Lease interest (finance costs)	29,721
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Balance March 31, 2023	\$754,718

During the period ended March 31, 2023, the Company incurred \$10,665 (March 31, 2022 - \$31,233) 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.

	March 31, 2023	March 31, 2022
Current portion of lease liabilities	\$ 288,381	\$ 214,036
Non-current portion of lease liabilities	\$ 466,337	\$ 754,720

As at March 31, 2023 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	\$ 258,773
2024	345,030
2025	316,278
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Total	\$920,081

Right-of-use asset

Balance December 31, 2022	\$ 753,448
Accumulated depreciation	(64,582)
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Balance March 31, 2023	\$688,866

Carrying amounts

December 31, 2022	\$ 753,448
March 31, 2023	\$ 688,866

CENTURY LITHIUM CORP.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

7. EXPLORATION AND EVALUATION ASSETS

March 31, 2023	Clayton Valley Project	Clayton Valley Pilot Plant	Goat Claims	Total
Acquisition costs:				
Balance as at December 31, 2022	7,039,565	-	75,950	7,115,515
Additions	-	-	-	-
	<u>7,039,565</u>	<u>-</u>	<u>75,950</u>	<u>7,115,515</u>
Exploration and evaluation costs:				
Incurred during the period:				
Administrative expenses	114,743	-	-	114,743
Assaying/sampling	23,203	-	-	23,203
Consulting	155,448	-	-	155,448
Depreciation	-	64,582	-	64,582
Feasibility	951,838	-	-	951,838
Other/supplies	9,274	-	-	9,274
Pilot Plant	998,742	438,117	-	1,436,859
Transportation/fuel	7,604	-	-	7,604
Travel	30,565	-	-	30,565
Wages	86,910	-	-	86,910
	<u>2,378,327</u>	<u>502,699</u>	<u>-</u>	<u>2,881,026</u>
Balance, beginning of year	<u>16,931,637</u>	<u>4,554,774</u>	<u>-</u>	<u>21,486,411</u>
Balance, end of period	<u>19,309,964</u>	<u>5,057,473</u>	<u>-</u>	<u>24,367,437</u>
Total costs	26,349,529	5,057,473	75,950	31,482,952
Transfer to Property, plant, and equipment (Note 8)	-	(5,057,473)	-	(5,057,472)
Total costs, March 31, 2023	<u>\$26,349,529</u>	<u>\$-</u>	<u>\$75,950</u>	<u>\$26,425,479</u>

CENTURY LITHIUM CORP.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

7. EXPLORATION AND EVALUATION ASSETS

December 31, 2022 (12 months)	Clayton Valley Project	Clayton Valley Pilot Plant	Goat Claims	Total
Acquisition costs:				
Balance as at December 31, 2021	\$ 596,050	\$ -	\$ 75,950	\$ 672,000
Additions (note 9)	6,443,515	-	-	6,443,515
	<u>7,039,565</u>	<u>-</u>	<u>75,950</u>	<u>7,115,515</u>
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
	<u>7,408,337</u>	<u>3,241,237</u>	<u>-</u>	<u>10,649,574</u>
Balance, beginning of year	<u>9,523,300</u>	<u>1,313,537</u>	<u>-</u>	<u>10,836,837</u>
Balance, end of year	<u>16,931,637</u>	<u>4,554,774</u>	<u>-</u>	<u>21,486,411</u>
Total costs	<u>\$23,971,202</u>	<u>\$4,554,774</u>	<u>\$ 75,950</u>	<u>\$28,601,926</u>

CENTURY LITHIUM CORP.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

7. 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 its mineral properties and, to the best of its knowledge; title to all 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.

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. Pasinex completed the required US\$1,400,000 expenditure commitment during the quarter-ended March 31, 2023.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

7. 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:

<u>Due Date</u>	<u>Cash Payments</u>	<u>Share Issuances</u>	<u>Expenditure Commitments</u>
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.

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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

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. During the quarter, the state engineer had not yet ruled on the application, and the Company will submit an extension for 2023 and 2024 on August 1, 2023.

Reclamation Bonds, Nevada, USA

As at March 31, 2023, the Company held reclamation bonds with respect to the Nevada, USA properties of \$41,774 (December 31, 2022 - \$41,774).

8. PROPERTY, PLANT AND EQUIPMENT

	Pilot Plant	Equipment	Total
Cost			
Balance, December 31, 2022	-	11,199	11,199
Additions		257	257
Transfer from exploration and evaluation asset (Note 7)	5,057,473	-	5,057,473
Balance, March 31, 2023	\$5,057,473	11,456	\$5,068,929
Accumulated depreciation			
Balance, December 31, 2022	-	2,574	2,574
Additions	63,218	655	63,873
Balance, March 31, 2023	\$63,218	\$3,229	\$66,447
Net book value			
Balance, December 31, 2022	-	8,625	8,625
Balance, March 31, 2023	\$4,994,255	\$8,227	\$5,002,482

During the three months ended March 31, 2023, the Company determined the Pilot Plant was ready for its intended use. As such, the carrying value of the Pilot Plant was reclassified from exploration and evaluation asset to property, plant, and equipment.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

9. CAPITAL STOCK**Authorized**

An unlimited number of common shares without par value.

Issuances during the period ended March 31, 2023:

The Company issued a total of 6,412 common shares on the exercise of share purchase warrants for gross proceeds of \$8,015. The original \$4,438 residual value of these warrants was transferred from reserves to capital stock.

Issuances during the year ended December 31, 2022:

During the year-ended December 31, 2022, the Company entered 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 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.

CENTURY LITHIUM CORP.

(Formerly Cypress Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

10. 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 at December 31, 2022	21,141,091	\$2.141	6,600,000	\$1.235
Issued/granted	-	-	-	-
Exercised	(6,412)	\$1.25	-	-
Outstanding at March 31, 2023	21,134,679	\$2.141	6,600,000	\$1.235

The following incentive stock options and share purchase warrants were outstanding at March 31, 2023:

	Number of Shares	Exercise Price	Expiry Date
Stock options:	1,230,000	\$ 0.220	November 2, 2023
	50,000	\$ 0.220	November 28, 2023
	755,000	\$ 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
	1,870,000	\$ 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
	302,699	\$ 1.250	March 22, 2024

CENTURY LITHIUM CORP.

(Formerly Cypress Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

11. 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:

	March 31, 2023	March 31, 2022
Directors' fees	67,985	66,722
Salaries and wages	108,910	43,800
General and administrative expenses	91,271	123,188
Capitalized to exploration and evaluation assets	232,660	164,674
Share-based compensation	163,131	343,018
Total	\$ 663,957	\$ 741,402

As at March 31, 2023, \$Nil (December 31, 2022 - \$54,693) is included in accounts payable and accrued liabilities owing to Directors and/or companies under their control.

Administrative agreement

The Company operates from the premises of a private company owned by a Director of the Company. The company provides office and administrative services for a fixed price of \$27,500 per month, reviewable quarterly. During the quarter the Company terminated the contract, providing twelve-months working notice.

CENTURY LITHIUM CORP.

(Formerly Cypress Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	March 31, 2023	March 31, 2022
Cash received during the period for interest	\$198,994	\$23,256

Significant non-cash transactions as at and for the period ended March 31, 2023, are as follows:

- a) Exploration and evaluation asset expenditures of \$154,763 remain in accounts payable and accrued liabilities.

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

- a) Exploration and evaluation asset expenditures of \$22,050 remain in accounts payable and accrued liabilities.
- b) Issued 543,480 finders' warrants valued at \$465,597 in connection with a unit offering (Note 10).

13. 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.

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:

CENTURY LITHIUM CORP.

(Formerly Cypress Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)*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 March 31, 2023, the Company had cash and cash equivalents of \$22,830,432 (2022 - \$26,550,120) to settle current liabilities of \$471,302 (2022 - \$773,542) and had working capital of \$23,541,885 (2022 - \$26,947,805). 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 and short-term investments 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 \$4,319,232 in interest-bearing savings accounts with banks as at March 31, 2023 (December 31, 2022 - \$15,479,595) and \$18,511,200 (December 31, 2022 - \$11,700,000) in interest-bearing investment-grade guaranteed investment certificates with accrued interest of \$35,080 (December 31, 2022 - \$70,525). A 1% change in interest rates would have an effect of \$228,304 (2022 - \$267,724) 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 \$8,139,042 (December 31, 2022 - \$11,455,547) as of March 31, 2023, the Company has \$154,763 (December 31, 2022 - \$454,490) in liabilities to US payees. A 1% change in foreign exchange rates would have an effect of \$82,938 (2022 - \$110,011) on foreign currency gain/loss.

CENTURY LITHIUM CORP.

(Formerly Cypress Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

13. 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.

(d) Dependence on management information systems and cyber security risks

The Company depends on its management information systems in all key aspects of its business. In addition, its management information systems form the basis of its financial reporting. If irreparable damage were to be caused to the Company's information systems and databases (including to its archives and back-up systems), information contained in its management information systems were lost or could not be accessed in a timely manner or at all or such management information systems were not implemented properly or effectively or were not upgraded as required from time to time, there could be a material adverse effect on the Company's business, financial condition, liquidity and operating results. Although the Company has instituted certain protective measures, unauthorized third parties may be able to penetrate the Company's network security and compromise, misappropriate, destroy or exfiltrate its confidential information or create system disruptions. This may include deployment of viruses, trojans, worms, ransomware and other malware or successful social engineering attempts against the Company's employees that would exploit any security vulnerabilities in the Company's management information systems. The costs to eliminate or alleviate cyber or other security vulnerabilities, could be significant, and management's efforts to address these problems may not be successful and could result in interruptions, loss of proprietary data, and negative impact on the Company's operations.

Breaches of the Company's security measures or the exfiltration, accidental loss, destruction, inadvertent disclosure, or unapproved dissemination of proprietary, sensitive, or confidential data could expose the Company to risk of loss or misuse of this information, result in litigation and potential liability, damage the Company's reputation or otherwise harm its business. The occurrence of any such events could result in material costs for remedial measures and could materially and adversely affect the Company's business relationships, its ability to operate and result in significant liabilities.

CENTURY LITHIUM CORP.

(Formerly Cypress Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

14. 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 period ended March 31, 2023.

15. SUBSEQUENT EVENT*Stock Options Granted*

On April 24, 2023 the Company granted an aggregate of 1,318,000 stock options to officers and consultants of the Company. The stock options vest over a five-year period and are exercisable at \$1.03 per share for a five-year period, expiring on April 24, 2028.