

United Lithium Corp.
(formerly United Battery Metals Corp.)
Condensed Consolidated Interim Financial Statements
Nine Months Ended April 30, 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	April 30, 2021	July 31, 2020
ASSETS			
Current assets			
Cash		\$ 10,148,820	\$ 80,060
GST receivable		75,410	7,485
Prepaid expenses	4	941,366	5,000
		11,165,596	92,545
Non-current assets			
Exploration and evaluation assets	3,5	9,283,604	-
TOTAL ASSETS		\$ 20,449,200	\$ 92,545
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6,8,9	\$ 534,110	\$ 267,747
Loans payable	7	-	55,903
TOTAL LIABILITIES		534,110	323,650
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	8	19,679,154	4,043,706
Reserve	8	11,523,392	708,463
Obligation to issue shares	8	-	50,000
Accumulated other comprehensive loss		(963)	(1,051)
Deficit		(11,286,493)	(5,032,223)
SHAREHOLDERS' EQUITY (DEFICIENCY)		19,915,090	(231,105)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		\$ 20,449,200	\$ 92,545
Nature of operations and going concern (Note 1)			
Subsequent events (Note 11)			

Approved and authorized on behalf of the Board on June 29, 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 April 30, 2021	Three months ended April 30, 2020	Nine months ended April 30, 2021	Nine months ended April 30, 2020
Expenses					
General and administration		\$ 4,179	\$ 598	\$ 7,468	\$ 2,353
Investor relations		14,351	-	43,437	300
Management and consulting fees	9	89,224	24,000	246,749	104,000
Marketing		2,379,572	-	3,030,177	-
Professional fees		110,653	8,348	245,273	31,970
Project generation		7,081	-	48,081	3,762
Public company costs		8,567	1,875	12,317	5,625
Regulatory and transfer agent fees		8,568	9,424	17,891	19,547
Share-based payments	8,9	1,134,787	-	2,230,006	-
Transaction costs	3	63,865	-	80,931	-
Foreign exchange loss (gain)		411	-	(2,393)	-
Total expenses		(3,821,258)	(44,245)	(5,959,937)	(167,557)
Loss on settlement of debt	6	-	-	(294,333)	-
Net loss		\$ (3,821,258)	\$ (44,245)	\$ (6,254,270)	\$ (167,557)
Other comprehensive loss					
Exchange difference on translation		91	1,026	91	1,051
Total comprehensive loss		\$ (3,821,167)	\$ (43,219)	\$ (6,254,179)	\$ (166,506)
Basic and diluted loss per share		\$ (0.08)	\$ (0.01)	\$ (0.16)	\$ (0.05)
Weighted average number of common shares outstanding		47,936,748	3,624,632	38,704,772	3,624,632

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)

	Notes	Share capital		Reserves				Obligation to issue shares	Accumulated other comprehensive loss	Deficit	Total
		Number of shares	Amount	Equity settled employee compensation and warrants	Special warrants	Special broker warrants	Total reserves				
Balance at July 31, 2019		3,624,632	\$ 4,043,706	\$ 708,463	\$ -	\$ -	\$ 708,463	\$ -	\$ (1,076)	\$ (4,688,758)	\$ 62,335
Exchange difference on translation		-	-	-	-	-	-	-	25	-	25
Net loss		-	-	-	-	-	-	-	-	(167,557)	(167,557)
Balance at April 30, 2020		3,624,632	\$ 4,043,706	\$ -	\$ -	\$ -	\$ 708,463	\$ -	\$ (1,051)	\$ (4,856,315)	\$ (105,197)
Balance at July 31, 2020		3,624,632	\$ 4,043,706	\$ 708,463	\$ -	\$ -	\$ 708,463	\$ 50,000	\$ (1,051)	\$ (5,032,223)	\$ (231,105)
Shares issued, private placement	8	26,027,363	4,309,851	-	-	-	-	(50,000)	-	-	4,259,851
Share issuance costs	8	-	(101,874)	-	-	-	-	-	-	-	(101,874)
Finders' warrants	8	-	(102,062)	102,062	-	-	102,062	-	-	-	-
Special warrants	8	-	-	-	9,200,000	-	9,200,000	-	-	-	9,200,000
Special warrants issuance costs	8	-	-	-	(835,686)	-	(835,686)	-	-	-	(835,686)
Special Broker warrants	8	-	-	-	(644,000)	644,000	-	-	-	-	-
Shares issued, amalgamation	3,5,8	11,500,000	7,820,000	-	-	-	-	-	-	-	7,820,000
Shares issued, property	3,5,8	1,141,829	543,633	-	-	-	-	-	-	-	543,633
Warrants issued, property	3,5,8	-	-	358,980	-	-	358,980	-	-	-	358,980
Shares issued, exercise of options	8	400,000	256,000	-	-	-	-	-	-	-	256,000
Shares issued, exercise of warrants	8	8,544,962	2,136,331	-	-	-	-	-	-	-	2,136,331
Shares issued, debt settlements	6,8,9	807,777	533,133	-	-	-	-	-	-	-	533,133
Reallocate FMV of options exercised	8	-	239,899	(239,899)	-	-	(239,899)	-	-	-	-
Reallocate FMV of warrants exercised	8	-	537	(537)	-	-	(537)	-	-	-	-
Share-based payments	8	-	-	2,230,006	-	-	2,230,006	-	-	-	2,230,006
Exchange difference on translation		-	-	-	3	-	3	-	88	-	91
Net loss		-	-	-	-	-	-	-	-	(6,254,270)	(6,254,270)
Balance at April 30, 2021		52,046,563	\$19,679,154	\$ 3,159,075	\$ 7,720,317	\$ 644,000	\$11,523,392	\$ -	\$ (963)	\$ (11,286,493)	\$19,915,090

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)

	Nine months ended April 30, 2021	Nine months ended April 30, 2020
Operating activities		
Net loss	\$ (6,254,270)	\$ (167,557)
Adjustments for non-cash items:		
Share-based payments	2,230,006	-
Loss on settlement of debt	294,333	-
Unrealized foreign exchange	(69)	-
Accrued interest	2,104	543
Changes in non-cash working capital items:		
GST receivable	(67,801)	2,862
Prepaid expenses	(936,366)	6,162
Accounts payable and accrued liabilities	190,693	76,951
Net cash flows used in operating activities	(4,541,370)	(81,039)
Investing activities		
Exploration and evaluation assets	(40,000)	-
Cash paid for acquisition of subsidiary	(250,000)	-
Cash acquired from acquisition of subsidiary	1,332	-
Net cash flows used in investing activities	(288,668)	-
Financing activities		
Shares issued for cash	4,259,851	-
Share issuance costs	(101,873)	-
Options exercised	256,000	-
Warrants exercised	2,136,331	-
Special warrants issued for cash	9,200,000	-
Special warrants issuance costs	(793,504)	-
Proceeds from (repayment of) loans	(58,007)	14,000
Net cash flows provided by financing activities	14,898,798	14,000
Foreign exchange impact on cash	-	25
Increase (decrease) in cash	10,068,760	(67,014)
Cash, beginning of the period	80,060	68,167
Cash, end of the period	\$ 10,148,820	\$ 1,153
Supplemental disclosure with respect to cash flows:		
Shares issued, amalgamation	\$ 7,820,000	\$ -
Shares issued, property	\$ 1,106,640	\$ -
Special warrants issuance costs	\$ (42,183)	\$ -
Shares issued, debt settlements	\$ 533,133	\$ -

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 April 30, 2021, the Company had not achieved profitable operations, had a net loss of \$6,254,270 for the period ended April 30, 2021, an accumulated deficit of \$11,286,493 at April 30, 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 June 29, 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.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, the Company’s, and its Canadian subsidiary’s functional and presentation currency. The functional currency of the Company’s US subsidiaries is the US dollar and the Swedish Krona for the Company’s Swedish subsidiary.

2. Significant accounting policies and basis of preparation (cont'd)

Significant judgements

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires the Company to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgements in applying the Company's accounting policies in these financial statements were:

- Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. The Company completed the acquisitions of 1257590 B.C. Ltd (Note 3) and Bergby Lithium AB (Note 3) and concluded that the acquired entities did not qualify as a business combination under IFRS 3, as significant processes were not acquired. Accordingly, the acquisitions have been accounted for an asset acquisition.
- Based on the primary indicators in IAS 21 – The Effects of Change in Foreign Exchange Rates – the Canadian dollar has been determined as the functional currency of the Company. Effects of changes in foreign exchange rates on the consolidation of the financial statements are recorded in other comprehensive loss and carried in the form of a cumulative translation adjustment in the accumulated comprehensive loss section of the statements of loss and comprehensive loss.

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.

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*	
		April 30, 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	Canada	100%	0%
Bergby Lithium AB	Sweden	100%	0%

*Percentage of voting power is in proportion to ownership.

3. Acquisition and Amalgamation

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.

United Lithium Corp. (formerly United Battery Metals Corp.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Months Ended April 30, 2021 and 2020
(Unaudited – Expressed in Canadian Dollars)

3. Acquisition and Amalgamation (cont'd)

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
<hr/>	
<u>Fair value of net assets acquired</u>	
Exploration and evaluation assets (Note 5)	7,825,752
Accounts payable & accrued liabilities	(5,752)
	<hr/>
	\$ 7,820,000

Acquisition of Bergby Lithium AB

On April 29, 2021 the Company acquired from Leading Edge Materials (“Leading Edge”) and its subsidiaries Tasman Metals AB (“Tasman”) and Tasman Metals Ltd., all of the issued and outstanding share capital of Bergby Lithium AB (“Bergby”). Bergby holds a 100% interest in and to the mining licenses comprising of the Bergby Lithium project (“Bergby Lithium Project”), located in central Sweden. Total consideration as follows:

- a) Cash of \$250,000 paid at the closing date;
- b) 1,031,864 common shares issued by the Company at the closing date subject to an escrow restriction whereby 20% of such shares shall be released after each subsequent four-month period following the closing date;
- c) 400,000 common share purchase warrants issued by the Company at the closing date. Each share purchase warrant entitling the holder thereof to acquire one common share of the Company at an exercise price of \$0.485 for a period of 36 months;
- d) Payment of an additional \$250,000 in cash on the date that is 6 months following the closing date; (Payment due on October 29, 2021).

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3. Acquisition and Amalgamation (cont'd)

Purchase Price

Cash consideration	\$	250,000
Accounts payable & accrued liabilities (Note 6)		250,000
Fair value of the 1,031,864 common shares issued (Note 8)		468,857
Fair value of 400,000 warrants issued (Note 8)		358,980
	\$	1,327,837

Fair value of assets and liabilities purchased

Cash	\$	1,332
Receivables		123
Exploration and evaluation assets (Note 5)		1,343,076
Accounts payable & accrued liabilities (Note 6)		(16,694)
	\$	1,327,837

At the transaction date, the Company determined that acquisition of Bergby 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. In addition to the purchase price, the company spent \$80,931 in legal fees as part of the transaction cost

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.

4. Prepaid expenses

Prepaid expenses consist of the following:

	April 30,		July 31,
	2021		2020
Insurance	\$ 14,483	\$	5,000
Consulting	100,000		-
Marketing	826,883		-
Total prepaid expenses	\$ 941,366	\$	5,000

5. Exploration and evaluation assets

The following is a description of the Company's exploration and evaluation assets for the period ended April 30, 2021 and year ended July 31, 2020:

	Barbara Lake	Bergby Lithium	
	Lithium Property	Project	Totals
Property acquisition costs			
Balance, beginning	\$ -	-	-
Acquisition (Note 3)	7,825,752	1,343,076	9,168,828
Additions	114,776	-	114,776
Balance, ending	\$ 7,940,528	1,343,076	9,283,604

5. **Exploration and evaluation assets** (cont'd)

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.

Bergby Lithium Project

On April 29, 2021, the Company completed the acquisition of 100% of the issued and outstanding share capital of Bergby, for total consideration of \$1,327,837 (Note 3). Bergby holds a 100% interest in and to the mining licenses comprising the Bergby Lithium Project, located in central Sweden.

At the closing date, the Company and Leading Edge entered into a royalty agreement wherein Leading Edge shall be entitled to a 2% net smelter returns royalty on the Bergby Lithium Project, which shall be subject to a buyback right for \$1,000,000.

In the event Leading Edge acquiring certain additional mineral claims in the region of the Bergby Lithium 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. As of March 21, 2021 (bonus date) the company did not acquire additional mineral claims and therefore \$250,000 is not accrued at period end

5. Exploration and evaluation assets (cont'd)

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.

The Company decided not to proceed with the earn-in agreement with Wealth Minerals Limited in regard to the Harry Project and Vapor Projects, respectively (“Projects”).

6. Accounts payable and accrued liabilities

	April 30, 2021	July 31, 2020
Accounts payable (Note 3)	\$ 498,510	\$ 176,697
Amounts due to related parties (Note 9)	21,500	76,000
Accrued liabilities	14,100	15,050
Total accounts payable and accrued liabilities	\$ 534,110	\$ 267,747

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).

Included in accounts payable is \$250,000 payable to Tasman, for the acquisition of Bergby due on October 29, 2021 (Note 3).

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 April 30, 2021, the Company recorded \$286 (April 30, 2020 - \$258) in interest on the loan. During the period ended April 30, 2021, the Company repaid the loan principal plus interest for a total of \$8,197. The balance of the loan at April 30, 2021 is \$Nil.

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 April 30, 2021, the Company recorded \$286 (April 30, 2020 - \$225) in interest on the loan. During the period ended April 30, 2021, the Company repaid the loan principal plus interest for a total of \$8,164. The balance of the loan at April 30, 2021 is \$Nil.

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 April 30, 2021, the Company recorded \$248 (April 30, 2020 - \$59.84) in interest on the loan. During the period ended April 30, 2021, the Company repaid the loan principal plus interest for a total of \$6,940. The balance of the loan at April 30, 2021 is \$Nil.

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 April 30, 2021, the Company recorded \$1,284 (2020 - \$Nil) in interest on the loan. During the period ended April 30, 2021, the Company repaid the loan principal plus interest for a total of \$34,706. The balance of the loan at April 30, 2021 is \$Nil.

As of April 30, 2021, the company paid all of its loans payable for a total of \$58,007 (total principal of \$54,500 and accumulated interest of \$3,507)

8. Share capital and reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At April 30, 2021, there were 52,046,563 (July 31, 2020 – 3,624,632) issued and fully paid common shares. 1,031,864 common shares held in escrow to be release in 5 tranches every four month from the closing date

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 \$41,135 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.

On April 29, 2021, the company issued 1,031,864 common shares with a discounted fair value of \$468,857 as part of the 100% acquisition of Bergby (Note 3).

During the period ended April 30, 2021, 8,544,962 warrants were exercised for gross proceeds of \$2,136,331. During the period ended April 30, 2021, 400,000 of options were exercised for gross proceeds of \$256,000.

Reserves

a. 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 Nine Months Ended April 30, 2021 and 2020
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8. Share capital and reserves (cont'd)

Reserves

a. Stock options (cont'd)

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.

The following table summarizes information about the stock option transactions for the period ended April 30, 2021:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, July 31, 2020	28,568	3.50
Stock options granted	4,200,000	0.80
Stock options exercised	(400,000)	0.64
Stock options cancelled	(150,000)	0.64
Balance, April 30, 2021	3,678,568	0.85

Stock options outstanding at April 30, 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
1,000,000	1,000,000	0.86	February 8, 2023
28,568	28,568	3.50	July 9, 2023
1,450,000	900,000	0.64	November 6, 2025
300,000	150,000	1.11	February 19, 2026
250,000	125,000	1.18	February 19, 2026
150,000	75,000	1.22	March 17, 2026
3,678,568	2,778,568		

During the period ended April 30, 2021, the Company granted 4,200,000 (2020 – Nil) stock options with a weighted average fair value of \$0.80 (2020 - \$Nil) per option (1,500,000 were vested on date on grant and 2,700,000 have a two year vesting period from date of grant). The Company recorded share-based payments of \$2,230,006 (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:

	April 30, 2021	April 30, 2020
Risk-free interest rate	0.34%	N/A
Expected life	3.93 years	N/A
Estimated volatility	154.55%	N/A
Dividend rate	N/A	N/A

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8. **Share capital and reserves** (cont'd)

b. Warrants

The following table summarizes information about the warrant transactions for the period ended April 30, 2021:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, July 31, 2020	34,671	8.75
Issued	20,571,370	0.26
Exercised	(8,544,962)	0.25
Expired	(34,671)	8.75
Balance, April 30, 2021	12,026,408	0.26

Warrants outstanding at April 30, 2021 are as follows:

Number of Warrants	Exercise Price (\$)	Expiry Date
11,454,796	0.25	August 18, 2022
171,612	0.35	September 9, 2022
400,000	0.49	April 29, 2024
12,026,408		

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.

In connection with the acquisition of Bergby on April 29, 2021, 400,000 warrants were issued as part of the purchase price consideration (Note 3). Each warrant entitling the holder thereof to acquire one share of the Company at a price of \$0.485 for a period of 3 years. The warrants were valued at \$358,980 using the Black-Scholes pricing model with the following assumptions: risk free rate of 0.52%, volatility of \$160%, dividends of nil, and expected life of three years.

c. Special warrants and special broker warrants

On March 8, 2021, the Company completed a special warrant private placement issuing 13,939,394 units at a price of \$0.66 per unit for gross proceeds of \$9,200,000. 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 \$0.85 for a period of 24 months from the date of issuance.

All unexercised Special Warrants will automatically be exercised on the date (the "Qualification Date") that is the earlier of (i) six (6) months and a day following Closing of the Offering, and (ii) the 3rd business day after a receipt is issued for the Final Prospectus. At this point, the company will issue 6,969,697 normal warrants with no fair value as Company uses residual value method for private placements in units.

8. Share capital and reserves (cont'd)

c. Special warrants and special broker warrants (cont'd)

In connection with the closing of special warrants private placement, the Company also granted 547,445 non-transferable compensation warrant units to the agents at an exercise price of \$0.66 for a period of 2 years. Each compensation warrant units entitles the holder to receive one common share and one-half underlying purchase warrant for an exercise price of \$0.85 for a period of 2 years after the closing. The compensation warrants were fair valued at \$361,314.

In connection with the closing of special warrants private placement, the Company also granted 428,312 non-transferable advisory warrant units to the agents at an exercise price of \$0.66 for a period of 2 years. Each advisory warrant units entitles the holder to receive one common share and one-half underlying purchase warrant for an exercise price of \$0.85 for a period of 2 years after the closing. The advisory warrants were fair valued at \$282,686.

During the period ended April 30, 2021, the Company recorded \$835,687 of special warrant issuance costs for cash commissions and professional services (includes compensation and advisory warrants) in connection with the special warrant private placement.

9. Related party transactions

Balances

As at April 30, 2021, \$21,500 (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).

Transactions

During the period ended April 30, 2021 and 2020, the following amounts were incurred with directors and officers of the Company:

	April 30, 2021	April 30, 2020
Directors fees	\$ 6,000	\$ -
Management fees paid to a company controlled by a former director	-	32,000
Management fees to the CFO	55,000	-
Management fees to the CEO	132,000	72,000
Share-based payments	882,201	-
	\$ 1,075,201	\$ 104,000

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 April 30, 2021, there were \$51,892 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.

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 April 30, 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.

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

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

Subsequent to April 30, 2021, 633,100 warrants were exercised for gross proceeds of \$166,585.

On May 4, 2021, the company announced it has signed a Letter of Intent with Sunstone Metals Limited (“Sunstone”) Scandian Metal Pty Ltd., Scandian Metals AB and Nortec Minerals Corp., contemplating the potential acquisition by the Company of 100% of the Kietyönmäki lithium project.