



**FIRST LITHIUM MINERALS INC.
UNAUDITED CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
JUNE, 2022 AND 2021**

FIRST LITHIUM MINERAL INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

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FIRST LITHIUM MINERALS INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(All Amounts are in Canadian Dollars)

As at **June 30, 2022** **December 31, 2021**

ASSETS

Cash	\$ 29,271	\$ 28,616
Commodity tax receivables	11,905	10,185
Prepaid expenses	—	—
Restricted cash (Note 12)	<u>5,357,900</u>	<u>280,000</u>
	5,399,076	318,801
Exploration and evaluation assets (Note 3)	<u>192,341</u>	<u>160,393</u>
	<u><u>\$ 5,591,417</u></u>	<u><u>\$ 479,194</u></u>

LIABILITIES

Accounts payable and accrued liabilities (Notes 4 and 7)	\$ 1,206,561	\$ 771,365
Debt obligations, short-term (Note 5)	2,971,204	2,843,064
Due to Related parties (Note 7)	777,738	620,084
Subscription receipts (Note 12)	<u>5,258,525</u>	<u>280,000</u>
	<u>10,214,028</u>	<u>4,514,513</u>

SHAREHOLDERS' EQUITY (DEFICIT)

Share capital (Note 6)	1,563,386	1,563,386
Accumulated deficit	<u>(6,185,997)</u>	<u>(5,598,705)</u>
	<u>(4,622,611)</u>	<u>(4,035,319)</u>
	<u><u>\$ 5,591,417</u></u>	<u><u>\$ 479,194</u></u>

Nature of Organization (Note 1)
Proposed Transaction (Note 13)

Approved on behalf of the board of directors:

 /s/ "Rob Saltsman"
Rob Saltsman, Director

FIRST LITHIUM MINERALS INC.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT
(All Amounts are in Canadian Dollars)

	Number of Common Shares	Amount of Common Shares	Accumulated Deficit	Shareholders' Equity
Balance, January 1, 2021	74,109,279	\$ 1,563,386	\$ (4,891,028)	\$ (3,327,642)
Comprehensive loss	—	—	(395,780)	(395,780)
Balance, June 30, 2021	<u>74,109,279</u>	<u>\$ 1,563,386</u>	<u>\$ (5,598,705)</u>	<u>\$ (3,723,422)</u>
Balance, January 1, 2022	74,109,279	\$ 1,563,386	\$ (5,598,705)	\$ (4,035,319)
Comprehensive loss	—	—	(587,292)	(587,292)
Balance, June 30, 2022	<u>74,109,279</u>	<u>\$ 1,563,386</u>	<u>\$ (6,185,997)</u>	<u>\$ (4,622,611)</u>

FIRST LITHIUM MINERALS INC.
UNAUDITED CONDENSED INTERIM
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(All Amounts are in Canadian Dollars)

For the Period from To June 30,	April 1,		January 1,	
	2022	2021	2022	2021
EXPENSES				
General and administrative	\$ 696	\$ 359	\$ 2,500	\$ 1,186
Mineral exploration expensed	20,338	20,769	40,049	53,550
Operating expenditures	117,160	30,031	132,635	75,031
Professional fees (Note 7)	<u>226,118</u>	<u>51,053</u>	<u>307,383</u>	<u>127,896</u>
	<u>364,310</u>	<u>102,212</u>	<u>482,567</u>	<u>257,663</u>
OPERATING LOSS	(364,310)	(102,212)	(482,567)	(257,663)
Foreign exchange gain (loss)	(2,827)	(3,285)	23,414	(24,409)
Interest expense (Note 5)	<u>(65,365)</u>	<u>(58,008)</u>	<u>(128,139)</u>	<u>(113,708)</u>
Net loss and Comprehensive loss for the year	<u>\$ (432,503)</u>	<u>\$ (163,505)</u>	<u>\$ (587,292)</u>	<u>\$ (395,780)</u>
Net loss per common share	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Weighted average number of common shares outstanding (Note 11)				
Basic and diluted	<u>74,109,279</u>	<u>74,109,279</u>	<u>74,109,279</u>	<u>74,109,279</u>

FIRST LITHIUM MINERALS INC.
UNAUDITED CONDENSED INTERIM
CONSOLIDATED STATEMENTS OF CASH FLOWS
(All Amounts are in Canadian Dollars)

For the Period from To June 30,	April 1,		January 1,	
	2022	2021	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss) income for the period	\$ (432,502)	\$ (163,505)	\$ (587,292)	\$ (395,780)
Interest expense	65,365	59,008	128,139	113,708
Non-cash expenses:				
Net change in operating assets and liabilities				
Commodity tax receivable	(4,136)	(5,870)	(1,720)	1,314
Prepaid expenses	15,000	—	—	15,000
Accounts payable and accrued liabilities	<u>277,304</u>	<u>73,243</u>	<u>435,197</u>	<u>163,553</u>
CASH FLOWS USED BY OPERATING ACTIVITIES	<u>(78,969)</u>	<u>(38,124)</u>	<u>(25,676)</u>	<u>(102,205)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Due to related parties	123,754	26,276	157,654	140,632
Increase in Restricted cash	(3,056,600)	—	(5,077,900)	—
Subscription receipts, net of commissions	<u>3,023,650</u>	<u>—</u>	<u>4,978,525</u>	<u>—</u>
CASH FLOWS (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>90,804</u>	<u>26,276</u>	<u>58,279</u>	<u>140,632</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in exploration and evaluation assets, net	<u>(19,274)</u>	<u>17,079</u>	<u>(31,948)</u>	<u>(24,595)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(19,274)</u>	<u>17,079</u>	<u>(31,948)</u>	<u>(24,595)</u>
NET DECREASE IN CASH	(7,439)	(17,079)	665	13,832
CASH - Beginning of the period	<u>36,710</u>	<u>52,286</u>	<u>28,616</u>	<u>9,527</u>
CASH - End of the period	<u>\$ 29,271</u>	<u>\$ 23,359</u>	<u>\$ 29,271</u>	<u>\$ 23,359</u>

FIRST LITHIUM MINERALS INC.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Expressed in Canadian Dollars)

1. Nature of Organization

Description of the Business

First Lithium Minerals Inc. (“**FLM**” or “**Corporation**”) was incorporated under the Business Corporations Act (Ontario) on February 14, 2017. The Corporation is domiciled in Canada and its principal offices are located at 77 King Street West, Suite 3000, Toronto, Ontario. The principal business is the exploration of mineral properties located in Chile (Note 3).

These unaudited condensed interim consolidated financial statements (“**Financial Statements**”) of the Corporation were authorized for issue in accordance with a resolution of the directors on August 9, 2022 and reviewed by the Corporation’s external independent auditor.

2. Basis of Presentation and Going Concern

Going Concern of Operations

These Financial Statements have been prepared in accordance with IFRS applied on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As at June 30, 2022, the Corporation had no sources of operating cash flows. The Corporation therefore will require additional funding which, if not raised, would result in the curtailment of activities and delays in its ability to merge with or acquire an operating entity. As at March 31, 2022, the Corporation had working capital deficit of \$4,814,952 (December 31, 2021 – \$4,195,712), and has incurred losses since inception, resulting in an accumulated deficit of \$6,185,997 (December 31, 2021 - \$5,598,705). The Corporation’s ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Corporation will be successful in this regard, and therefore, there is doubt regarding the Corporation’s ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These financial statements do not reflect adjustments that would be necessary if the “going concern” assumption were not appropriate. If the “going concern” assumption were not appropriate for these Financial Statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruptions to business globally in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is currently unknown.

FIRST LITHIUM MINERALS INC.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Expressed in Canadian Dollars)

2. Basis of Presentation – continued

Statement of Compliance

The Financial Statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The accounting policies applied in the Financial Statements are consistent with those used in the Company's audited consolidated financial statements for the year ended December 31, 2021. There have been no changes from the accounting policies applied in the December 31, 2021 consolidated financial statements. The preparation of interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the related amounts of assets and liabilities, revenues and expenses. In management's opinion, all adjustments considered necessary for fair presentation have been included in the Financial Statements. Interim results are not necessarily indicative of the results expected for the financial year. Annual results may differ from interim estimates. The significant judgments made by management applied in the preparation of the Financial Statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2021.

For a description of the critical accounting estimates and assumptions, please refer to the Company's audited consolidated financial statements for the year ended December 31, 2021.

Basis of Presentation

These Financial Statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business.

Principles of Consolidation

These Financial Statements of the Corporation include the accounts of First Lithium Mineral Inc. ("**FLM**") and its wholly-owned subsidiary, First Lithium Mineral SpA. ("**FLM SpA**") incorporated in Chile, collectively these entities are referred to as the Corporation.

Basis of Measurement

These Financial Statements have been prepared under the historical cost convention, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

FIRST LITHIUM MINERALS INC.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
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3. Exploration and Evaluation assets

The Corporation interest in its exploration and evaluation assets is as follows:

Property	Interest	Date Acquired	Date Impaired
Jenna	100%	2018	N/A
Paige	100%	2019	N/A

The Corporation's project in Chile is comprised of 8,900 ha of mineral exploration concessions that form, the OCA Prospect located in the salars of Ollague, Carcote and Ascotan in Northern Chile, bordering Bolivia.

	Jenna	Paige	Total
Balance, January 1, 2021	\$ 122,247	\$ 757	\$ 123,004
Acquisitions of mining rights:			
Staking and maintenance fees	37,389	—	37,389
Balance, December 31, 2021	<u>\$ 159,636</u>	<u>\$ 757</u>	<u>\$ 160,393</u>
Balance, January 1, 2022	\$ 159,636	\$ 757	\$ 160,393
Acquisitions of mining rights:			
Staking and maintenance fees	31,696	252	31,948
Balance, June 30, 2022	<u>\$ 191,332</u>	<u>\$ 1,009</u>	<u>\$ 192,341</u>

4. Accounts payable and accrued liabilities

As at	June 30, 2022	December 31, 2021
Trade payables	\$ 6,984	\$ 6,181
Accrued expenses	1,071,163	655,306
Related party (Note 7)	128,414	109,878
	<u>\$ 1,206,561</u>	<u>\$ 771,365</u>

FIRST LITHIUM MINERALS INC.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Expressed in Canadian Dollars)

5. Debt obligations

As at	June 30, 2022	December 31, 2021
Advance from Petrocorp Group Inc. at 0%, loan is due on demand (Note 13).	\$ 192,635	\$ 192,635
Private loan of \$500,000 that is convertible into common shares immediately prior to a going public transaction at a 10% discount to the deemed price per share of a concurrent financing (due on demand)	500,000	500,000
Private loan of \$50,000 that is convertible into common shares immediately prior to a going public transaction at a 10% discount to the deemed price per share of a concurrent financing (due on demand).	50,000	50,000
Private loan for \$1,670,000 initially due on August 31, 2021, extended to August 31, 2022, convertible into common shares immediately prior to a going public transaction at a 10% discount to the deemed price per share of a concurrent financing	2,228,569	2,100,429
	<u>2,971,204</u>	<u>2,843,064</u>
Less: current portion	2,971,204	2,843,064
Long-term debt	<u>\$ —</u>	<u>\$ —</u>

During the period ended June 30, 2022, the Corporation recorded interest expense of \$128,139 (June 30, 2021 - \$113,708) for the private loan assigned to a related party (Note 7).

In January 2020, a private loan of US\$1,000,000 was assigned to a company to whom a director of the Corporation was a officer. Based on the revised terms in February 2020, the face value of the loan of \$1,670,000 maturing August 31, 2021 accruing interest at 12% per annum and convertible into common shares of the Corporation at a 10% discount to the deemed price at the date of the completion of the transaction for going public (Note 13). The carrying value of the loan as at June 30, 2022 including accrued interest, is \$2,228,569 (December 31, 2021 - \$2,100,429). For the period ended June 30, 2022, the Corporation recorded interest expenses for this loan of \$128,708 (June 30, 2021 - \$113,708). The terms private loan was amended during the year ended December 31, 2021, extending the maturity date to August 31, 2022. The loan extension was recorded as a debt modification as the change in fair value was less then 10% as all other terms remained the same.

The debts in the amount of \$500,000 and \$2,163,203 (Note 7) rank in priority to other obligations of the Corporation and \$500,000 of each principal balance of these obligations shall be treated on a pro rata basis to all repayments made with respect to the principal balance.

FIRST LITHIUM MINERALS INC.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Expressed in Canadian Dollars)

6. Share capital

The Corporation is authorized to issue an unlimited number of common shares.

As at June 30, 2022, the Corporation has completed a subscription financing of 21,431,600 common shares at a price of \$0.25 per common share which shall be released from trust upon closing the transaction described in Note 13.

7. Transactions with related parties and payments to key management

Related party transactions include transactions with parties related by common directors and transactions with other private entities owned or controlled by officers and directors. All transactions are provided in the normal course of business and are measured at exchange amounts agreed upon by the related parties. The following table summarizes the related party transactions occurring during the fiscal period.

For the period from To June 30,	2022	April 1 2021	2022	January 1 2021
Expenses				
Professional Fees	\$ 9,000	\$ 9,000	\$ 18,000	\$ 18,000

As at	March 31, 2022	December 31, 2021
Amount included with accounts payable and accrued liabilities (Note 4)	\$ 128,414	\$ 109,878
Due to Related Parties - Advances	\$ 717,738	\$ 620,084
Total related party balances	<u>\$ 906,152</u>	<u>\$ 729,962</u>

During the period ended June 30, 2022 and December 31, 2021, no key management personnel were indebted to the Corporation.

The key management personnel of the Corporation include the Chief Executive Officer, Chief Financial Officer and the Board of Directors.

In addition, as at June 30, 2022, the Corporation owes 717,738 (December 31, 2021 - \$620,084) to a companies controlled by the CEO as well as the CEO himself. The amount is due on demand and bears no interest.

8. Commitments and contingencies

The Corporation, from time to time, may be involved in various claims, legal and tax proceedings and complaints arising in the ordinary course of business. The Corporation is not aware of any pending or threatened proceedings that would have a material adverse effect on the financial condition or future results of the Corporation.

FIRST LITHIUM MINERALS INC.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Expressed in Canadian Dollars)

9. Capital management

The Corporation manages its common shares, stock options, warrants and accumulated deficit as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk, as there are no external restrictions on it.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets in order to adjust the amount of cash it holds.

To facilitate the management of its capital requirements, the Corporation prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry and market conditions.

Management reviews its approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable.

The following table presents the contractual maturities of the Corporation's financial liabilities as at June 30, 2022:

	Total	< 1 Year	1 - 3 Years	Payments by Periods	
				4 - 5 Years	After 5 Years
Accounts payable and accrued liabilities	\$ 1,206,561	\$ 1,206,561	\$ —	\$ —	\$ —
Debt obligations	2,971,204	2,971,204	—	—	—
Due to related parties	777,738	777,738	—	—	—
Subscription receipts	5,258,525	5,258,525	—	—	—

10. Financial Instruments and Risk Management

(a) Fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Level 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly or indirectly and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data.

As at June 30 2022 and December 31, 2021, the estimated fair values of accounts payable approximate its respective carrying values due to their short-term nature.

FIRST LITHIUM MINERALS INC.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management – continued

As at June 30, 2022 and December 31, 2021, the fair value of the debt obligations and due to related party approximates to their face values of these loans. The fair value of the cash was determined as at June 30, 2022 and December 31, 2021 using level 1 inputs.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation's exposure to credit risk is on its cash held in bank accounts and Restricted cash held in trust with legal counsel. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies and by holding funds in trust with a reputable legal counsel. Credit risk is assessed as low

(d) Liquidity risk

Liquidity risk is the risk the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation's objective for liquidity risk management is to maintain sufficient liquid financial resources to fund operations and to meet commitments and obligations in the most cost-effective manner possible. The Corporation achieves this by maintaining sufficient cash and cash equivalents and managing working capital. The Corporation monitors its financial resources on a regular basis and updates its expected use of cash resources based on the latest available data. The Liquidity Risk is assessed as high.

11. Loss Per Share

In calculating the diluted loss per share, issued and outstanding incentive stock options and warrants were not considered as they would have been anti-dilutive.

June 30,	2022	2021
Denominator basic and diluted loss per share		
Weighted average number of Common shares outstanding	<u>74,109,279</u>	<u>74,109,279</u>

12. Restricted cash and Subscription Receipts

Restricted cash represents that cash raised via a subscription receipt financing of \$5,357,900 (December 31, 2021 - \$280,000), that will automatically convert into common shares less issuance costs upon the closing of the transaction (Note 13).

FIRST LITHIUM MINERALS INC.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022
(Expressed in Canadian Dollars)

13. Proposed Transaction and Subsequent Event

On January 8, 2018 (amended July 18, 2018), Petrocorp Group Inc. ("**PCG**") signed a Letter of Intent with FLM, where PCG would acquire all of the issued and outstanding shares of FLM, by way of a three-cornered amalgamation or other similar transaction (the "**PCG Transaction**").

The close of the PCG Transaction was further extended to March 15, 2021, October 31, 2021 and to June 30, 2022.

On April 7, 2022, the PCG Transaction was cancelled, and a new Letter of Intent was entered in to between PCG, FLM and QL Minerals Inc. ("**QLM**"), where PCG would acquire all of the issued and outstanding shares of FLM and QLM, by way of a three-corner amalgamation or other similar transaction (the "**Transaction**"). Immediately prior to the Transaction, PCG would consolidate its common shares on a basis of 81.96721311 old common shares for 1 new common share and FLM would consolidate its shares on a basis of 2.5 old common shares for 1 new common share.

PCG is to acquire FLM via the issuance of 1 new common share of PCG for each post consolidated common share of FLM. In addition, FLM is to settle a minimum of \$3,200,000 and a maximum of \$3,750,000 in liabilities via the issuance of its own common shares at a deemed price of \$0.225 per post consolidated common share that would then each be exchanged for 1 post consolidated common share of PCG.

PCG is also to acquire QLM via the issuance of 1 new common share of the Corporation for each common share of QLM, for which there are 3,000,000 outstanding as of that date.

As part of this transaction, FLM has to date raised \$5,914,500 via the issuance of subscription receipts that will convert automatically into 23,658,000 post consolidated common shares of FLM immediately prior to the close of the transaction and then converted in to post consolidation common shares of PCG. QLM has raised \$795,000 also via the issuance of subscription receipts that will convert automatically into 3,180,000 common shares of QLM immediately prior to the close of the transaction and then converted in to post consolidation common shares of PCG.

Shareholders approved the transaction as well as the stock consolidation that took effect on July 28, 2022, and the Exchange provided a conditional approval on June 29, 2022.

To date, the PCG has advanced FLM \$192,635, at 0% per annum as an unsecured demand loan and FLM advanced \$3,798 to QLM.