

**United Lithium Corp.**  
**(formerly United Battery Metals Corp.)**  
**Condensed Consolidated Interim Financial Statements**  
**Six Months Ended January 31, 2021 and 2020**

**(Unaudited – Prepared by Management)**  
**(Expressed in Canadian Dollars)**

United Lithium Corp. (formerly United Battery Metals Corp.)  
Condensed Consolidated Interim Statements of Financial Position  
(Unaudited - Expressed in Canadian Dollars)

	Notes	January 31, 2021	July 31, 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 2,777,225	\$ 80,060
GST receivable		32,217	7,485
Prepaid expenses	4	507,884	5,000
		<u>3,317,326</u>	<u>92,545</u>
<b>Non-current assets</b>			
Exploration and evaluation assets	3,5	7,940,528	-
<b>TOTAL ASSETS</b>		<b>\$ 11,257,854</b>	<b>\$ 92,545</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6,8,9	\$ 94,548	\$ 267,747
Loans payable	7	-	55,903
<b>TOTAL LIABILITIES</b>		<u>94,548</u>	<u>323,650</u>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	8	16,814,345	4,043,706
Reserve	8	1,815,247	708,463
Share subscriptions	8	-	50,000
Accumulated other comprehensive loss		(1,051)	(1,051)
Deficit		(7,465,235)	(5,032,223)
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		<u>11,163,306</u>	<u>(231,105)</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		<b>\$ 11,257,854</b>	<b>\$ 92,545</b>
Nature of operations and going concern (Note 1)			
Subsequent events (Note 11)			

Approved and authorized on behalf of the Board on March 30, 2021:

\_\_\_\_\_  
"Faizaan Lalani" Director      "Michael Dehn" Director

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

United Lithium Corp. (formerly United Battery Metals Corp.)  
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss  
(Unaudited - Expressed in Canadian Dollars)

	Notes	Three months ended January 31, 2021	Three months ended January 31, 2020	Six months ended January 31, 2021	Six months ended January 31, 2020
<b>Expenses</b>					
General and administration		\$ 1,729	\$ 586	\$ 3,289	\$ 1,755
Investor relations		29,086	-	29,086	300
Management and consulting fees	9	57,525	24,000	157,525	80,000
Marketing		650,605	-	650,605	-
Professional fees		97,458	13,876	134,620	23,622
Project generation		26,000	-	41,000	3,762
Public company costs		1,875	1,875	3,750	3,750
Regulatory and transfer agent fees		6,243	7,135	9,323	10,123
Share-based payments	8,9	1,095,219	-	1,095,219	-
Transaction costs	11	17,066	-	17,066	-
Foreign exchange gain		6,794	-	(2,804)	-
Total expenses		(1,989,600)	(47,472)	(2,138,679)	(123,312)
Loss on settlement of debt	6	(294,333)	-	(294,333)	-
<b>Net loss</b>		<b>\$ (2,283,933)</b>	<b>\$ (47,472)</b>	<b>\$ (2,433,012)</b>	<b>\$ (123,312)</b>
Other comprehensive loss					
Exchange difference on translation		-	-	-	25
<b>Total comprehensive loss</b>		<b>\$ (2,283,933)</b>	<b>\$ (47,472)</b>	<b>\$ (2,433,012)</b>	<b>\$ (123,287)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.05)</b>	<b>\$ (0.01)</b>	<b>\$ (0.07)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding</b>		<b>42,100,416</b>	<b>3,624,632</b>	<b>34,239,305</b>	<b>3,624,632</b>

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

United Lithium Corp. (formerly United Battery Metals Corp.)  
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficiency)  
(Unaudited - Expressed in Canadian Dollars)

	Note	Share capital			Reserve	Shares subscriptions	Accumulated other comprehensive loss	Deficit	Total
		Number of shares	Amount						
<b>Balance at July 31, 2019</b>		3,624,632	\$ 4,043,706	\$ 708,463	\$ -	\$ (1,076)	\$ (4,688,758)	\$ 62,335	
Exchange difference on translation		-	-	-	-	25	-	25	
Net loss		-	-	-	-	-	(123,312)	(123,312)	
<b>Balance at January 31, 2020</b>		<b>3,624,632</b>	<b>\$ 4,043,706</b>	<b>\$ 708,463</b>	<b>\$ -</b>	<b>\$ (1,051)</b>	<b>\$ (4,812,070)</b>	<b>\$ (60,952)</b>	
<b>Balance at July 31, 2020</b>		<b>3,624,632</b>	<b>\$ 4,043,706</b>	<b>\$ 708,463</b>	<b>\$ 50,000</b>	<b>\$ (1,051)</b>	<b>\$ (5,032,223)</b>	<b>\$ (231,105)</b>	
Share issuance costs	8	-	(101,871)	-	-	-	-	(101,871)	
Finders' warrants	8	-	(102,062)	102,062	-	-	-	-	
Shares issued, private placement	8	26,027,363	4,309,851	-	(50,000)	-	-	4,259,851	
Shares issued, amalgamation	3,5,8	11,500,000	7,820,000	-	-	-	-	7,820,000	
Shares issued, property	5,8	109,965	74,776	-	-	-	-	74,776	
Shares issued, debt settlements	6,8,9	807,777	533,133	-	-	-	-	533,133	
Shares issued, exercise of options	8	150,000	50,315	-	-	-	-	50,315	
Shares issued, exercise of warrants	8	200,900	96,000	-	-	-	-	96,000	
Reallocation of fair value of options exercised	8	-	89,962	(89,962)	-	-	-	-	
Reallocation of fair value of warrants exercised	8	-	535	(535)	-	-	-	-	
Share-based payments	8	-	-	1,095,219	-	-	-	1,095,219	
Net loss		-	-	-	-	-	(2,433,012)	(2,433,012)	
<b>Balance at January 31, 2021</b>		<b>42,420,637</b>	<b>\$ 16,814,345</b>	<b>\$ 1,815,247</b>	<b>\$ -</b>	<b>\$ (1,051)</b>	<b>\$ (7,465,235)</b>	<b>\$11,163,306</b>	

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

United Lithium Corp. (formerly United Battery Metals Corp.)  
Condensed Consolidated Interim Statements of Cash Flows  
(Unaudited - Expressed in Canadian Dollars)

	Six months ended January 31, 2021	Six months ended January 31, 2020
<b>Operating activities</b>		
Net loss	\$ (2,433,012)	\$ (123,287)
Adjustments for non-cash items:		
Accrued interest	2,104	187
Share-based payments	1,095,219	-
Loss on settlement of debt	294,333	-
Changes in non-cash working capital items:		
GST receivable	(24,732)	1,677
Prepaid expenses	(502,884)	6,350
Accounts payable and accrued liabilities	59,849	44,673
<b>Net cash flows used in operating activities</b>	<b>(1,509,123)</b>	<b>(70,400)</b>
<b>Investing activities</b>		
Exploration and evaluation assets	(40,000)	-
<b>Net cash flows used in investing activities</b>	<b>(40,000)</b>	<b>-</b>
<b>Financing activities</b>		
Shares issued for cash	4,259,851	-
Share issuance costs	(101,871)	-
Options exercised	96,000	-
Warrants exercised	50,315	-
Proceeds from (repayment of) loans	(58,007)	7,500
<b>Net cash flows provided by financing activities</b>	<b>4,246,288</b>	<b>7,500</b>
Increase (decrease) in cash	2,697,165	(62,900)
Cash, beginning of the period	80,060	68,167
<b>Cash, end of the period</b>	<b>\$ 2,777,225</b>	<b>\$ 5,267</b>
<b>Supplemental disclosure with respect to cash flows:</b>		
Shares issued, amalgamation	\$ 7,820,000	\$ -
Shares issued, property	\$ 74,776	\$ -
Shares issued, debt settlements	\$ 533,135	\$ -

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

**1. Nature of operations and going concern**

United Lithium Corp. (formerly United Battery Metals Corp.) (the “Company”) was incorporated on April 28, 2017 under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties.

The head office and principal address of the Company is located at 789 West Pender Street, Suite 1080, Vancouver, British Columbia, Canada, V6C 1H2. The Company’s registered and records office address is 789 West Pender Street, Suite 1080, Vancouver, British Columbia, Canada, V6C 1H2.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. At January 31, 2021, the Company had not achieved profitable operations, had a net loss of \$2,433,012 for the period ended January 31, 2021, an accumulated deficit of \$7,465,235 at January 31, 2021 and expects to incur further losses in the development of its business, all of which indicates a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance that it will be able to do so in the future.

**2. Significant accounting policies and basis of preparation**

These condensed consolidated interim financial statements were authorized for issue by the directors of the Company on March 30, 2021.

***Statement of compliance with International Financial Reporting Standards***

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed. As a result, these condensed consolidated interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended July 31, 2020.

***Basis of preparation***

These condensed consolidated interim financial statements of the Company have been prepared on a historical cost basis except for certain financial assets measured at fair value. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise specified.

***New accounting standards and interpretations***

New accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company’s condensed consolidated interim financial statements.

United Lithium Corp. (formerly United Battery Metals Corp.)  
Notes to the Condensed Consolidated Interim Financial Statements  
For the Six Months Ended January 31, 2021 and 2020  
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**2. Significant accounting policies and basis of preparation (cont'd)**

***Consolidation***

The condensed consolidated interim financial statements include the accounts of the Company and its controlled subsidiaries. Details of controlled subsidiaries are as follows:

	Country of incorporation	Percentage owned*	
		January 31, 2021	July 31, 2020
Greenhat Mineral Holdings Ltd.	U.S.	100%	100%
Greenhat Minerals Holdings (US) Ltd.	U.S.	100%	100%
1257590 B.C. LTD	CAD	100%	0%

\*Percentage of voting power is in proportion to ownership.

**3. Acquisition and Amalgamation**

On August 28, 2020, the Company obtained 100% control over 1263391 B.C. Ltd. ("126 B.C.") and acquired all issued and outstanding common shares.

On October 13, 2020, the Company, closed an amalgamation between 126 B.C. Ltd. and 1257590 B.C. Ltd ("125 B.C."). Pursuant to the amalgamation, the Company completed the purchase of 100% of all issued and outstanding common shares of 125 B.C. by issuing 11,500,000 common shares of the Company with a fair value of \$7,800,000.

At the transaction date, the Company determined that acquisition of 125 B.C. did not constitute a business as defined under IFRS 3, Business Combinations, and the transaction was accounted for as an asset acquisition. The excess of the consideration paid over the fair value of the net liabilities was attributed to the exploration and evaluation asset.

The purchase price is as follows:

<u>Purchase Price</u>		
11,500,000 common shares issued	\$	7,820,000
<u>Fair value of net assets acquired</u>		
Exploration and evaluation assets (Note 5)		7,825,752
Accounts payable & accrued liabilities		(5,752)
	\$	7,820,000

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Notes to the Condensed Consolidated Interim Financial Statements  
For the Six Months Ended January 31, 2021 and 2020  
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**4. Prepaid expenses**

Prepaid expenses consist of the following:

	January 31, 2021	July 31, 2020
Insurance	\$ 1,250	\$ 5,000
Consulting	9,694	-
Marketing	496,940	-
<b>Total prepaid expenses</b>	<b>\$ 507,884</b>	<b>\$ 5,000</b>

**5. Exploration and evaluation assets**

***Barbara Lake Lithium Property***

On October 13, 2020, the Company completed the amalgamation of 126 B.C. and 125 B.C. by issuing 11,500,000 common shares of the Company with a fair value of \$7,800,000. The excess of the consideration paid over the fair value of the net liabilities was attributed to the exploration and evaluation asset (Note 3).

Pursuant to the amalgamation, the Company has acquired 125 B.C. option (“Option”) to acquire up to 100% of Barbara Lake Lithium Property (the “Property”) which is located in the Barbara Lake Area of the Thunder Bay Mining District in Ontario, Canada and comprised of 56 mining cell claims covering approximately 2,147 hectares’ land.

The Option will be exercisable as follows:

Payments

- Payment of \$40,000 in cash to the property owner by July 30, 2020 (paid – November 10, 2020);
- Payment of \$40,000 in cash to the property owner by July 30, 2021;
- Payment of \$50,000 in cash to the property owner by July 30, 2022;
- Issue to the property owner such number of the Company’s shares within 10 business days at the date of closing (109,965 common shares issued on October 13, 2020);
- Issue to the property owner such number of the Company’s shares as equal to \$40,000, by July 31, 2021; and
- Issue to the property owner such number of Company’s shares as equal to \$50,000, by July 31, 2022.

Expenditures

- Incurring \$100,000 of expenditures on the Property by July 31, 2021;
- Incurring and additional \$250,000 of expenditures on the Property by July 31, 2022; and
- Incurring and additional \$500,000 of expenditures on the Property by July 31, 2023.



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Notes to the Condensed Consolidated Interim Financial Statements  
For the Six Months Ended January 31, 2021 and 2020  
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5. **Exploration and evaluation assets (cont'd)**

**Barbara Lake Lithium Property**

As at January 31, 2021 exploration and evaluation assets were \$7,940,528 (July 31, 2020 - \$Nil) and the following is a description of the changes:

	<b>Barbara Lake Lithium Property</b>	
<b>Property acquisition costs</b>		
Balance, beginning	\$	-
Acquisition (Note 3)		7,825,752
Additions		114,776
<b>Balance, ending</b>	<b>\$</b>	<b>7,940,528</b>

**Earn-In Agreement**

On October 30, 2020 (“Effective Date”), the Company entered into an earn-in agreement with Wealth Minerals Limited (“WML”), pursuant to which the Company has been granted the exclusive option to acquire, in multiple phases, up to 70% interest in The Harry Project claims, and up to 100% interest in the Vapor Project claims, both of which are located in Chile.

To earn an initial 51% interest in the Vapor Project and 70% interest in the Harry Project, the Company shall:

- Pay \$200,000 cash and issue 500,000 common shares to WML upon completion of a due diligence review;
- Incur expenditures in the aggregate amount of \$500,000 and issue an additional 500,000 common shares to WML on or before the first anniversary of the Effective Date; and
- Issue an additional 250,000 common shares to WML.

To earn an additional 49% interest in the Vapor Project, the Company shall:

- Incur expenditures in the aggregate amount of \$1,000,000 and issue 250,000 common shares to WML on or before the fourth anniversary of the Effective Date; and
- Maintain and keep the licenses in good standing.

As at January 31, 2021, no payments were made and no shares were issued to WML in relation to the earn-in transaction. Subsequent to January 31, 2021, the agreement was terminated (Note 11).

6. **Accounts payable and accrued liabilities**

	<b>January 31,</b>		<b>July 31,</b>	
	<b>2021</b>		<b>2020</b>	
Accounts payable	\$	81,148	\$	176,697
Amounts due to related parties (Note 9)		8,000		76,000
Accrued liabilities		5,400		15,050
<b>Total accounts payable and accrued liabilities</b>	<b>\$</b>	<b>94,548</b>	<b>\$</b>	<b>267,747</b>

**6. Accounts payable and accrued liabilities (cont'd)**

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

On August 27, 2020, the Company settled an aggregate of \$238,800 in debt through the issuance of 807,777 common shares of the Company with a fair value of \$533,133 (Note 8). The Company recognized a loss on debt settlement of \$294,333 as a result of the transaction. Included in the debt settlement were 383,535 common shares issued to settle \$57,800 of amounts owing to a related party (Note 9).

**7. Loans payable**

On November 26, 2019, the Company received a loan in the amount of \$7,500 which was applied against existing accounts payable. The loan is secured by a promissory note and bears interest at 8% per annum. Principal and any unpaid interest are due on November 25, 2020. During the period ended January 31, 2021, the Company recorded \$288 (2020 - \$110) in interest on the loan. During the period ended January 31, 2021, the Company repaid the loan principal plus interest for a total of \$8,197. The balance of the loan at January 31, 201 is \$Nil (July 31, 2020 - \$7,909)

On December 16, 2019, the Company received a loan in the amount of \$7,500. The loan is secured by a promissory note and bears interest at 8% per annum. Principal and any unpaid interest are due on December 15, 2020. During the period ended January 31, 2021, the Company recorded \$288 (2020 - \$77) in interest on the loan. During the period ended January 31, 2021, the Company repaid the loan principal plus interest for a total of \$8,164. The balance of the loan at January 31, 2021 is \$Nil (July 31, 2020- \$7,876).

On March 20, 2020, the Company received a loan in the amount of \$6,500 which was applied against existing accounts payable. The loan is secured by a promissory note and bears interest at 8% per annum. Principal and any unpaid interest are payable upon the completion of the Company's next financing and having sufficient resources to pay. During the period ended January 31, 2021, the Company recorded \$249 (2020 - \$Nil) in interest on the loan. During the period ended January 31, 2021, the Company repaid the loan principal plus interest for a total of \$6,940. The balance of the loan at January 31, 2021 is \$Nil (July 31, 2020 - \$6,691).

On June 3, 2020, the Company received a loan in the amount of \$33,000. The loan is secured by a promissory note and bears interest at 8% per annum. Principal and any unpaid interest are payable upon the completion of the Company's next financing and having sufficient resources to pay. During the period ended January 31, 2021, the Company recorded \$1,279 (2020 - \$Nil) in interest on the loan. During the period ended January 31, 2021, the Company repaid the loan principal plus interest for a total of \$34,706. The balance of the loan at January 31, 2021 is \$Nil (July 31, 2020 - \$33,427).

**8. Share capital and reserves**

***Authorized share capital***

An unlimited number of common shares without par value.

***Issued share capital***

At January 31, 2021, there were 42,420,637 (July 31, 2020 – 3,624,632) issued and fully paid common shares.

On August 18, 2020, the Company completed a private placement financing issuing 19,998,858 units at a price of \$0.11 per unit for gross proceeds of \$2,199,874. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of \$0.25 for a period of 24 months from the date of issuance.

On August 27, 2020, the Company settled an aggregate of \$238,800 in debt through the issuance of 807,777 common shares of the Company with a fair value of \$533,133 (Note 6).

On September 09, 2020, the Company completed a private placement financing issuing 6,028,505 common shares at a price of \$0.35 per unit for gross proceeds of \$2,109,977. Finders' fees of \$60,739, other fees of \$41,132 and 172,512 finders' warrants, exercisable at \$0.35 per common share for a period of 24 months from the date of issuance with a fair value of \$102,062, were paid in connection with the private placement.

On October 13, 2020, the Company, closed an amalgamation between the Company's wholly- owned subsidiary 126 B.C. and 125 B.C. In connection with the amalgamation, the Company issued 11,500,000 common shares of the Company at a value of \$7,820,000 to the previous shareholders of 125 B.C. and 109,965 common shares at a value of \$74,776 of the Company to the owner of the Barbara Lake Lithium Property.

During the period ended January 31, 2021, 200,900 warrants were exercised for gross proceeds of \$96,000.

During the period ended January 31, 2021, 150,000 of options were exercised for gross proceeds of \$50,315.

***Stock options***

On June 19, 2017, the Company implemented a stock option plan (the "Plan"), enabling the Board to grant stock options to purchase common shares in the capital of the Company from time to time to eligible persons (collectively, "Optionees") in consideration of such Optionees providing services to the Company or a subsidiary of the Company. The number of stock options granted by the Company to Optionees is determined by the Board, within the guidelines established by the Plan. The stock options enable such persons to purchase common shares at a price fixed under such guidelines.

The aggregate number of shares that may be issued pursuant to options granted under the Plan, unless otherwise approved by shareholders, may not exceed that number which is equal to 10% of the issued and outstanding shares of the Company at the time of the grant and the term of any stock option will not exceed ten years.

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For the Six Months Ended January 31, 2021 and 2020  
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8. **Share capital and reserves** (cont'd)

**Stock options** (cont'd)

The following table summarizes information about the stock option transactions for the period ended January 31, 2020:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, July 31, 2020	28,568	3.50
Stock options granted	2,500,000	0.68
Stock options exercised	(150,000)	0.64
Stock options cancelled	(150,000)	0.64
Balance, January 31, 2021	2,228,568	0.72

Stock options outstanding at January 31, 2021 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price (\$)	Expiry Date
500,000	500,000	0.82	January 8, 2023
28,568	28,568	3.50	July 9, 2023
1,700,000	1,150,000	0.64	November 6, 2025
2,228,568	1,678,568		

During the period ended January 31, 2021, the Company granted 2,500,000 (2020 – Nil) stock options with a weighted average fair value of \$0.55 (2020 - \$Nil) per option. The Company recorded share-based payments of \$1,095,219 (2020 - \$Nil) relating to options vested during the period.

The fair value of options granted was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	January 31, 2021	January 31, 2020
Risk-free interest rate	0.35%	N/A
Expected life	4.40 years	N/A
Estimated volatility	160.78%	N/A
Dividend rate	N/A	N/A

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For the Six Months Ended January 31, 2021 and 2020  
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8. **Share capital and reserves** (cont'd)

**Stock options** (cont'd)

**Warrants**

The following table summarizes information about the warrant transactions for the period ended January 31, 2021:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, July 31, 2020	34,671	8.75
Issued	20,171,370	0.25
Exercised	(200,900)	0.25
Expired	(34,671)	8.75
Balance, January 31, 2021	19,970,470	0.25

Warrants outstanding at January 31, 2021 are as follows:

Number of Warrants	Exercise Price (\$)	Expiry Date
19,798,858	0.25	August 18, 2022
171,612	0.35	September 9, 2022
19,970,470		

In connection with the August 18, 2020 private placement, 19,998,858 warrants were issued. Each warrant gives the holder the right to acquire one share of the Company at a price of \$0.25 for a term of two years.

In connection with the September 9, 2020 private placement, 172,512 finders' warrants were issued. Each warrant gives the holder the right to acquire one share of the Company at a price of \$0.35 for a term of two years. The finders' warrants were valued at \$102,062 using the Black-Scholes pricing model with the following assumptions: risk free rate of 0.25%, volatility of \$140%, dividends of nil, and expected life of two years.

**Reserve**

**Stock option**

The stock option reserves record items recognized as share-based payments until such time that the stock options are exercised, at which time the corresponding amount is transferred to share capital.

9. **Related party transactions**

**Balances**

As at January 31, 2021, \$8,000 (July 31, 2020 - \$76,000) is due to related parties and is included in trade payables and accrued liabilities (Note 6). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

On August 27, 2020, the Company issued 383,535 common shares of the Company to settle \$57,800 for amounts owing to a related party and the Company recognized a loss on debt settlement of \$119,331 as a result of the transactions (Note 6 and 8).

**9. Related party transactions (cont'd)**

***Transactions***

During the period ended January 31, 2021 and 2020, the following amounts were incurred with directors and officers of the Company:

	January 31, 2021	January 31, 2020
Management fees paid to a company controlled by a former director	\$ -	\$ 32,000
Management fees to the CEO	108,000	48,000
Share-based payments	478,113	-
	<b>\$ 586,113</b>	<b>\$ 80,000</b>

**10. Financial risk and capital management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

***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 Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed as low.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to necessary levels of equity funding. Liquidity risk is assessed as high.

***Foreign exchange risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As at January 31, 2021, there were \$47,184 in US dollar denominated financial assets therefore foreign currency risk is not significant.

***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risks.

**10. Financial risk and capital management (cont'd)**

***Capital Management***

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's management of capital during the period ended January 31, 2021.

***Fair value***

The Company's financial instruments consist of cash and trade payables. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments. Cash is measured at fair value using Level 1 inputs.

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

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

**11. Subsequent events**

***Termination of Earn-In Agreement***

Subsequent to January 31, 2021, the Company decided not to proceed with the earn-in transaction with WML and in the process of terminating the agreement (Note 5).

***Share capital transactions***

- a) On February 8, 2021, 1,000,000 stock options were granted to a consultant of the Company. The stock options shall be exercisable for a period of 2 years from the date of the grant and the exercise price of the options is \$0.86.
- b) On February 26, 2021, 300,000 stock options were granted to a director of the Company. The stock options shall be exercisable for a period of 5 years from the date of the grant and the exercise price of the options is \$1.11.
- c) On February 26, 2021, 250,000 stock options were granted to a director of the Company. The stock options shall be exercisable for a period of 5 years from the date of the grant and the exercise price of the options is \$1.18.
- d) On March 17, 2021, 150,000 stock options were granted to a director of the Company. The stock options shall be exercisable for a period of 5 years from the date of the grant and the exercise price of the options is \$1.22.
- e) Subsequent to January 31, 2021, 250,000 stock options were exercised for gross proceeds of \$160,000.
- f) Subsequent to January 31, 2021, 7,789,517 warrants were exercised for gross proceeds of \$1,947,379.

**11. Subsequent events (cont'd)**

***Acquisition of Bergby Lithium AB***

On February 11, 2020, the Company entered into a definitive agreement with Leading Edge Materials (“Leading Edge Material”) and Leading Edge Material subsidiaries, Tasman Metals AB (“Tasman”), Tasman Metals Ltd. and Bergby Lithium AB (“Bergby”), to acquire (the “Acquisition”) 100% of the issued and outstanding share capital of Bergby. Bergby holds a 100% interest in and to the mining licenses comprising of the Bergby Lithium project (‘the Project’), located in Sweden.

Purchase Consideration

In terms of and subject to the conditions set forth in the Agreement, the Company will deliver the following consideration for the Acquisition:

- a) Payment of \$250,000 in cash on the closing date of the Acquisition;
- b) Issuance of 1,031,864 common shares in the capital of the Company (“ULTH Shares”);
- c) Issuance of 400,000 common share purchase warrants (the “Warrant”) with each Warrant entitling Leading Edge Materials to acquire, for a period of 36 months, one share at an exercise price equal to approximately \$0.485;
- d) Payment of an additional \$250,000 in cash on the date that is 6 months following the closing date;
- e) Grant to Leading Edge Materials of a 2% net smelter returns royalty on the Project, which shall be subject to a buyback right for \$1,000,000; and
- f) Subject to Leading Edge Materials acquiring certain additional mineral claims in the region of the Project prior to March 21, 2021 (the “Bonus Date”), the issuance of such additional number of common share purchase warrants (“Bonus Warrants”) as is equal to \$250,000 divided by the 10- day volume weighted average trading price of the purchaser shares on the CSE as of the date immediately preceding the Bonus Date (the “Bonus Price”) with each Bonus Warrant entitling Leading Edge Materials to acquire, for a period of 36 months, one share at an exercisable price equal to the Bonus Price.

The Company will also commit to Leading Edge Materials to exercise reasonable commercial efforts toward spending \$1,000,000 on exploration work on the Project within 18 months from the closing date.

The ULTH Shares to be issued pursuant to the Acquisition shall be subject to an escrow restriction whereby 20% of such ULTH Shares shall be released after each subsequent four-month period following the closing date.

***Special Warrants Private Placement***

February 12, 2021, the Company announced that it has entered into an agreement with Mackie Research Capital Corporation as lead agent in connection with a private placement offering. On March 9, 2021, the Company completed the private placement offering by issuing 13,939,394 special warrants of the Company at a price of \$0.66 per special warrant for total proceeds of \$9,200,000.

Each special warrant shall be exercisable, for no additional consideration at the option of the holder, into one unit of the Company with each unit being comprised of one common share of the Company and one half of one common share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share (each, a “Warrant Share”) at an exercise price of \$0.85 per Warrant Share for a period of 24 months after Closing. The transaction is subject to the approval of the Exchange.