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SOUTH AMERICAN LITHIUM CORP.

(an exploration stage company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
South American Lithium Corp.

Opinion

We have audited the accompanying consolidated financial statements of South American Lithium Corp. (the "Company"), which comprise the consolidated statements of financial position as at February 29, 2024 and February 28, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flow for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2024 and February 28, 2023, and its financial performance and its cash flows for the years then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditor's report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

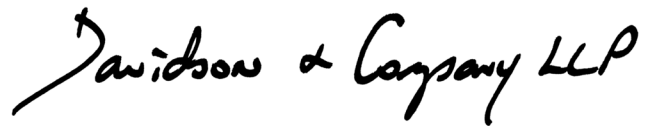
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dylan Connelly.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

September 3, 2024

SOUTH AMERICAN LITHIUM CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT FEBRUARY 29, 2024 and FEBRUARY 28, 2023
(Expressed in Canadian dollars)

	February 29, 2024	February 28, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 682,344	\$ 478,774
Receivables	19,604	13,584
Due from related party (Note 9)	15,000	37,502
Deposits (Note 4)	300,000	600,000
Total current assets	1,016,948	1,129,860
Long term assets		
Deferred acquisition costs	-	339,729
Exploration and evaluation assets (Note 5)	2,320,938	-
Total assets	\$ 3,337,886	\$ 1,469,589
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 110,535	\$ 47,267
Due to related party (Note 9)	84,090	-
Total current liabilities	194,625	47,267
Total liabilities	194,625	47,267
Shareholders' equity		
Share capital (Note 7)	4,135,428	1,325,559
Subscriptions received (Note 7)	240,874	632,500
Reserves (Note 7)	1,712,400	-
Deficit	(3,221,363)	(535,737)
Total shareholders' equity	2,867,339	1,422,322
Non-controlling interest (Note 8)	275,922	-
Total equity	3,143,261	1,422,322
Total liabilities and shareholders' equity	\$ 3,337,886	\$ 1,469,589

Nature and continuance of operations (Note 1)

Subsequent events (Note 12)

These financial statements were approved for issue by the Board of Directors on September 3, 2024 and are signed on its behalf by:

Approved by "Dustin Nanos", Director

"Drew Nanos", Director

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

SOUTH AMERICAN LITHIUM CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Expressed in Canadian dollars)

	YEAR ENDED FEBRUARY 29, 2024	YEAR ENDED FEBRUARY 28, 2023
EXPENSES		
Management and consulting fees (Note 9)	\$ 414,506	\$ 381,472
Exploration expenses	116,311	182,169
Office and administration	69,397	9,090
Investor relations	8,583	2,879
Rentals	68,668	14,810
Travel	81,395	12,900
Stock-based compensation (Note 7 and 9)	1,712,400	-
Bad debt expense (Note 4)	328,315	-
Foreign exchange	(70,301)	(66,942)
Interest income (Note 4)	(30,000)	(641)
Loss and comprehensive loss for the year	\$ 2,699,274	\$ 535,737
Loss attributable to:		
Shareholders of the Company	\$ 2,685,626	\$ 535,737
Non-controlling interest (Note 8)	\$ 13,648	-
Basic and diluted loss per common share	\$ 0.10	\$ 0.03
Weighted average number of common shares outstanding -		
Basic and diluted	26,124,107	17,370,742

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

SOUTH AMERICAN LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Expressed in Canadian dollars)

	YEAR ENDED FEBRUARY 29,		YEAR ENDED FEBRUARY 28,	
	2024		2023	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the year	\$	(2,699,274)	\$	(535,737)
Items not involving cash:				
Shares for services		-		280,000
Stock-based compensation		1,712,400		-
Bad debt expense		328,315		
Interest income		(30,000)		
Changes in non-cash working capital items:				
Receivables		(4,335)		(13,584)
Due from related party		22,502		(37,502)
Due to related party		84,090		-
Accounts payable and accrued liabilities		34,197		47,267
Net cash used in operating activities		(552,105)		(259,556)
CASH FLOWS FROM INVESTING ACTIVITIES				
Deposits		-		(600,000)
Deferred acquisition costs		-		(339,729)
Exploration and evaluation costs		(1,191,638)		-
Net cash used in investing activities		(1,191,638)		(939,729)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital		1,851,633		1,052,500
Share issuance costs		(145,194)		(6,941)
Subscriptions received		240,874		632,500
Net cash provided by financing activities		1,947,313		1,678,059
Change in cash and cash equivalents during the year		203,570		478,774
Cash and cash equivalents, beginning of the year		478,774		-
Cash, end of the year	\$	682,344	\$	478,774
Cash	\$	652,768	\$	372,918
Cash equivalents	\$	29,576	\$	105,856
SUPPLEMENTARY INFORMATION WITH RESPECT TO CASH FLOWS:				
Income taxes paid	\$	-	\$	-
Interest paid	\$	-	\$	-
NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Share issuance costs included in accounts payable and accrued liabilities	\$	29,070	\$	-
Units issued for exploration and evaluation assets	\$	500,000	\$	-

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

SOUTH AMERICAN LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Number of Shares	Share capital	Subscriptions received	Reserves	Deficit	Non- controlling interest	Total
Balance at March 1, 2022	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Private placement	20,425,000	1,052,500	-	-	-	-	1,052,500
Share issuance costs	-	(6,941)	-	-	-	-	(6,941)
Shares for services	2,800,000	280,000	-	-	-	-	280,000
Subscriptions received	-	-	632,500	-	-	-	632,500
Net loss for the year	-	-	-	-	(535,737)	-	(535,737)
Balance at February 28, 2023	23,225,000	\$ 1,325,559	\$ 632,500	\$ -	\$ (535,737)	\$ -	\$ 1,422,322
Balance at March 1, 2023	23,225,000	\$ 1,325,559	\$ 632,500	\$ -	\$ (535,737)	\$ -	\$ 1,422,322
Private placement	8,211,658	2,484,133	(632,500)	-	-	-	1,851,633
Share issuance costs	-	(174,264)	-	-	-	-	(174,264)
Subscriptions received	-	-	240,874	-	-	-	240,874
Units issued for exploration and evaluation assets	1,000,000	500,000	-	-	-	-	500,000
Stock-based compensation	-	-	-	1,712,400	-	-	1,712,400
Allocation to non-controlling interest	-	-	-	-	-	289,570	289,570
Net loss for the year	-	-	-	-	(2,685,626)	(13,648)	(2,699,274)
Balance at February 29, 2024	32,436,658	\$ 4,135,428	\$ 240,874	\$ 1,712,400	\$ (3,221,363)	\$ 275,922	\$ 3,143,261

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

SOUTH AMERICAN LITHIUM CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

1. NATURE AND CONTINUANCE OF OPERATIONS

South American Lithium Corp (the “Company”) was incorporated on March 1, 2022 under the Business Corporations Act of the Province of Alberta. On March 25, 2024, the Company completed a resolution to continue the Corporation from Alberta to British Columbia under the Business Corporations Act to facilitate the amalgamation. The Company’s principal business is the acquisition and exploration of mineral properties. The Company’s registered and records office is at Suite 333 7 Ave SW #800, Calgary, AB, T2P 2Z1. The Company is private.

The Company’s consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiary.

At the date of these consolidated financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on these exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation asset. To date, the Company has not earned revenues and is considered to be in the early exploration stage.

On July 14, 2023, the Company entered into a definitive amalgamation agreement with Pursuit Gold Corporation (“Pursuit Gold”) pursuant to which Pursuit Gold and the Company will carry out an amalgamation that will result in the reverse takeover of Pursuit Gold by the Company. Completion of the proposed transaction is subject to the satisfaction of a number of conditions, including receipt of all necessary shareholder and CSE approvals for listing of the combined company. The proposed transaction is structured as a three-cornered amalgamation whereby the Company will amalgamate with a wholly owned subsidiary of the Company and the current shareholders of the Company will become shareholders of the resulting issuer.

On January 31, 2024, the Company signed a Reinstatement and Amendment to Amalgamation Agreement (the “Reinstatement Agreement”), as the Amalgamation Agreement had lapsed. The Reinstatement Agreement served to reinstate the Amalgamation Agreement on the terms originally set forth, as well as amend the minimum amount of the Company’s private placement to be the net proceeds sufficient to provide the resulting issuers with the working capital required to satisfy the listing requirements of the CSE, on terms mutually agreeable to the Company and Pursuit Gold.

Pursuant to the amalgamation, all of the Company’s common shares outstanding will be exchanged for common shares of the resulting issuer and outstanding convertible securities of the Company will become exercisable to acquire resulting issuer shares. It is a condition to completion of the proposed transaction that the Company completes a non-brokered market financing for gross proceeds of a minimum of \$1.2 million. Subsequent to the year, the amalgamation was completed (Note 12).

Going Concern of Operations

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. At February 29, 2024, the Company had cash and cash equivalents of \$682,344. The Company’s continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company estimates it has sufficient working capital to continue operations for the upcoming year.

SOUTH AMERICAN LITHIUM CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the year. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Critical Accounting Judgements

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

1. *Going concern of operations:* The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used (Note 1).
2. *Determination of functional currency:* The Company determines the functional currency through the analysis of several indicators such as expenses and cash flow, financing activities, and frequency of transactions with the parent entity.
3. *Indicators of impairment for exploration and evaluation assets:* The assessment of any impairment of exploration and evaluation assets is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. As a result of this assessment, management determined that no impairment charges need to be recorded for the current year end.
4. *Share based compensation:* The valuation of share based payments is determined using the Black-Scholes Option Pricing Model. Option pricing models require the input of subjective assumptions including expected share price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Corporation's net loss and equity reserves.

SOUTH AMERICAN LITHIUM CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

3. MATERIAL ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances and transactions, income and expenses have been eliminated upon consolidation.

The financial statements include the financial statements of South American Lithium Corp. and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest	Principal Activity
South American Lithium S.A.	Argentina	100%	Mineral exploration
Minera Ansotana S.A.	Argentina	70%	Mining concessions

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of transaction. Monetary assets and liabilities of the Company that are denominated in foreign currencies are re-translated at the rate of exchange prevailing at the statement of financial position date. Non-monetary assets and liabilities are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Exchange gains and losses arising on translation are included in profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks and investment-grade short-term deposit certificates that are readily convertible into a fixed amount of cash. As at February 29, 2024, the Company has \$29,576 in cash equivalents. As at February 28, 2023, the Company had \$105,856 in cash equivalents.

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

SOUTH AMERICAN LITHIUM CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash and cash equivalents, receivables, due from related party and deposits are measured at amortized cost with subsequent impairments recognized in profit or loss.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, accrued liabilities, and due to related party are classified and measured at amortized cost on the statement of financial position.

As of February 29, 2024, the Company does not have any derivative financial liabilities.

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the year in which they are incurred.

Exploration and evaluation expenditures

All direct costs related to the acquisition of exploration and evaluation assets are capitalized upon acquiring the legal right to explore a property. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development, are charged to profit or loss as incurred.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Deferred acquisition costs

Costs incurred in relation to transactions that are pending at the end of the reporting period are recognized as deferred acquisition costs until the closing of such transactions or expensed if such transactions do not complete.

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and

SOUTH AMERICAN LITHIUM CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any rehabilitation obligations.

Contingent consideration

Contingent consideration from an asset acquisition is recognized when: (i) the conditions associated with the contingency are met; (ii) the Company has a present legal or constructive obligation that can be estimated reliably; and (iii) and it is probable that an outflow of economic benefits will be required to settle the obligation.

Share capital

Share capital Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, and warrants are classified as equity instruments. The Company records proceeds from share issuances net of issue costs and any tax effects in equity. Common shares issued for consideration other than cash are valued based on their fair value on the date of issuance.

Warrants in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve the issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued based on the residual value method. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they

SOUTH AMERICAN LITHIUM CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

New, amended and future IFRS standards that are effective for the current year:

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies:

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term “significant accounting policies” with “material accounting policy information”.

Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The amendments were applied effective March 1, 2023 and did not have a material impact on the Company’s consolidated financial statements.

On April 9, 2024, the IASB issued a new standard, called “IFRS 18 — Presentation and Disclosure in Financial Statements”, which applies to an annual reporting period beginning on or after 1 January 2027. IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. The Company did not early adopt the standard.

Loss per share

Loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants and conversion of convertible notes, if dilutive. The number of additional shares is calculated

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Share-based compensation

From time to time, the Company grants share options to employees and non-employees. Where equity-settled share options are awarded to employees the fair value of the options, estimated using the Black-Scholes option pricing model, at the date of grant is charged to the net loss over the vesting period. All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital along with any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

4. DEPOSITS

During the year ended February 28, 2023, the Company advanced \$600,000 in funds to Alchemia LLC (“Alchemia”), a company controlled by a director, for future exploration costs related to its exploration projects (Note 5). On March 1, 2023, the Company formalized an agreement for the advances whereby the funds previously advanced would bear interest at 10% per annum and be repaid monthly over a 12 month period beginning on June 1, 2023, primarily by way of construction services for access to the Company’s exploration projects. On February 8 2024, the Company entered into a termination agreement for the settlement of the advancement and accrued interest for the amount of \$300,000 (collected subsequent to February 29, 2024). The remaining balance of the deposit and accrued interest of \$328,315 was deemed uncollectible and recorded to bad debt expense.

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5. EXPLORATION AND EVALUATION ASSETS

Acquisition of Latin Metals

February 29, 2024	Latin Metals
Acquisition Costs:	
Balance, beginning of year	\$ -
Deferred acquisition costs	69,800
Shares issued on acquisition	500,000
Cash paid on acquisition	400,080
Balance, end of year	\$ 969,880
Exploration Costs:	
Balance, beginning of year	\$ -
43-101 – Technical Report	36,048
Balance, end of year	36,048
Total costs, end of year	\$1,005,928

On September 29, 2022, the Company entered into a letter of intent with Latin Metals Inc. ("Latin Metals") and its subsidiary, Cardero Argentina S.A. ("Cardero"), for the option to acquire 100% of Cardero's interest in certain mining concessions comprising the El Quemado Project located in Salta, Argentina. In consideration for the option and exclusivity period granted, the Company paid a non-refundable amount of USD\$50,000 (\$69,800) to Latin Metals.

On March 1, 2023, the Company, Latin Metals and Cardero entered into an agreement for the purchase of certain mining properties that form part of the El Quemado Project located Salta, Argentina. Key terms include the following:

- \$400,000 to be paid within 10 days of the period granted for acceptance of the offer (paid).
- \$500,000 in units of the Company to be paid within 10 days from acceptance, as follows: i) 1,000,000 common shares (issued) and ii) 1,000,000 common share purchase warrants exercisable at \$1.00 per warrant for a 5 year term (issued).
- Up to \$150,000 for certain properties for which the Company obtains approval of an investment plan, as defined in the agreement.

In addition, the Company shall grant Latin a 2% royalty over the net smelter return (the "Royalty"). Latin will have the right, at any time prior to a production decision, to purchase one half of the Royalty from the Royalty Holder for USD\$3,000,000 (\$4,072,500), in which case the Royalty will be reduced to 1%.

The transfer of the title concessions is complete and the Company is in the process registering the concessions.

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5. EXPLORATION AND EVALUATION ASSETS (continued)

Acquisition of El Quemado Project

February 29, 2024	El Quemado Project
Purchase price:	
Fair value of acquisition costs	\$675,665
Non-controlling interest (Note 8)	289,570
Total consideration	\$ 965,235
Purchase price allocation:	
Exploration and evaluation assets	\$965,235

On May 30, 2022, the Company entered into a letter of intent with Enrique José Vidal and Francisco Vidal (collectively, the "Vidals") for the sale and acquisition of the El Quemado Project (the "Project") located in the province of Salta, Argentina. In compensation for the negotiations to be held, the Company paid US\$50,000 (\$64,670).

On August 23, 2022, the Company entered into a series of agreements (the "Agreement") with the Vidals to acquire 70% of the shares of Minera Ansotana S.A., owner of 22 mining concessions making up the El Quemado Project, as well as the option to purchase an additional 4 concessions connected to the Project (collectively, the "Purchase Options") from Enrique José Vidal upon completion of the following:

- An initial payment of US\$120,000 (\$164,207) and US\$30,000 (\$41,052) within 15 days of signing (\$205,259 paid to date);
- US\$240,000 (\$324,589) and US\$60,000 (\$81,177) to be paid within 6 months of signing the agreement and upon notice of exercise of the option (the "Option Date"), provided that the primary exploration campaign is satisfactory (\$405,736 paid to date);
- Upon the shares being transferred and the additional concessions being notarized in the name of Minera Ansotana S.A., the Company shall pay US\$160,000 and US\$40,000 every 6 months until a Pre-feasibility Study ("PFS") under National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI-43-101") or Australasian Joint Ore Reserves Committee ("JORC") codes is presented;
- Following the PFS, a payment of US\$400,000 and US\$100,000 shall be paid within 15 days; and
- Upon completion of a Feasibility Study, an additional payment of US\$400,000 and US\$100,000 shall be paid within 15 days.

On March 22, 2023, the Purchase Options were exercised under the Agreement and the Company assigned the 4 concessions to Minera Ansotana S.A. who is the final owner of 100% of the mining properties that make up the Project. The Company owns 70% of the shares of Minera Ansotana S.A. and, therefore, 70% of the Project.

The Company has accounted for the acquisition as a purchase of assets. The acquisition did not qualify as a business combination under IFRS 3, *Business Combinations*, as the significant inputs, processes and outputs, that together constitute a business, did not exist in these projects at the time of acquisition.

On December 26, 2023, the Company entered into an amending agreement with the Vidals to delay the commencement of the payments of US\$160,000 and US\$40,000 due every six months to the Vidals until a PFS is completed. The Company agreed to issue the Vidal parties an aggregate of 1,000,000 common shares (issued subsequent to the year). The Company recognized an expense of \$300,000 related to the agreement in the year ended February 29, 2024. The agreement includes a right in favour of the Vidal parties until the Province of Salta approves the first of the environmental reports to propose a bona fide third party qualified purchases for Minera Ansotana S.A.

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5. EXPLORATION AND EVALUATION ASSETS (continued)

in which case the Company and either match the offer to acquire the balance of Minera Ansootana S.A. shares or resume the suspended payments and continue the Minera Ansootana Agreement and pay additional compensation to the Vidal parties of US\$4,000,000 (\$5,430,000) in the Company's shares. If the Company does not elect within 10 business days to do either, then the Vidal parties will have the right to complete the sale to the third party purchases within 30 days and the Company will be entitled to receive US\$8,000,000 (\$10,860,000) for its 70% interest in Minera Ansootana.

Acquisition of Alsina Property

February 29, 2024	Alsina Property
Purchase price:	
Fair value of acquisition costs	\$243,527
Total consideration	\$ 243,527
Purchase price allocation:	
Exploration and evaluation assets	\$243,527

On July 5, 2023, the Company, Simon Perez Alsina and Yacones SRL entered into an options agreement to purchase certain mining properties located in Salta Argentina. Key terms include the following:

- US\$80,000 to be paid within 10 days of the execution date (\$105,987 paid to date)
- US\$80,000 to be paid within 60 days of the execution date (\$137,540 paid to date)
- US\$120,000 to be paid within 18 months of the execution date which can be paid in cash or shares issued by the Company
- US\$150,000 to be paid within 24 months of the execution date which can be paid in cash or shares issued by the Company
- US\$650,000 to be paid within 30 months of the execution date which can be paid in cash or shares issued by the Company

Acquisition of property claims in Quebec

During October 2023, the Company purchased various claims in Quebec, Canada for consideration of \$106,248 for 35,496 hectares of land for future exploration. The Company owns 100% working interest in these claims.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are comprised of trade payables. All payables and accrued liabilities for the Company fall due within the next 12 months.

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7. SHARE CAPITAL

Authorized

The Company has an unlimited number of common shares and preferred shares without par value.

During the year ended February 29, 2024:

- The Company closed a non-brokered private placement by the issuance of 3,095,000 units at a price of \$0.50 per unit for gross proceeds of \$1,547,500. Each unit consists of one common share and one non-transferable common share purchase warrant. Each whole warrant will allow the holder to purchase one common share of the Company at a price of \$0.65 per share for a period of two years following the date of a going public transaction. In February 2024, the terms of these agreements were amended to a price of \$0.30 per unit with a warrant to allow the holder to purchase one common share of the Company at a price of \$0.65 for two years following the date of a going public transaction.
- In connection with the amendment above, the Company closed a non-brokered private placement by the issuance of 2,063,333 common shares at \$0.01 per common share for gross proceeds of \$20,633.
- The Company closed a non-brokered private placement by the issuance of 3,053,325 common shares at \$0.30 per unit for gross proceeds of \$916,000. Each unit consists of one common share and one non-transferable common share purchase warrant. Each whole warrant will allow the holder to purchase one common share of the Company at a price of \$0.65 per share for a period of two years following the date of a going public transaction.
- The Company granted 1,000,000 units valued at \$500,000 to Latin Metals in conjunction with El Quemado Project acquisition (Note 5). Each unit consists of one common share and one non-transferable common share purchase warrant. Each whole warrant allows the holder to purchase one common share of the Company at a price of \$1.00 for a period of five years.

During the year ended February 28, 2023:

- The Company issued 10,000,000 founders shares at \$0.001 for gross proceeds of \$10,000.
- The Company closed a non-brokered private placement by the issuance of 10,425,000 units at a price of \$0.10 per unit for gross proceeds of \$1,042,500. Each unit consists of one common share and one non-transferable common share purchase warrant. Each whole warrant allows the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of five years.
- The Company granted 2,800,000 units issued at a value of \$280,000 in exchange for management and consulting services to the CEO and a director of the Company. Each unit consists of one common share and one non-transferable common share purchase warrant. Each whole warrant allows the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of five years.
- The Company received subscriptions of \$632,500 relating to the issuance of 1,265,000 units at a price of \$0.50 per unit pursuant to an open non-brokered private placement. Each subscription receipt relates to a unit which upon issuance will consist of one common share and one non-transferable common share purchase warrant. Each whole warrant will allow the holder to purchase one common share of the Company at a price of \$1.00 per share for a period of one year. In February 2024, the terms of these agreements were amended to a price of \$0.30 per unit with a warrant to allow the holder to purchase one common share of the Company at a price of \$0.65 for two years.

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7. SHARE CAPITAL (continued)

Share issuance costs

During the year ended February 29, 2024, share issuance costs totaled \$174,264. During the year ended February 28, 2023, share issuance costs totalled \$6,941.

Stock options

On June 30, 2023, the Company amended an equity incentive plan (the "Stock Option Plan"), effective as of August 5, 2022. The Stock Option Plan allows the Company to grant incentive stock options to directors, officers, employees and consultants of the Company. The Company can grant stock options of up to 15% of the number of voting shares that are issued and outstanding at such time. The vesting period for the incentive stock options shall vest one-third upon each successive year and become fully vested after three years unless it is unanimously approved by the Board otherwise. The expiry date of an option shall be no later than the sixth anniversary of its date of grant. The exercise price of incentive stock options will be set by the Board of Directions of the Company at the time of the grant.

During the year ended February 29, 2024, the Company granted 2,000,000 stock options to a director of the Company at an exercise price of \$0.15 for a period of 5 years, expiring March 10, 2028. The fair value of the options granted was determined to be \$882,000 using the Black-Sholes option pricing model under the following assumptions: stock price - \$0.50; risk-free rate - 3.96%; expected life - 5 years; expected volatility - 100%, vesting term - immediately and expected dividends - nil.

During the year ended February 29, 2024, the Company granted 1,200,000 stock options to directors and consultants of the Company at an exercise price of \$0.15 for a period of 5 years, expiring July 5, 2028. The fair value of the options granted was determined to be \$530,400 using the Black-Sholes option pricing model under the following assumptions: stock price - \$0.50; risk-free rate - 4.25%; expected life - 5 years; expected volatility - 100%, vesting term - immediately and expected dividends - nil.

A continuity of options for the year ended February 29, 2024 is as follows:

Expiry date	Exercise Price	February 28,		
		2023 and 2022	Granted	February 29, 2024
March 10, 2028	\$0.15	-	2,000,000	2,000,000
July 5, 2028	\$ 0.15	-	1,200,000	1,200,000
Warrants outstanding and exercisable		-	3,200,000	3,200,000
Weighted average exercise price		-	\$0.15	\$ 0.15

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7. SHARE CAPITAL (continued)

Warrants

The continuity of warrants for the year ended February 29, 2024, is as follows:

Expiry date	Exercise Price	February 28, 2023	Granted	February 29, 2024
July 21, 2027	\$ 0.20	11,225,000	-	11,225,000
September 9, 2027	\$ 0.20	2,000,000	-	2,000,000
March 10, 2028	\$1.00		1,000,000	1,000,000
2 Years from listing date ⁽¹⁾	\$0.65 ⁽¹⁾	-	3,095,000	3,095,000
2 Years from listing date	\$0.65	-	3,053,325	3,053,325
Warrants outstanding and exercisable		13,225,000	7,148,325	20,373,325
Weighted average exercise price		\$0.20	\$0.70	\$ 0.38

(1) Amended from \$1.00 in November 2023. Expiry date is two years following the closing date of a going public transaction.

The continuity of warrants for the year ended February 28, 2023 is as follows:

Expiry date	Exercise Price	March 1, 2022	Granted	February 28, 2023
July 21, 2027	\$ 0.20	-	11,225,000	11,225,000
September 9, 2027	\$ 0.20	-	2,000,000	2,000,000
Warrants outstanding and exercisable		-	13,225,000	13,225,000
Weighted average exercise price		-	\$0.20	\$ 0.20

8. NON-CONTROLLING INTEREST

On March 22, 2023, the Company closed the acquisition of the Project (Note 5). The non-controlling interest represents equity in Minera Ansootana S.A. that is not attributable to the Company. The carrying value of the non-controlling interest for Minera Ansootana S.A as at February 29, 2024 was \$275,922.

The following table presents the summarized financial information of Minera Ansootana S.A. for the year ended February 29, 2024:

	Minera Ansootana S.A.
Ownership interest	70%
Loss for the year	\$ 45,492
Loss attributable to non-controlling interest	\$ 13,648

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8. NON-CONTROLLING INTEREST (continued)

The following table presents the change in the non-controlling interest:

	Minera Ansootana S.A.
Balance, February 28, 2023 and 2022	\$ -
Acquisition (Note 5)	289,570
Loss attributable to non-controlling interest	(13,648)
Balance, February 29, 2024	\$275,922

Summarized financial information about Minera Ansootana S.A. is as follows for the year ended February 29, 2024:

	February 29, 2024
Current liabilities	\$45,492
Loss	\$45,492

9. RELATED PARTY TRANSACTIONS

Key management personnel are those who have the authority and responsibility for planning, directing, and controlling activities of the Company directly or indirectly. Key management personnel and related parties include the Board of Directors, officers, close family members and entities that are controlled by these individuals.

As at February 29, 2024 and February 28, 2023, \$15,000 and \$37,502, respectively, was due from related parties. The amount is unsecured, non-interest bearing and due on demand. As at February 29, 2024 and February 28, 2023, \$84,090 and \$nil, respectively, was due to directors of the Company. The amounts are unsecured, non-interest bearing and due on demand.

During the year ended February 29, 2024, the Company incurred and paid consulting fees of \$230,944 to directors of the Company. During the year ended February 28, 2023, the Company incurred and paid consulting fees of \$225,168, to directors of the Company.

During the year ended February 29, 2024, the Company granted 2,300,000 stock options to related parties for determined fair value of \$1,014,600 using the Black-Sholes option pricing model (Note 7).

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10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of mineral properties in the Americas.

	February 29, 2024	February 28, 2023
Current assets:		
Argentina	\$ 54,624	\$118,107
Canada	962,324	1,011,753
	<u>\$1,016,948</u>	<u>\$1,129,860</u>
Long term assets:		
Argentina		
Deferred acquisition costs	\$ -	339,729
Exploration and evaluation assets	2,214,690	-
Canada		
Deferred acquisition costs	-	-
Exploration and evaluation assets	106,248	-
	<u>\$ 2,320,938</u>	<u>\$339,729</u>

11. FINANCIAL AND CAPITAL RISK MANAGEMENT

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.

The fair value of the Company's cash and cash equivalents, receivables, accounts payable, due to related party and accrued liabilities, approximates carrying value, due to their short-term nature. Fair value of other assets approximates the carrying value as they are recorded at market interest rate. The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

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11. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

The Company's cash and cash equivalents is held in interest bearing accounts at large financial institutions in both Canada and Argentina. The Company has no investment in asset backed commercial paper.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2024, the Company had cash and cash equivalents of \$682,344 to settle current liabilities of \$194,625. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash and cash equivalents are invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset backed commercial paper.

Market risk

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

a) Interest rate risk

The Company has cash balances and has no debt instruments that bear variable interest rates. The interest earned on the investments approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates.

b) Foreign currency risk

The Company's operations are in Canada and Argentina. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities. As at February 29, 2024, the Company has determined that a 10% increase or decrease in these currencies against the Canadian dollar would result in a \$4,000 change to profit or loss for the year.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of lithium, and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by interest rate risk, currency risk and credit risk.

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11. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration and evaluation assets, acquire additional exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes components of shareholders' equity. The Company 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 Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management in the year.

12. SUBSEQUENT EVENTS

Subsequent to February 29, 2024, the following events occurred:

- The Company received subscriptions of \$260,000 relating to the issuance of 866,667 units at \$0.30 per unit through a non-brokered private placement. Of the subscriptions received, \$240,874 was received prior to year end. Each unit consists of one common share and one non-transferable common share purchase warrant. Each whole warrant allows the holder to purchase one common share of the Company at a price of \$0.65 per share for a period of two years following the closing date of a going public transaction.
- The Company issued 1,000,000 common shares to the Vidals related to the El Quemado Project (Note 5).
- On May 17, 2024, the Company completed the three-cornered amalgamation with Pursuit Gold. The amalgamation was subject to a number of conditions, which were met prior to its implementation, including approval of the shareholders of the Company respecting the amalgamation as a fundamental change and the CSE's clearance of the Company's draft Form 2A listing statement respecting the Amalgamation. Pursuant to the amalgamation, former shareholders of the Company received an aggregate of 34,503,325 common shares of the resulting issuer shares in exchange for their common shares of the Company on a one-for-one basis and all outstanding warrants and incentive options became exercisable into resulting issuer shares in accordance with the terms.

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows for the years ended February 29, 2024 and February 28, 2023:

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13. INCOME TAXES (continued)

	2024	2023
Loss for the year	\$ (2,699,274)	\$ (535,737)
Expected income tax (recovery)	\$ (729,000)	\$ (145,000)
Change in statutory, foreign tax, foreign exchange rates and other	84,000	2,000
Permanent differences	(9,000)	4,000
Share issue cost	(47,000)	(2,000)
Change in unrecognized deductible temporary differences	701,000	141,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	2024	2023
Deferred tax assets (liabilities)		
Share issue costs	\$ 38,000	\$ 1,000
Non-Capital losses	663,000	140,000
Net deferred tax asset (liability)	\$ 701,000	\$ 141,000

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2024	Expiry Date Range	2023	Expiry Date Range
Temporary Differences				
Share issue costs	\$ 139,000	No expiry date	\$ 6,000	No expiry date
Non-Capital losses	2,493,000	2029 to 2044	523,000	2028 to 2043
Canada	2,314,000	2044		2043
Argentina	180,000	2029		2028

Tax attributes are subject to review, and potential adjustment, by tax authorities.