AMERICAN SALARS LITHIUM INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2023

AND DECEMBER 31, 2022

(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial consolidated statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

AMERICAN SALARS LITHIUM INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	December 31, 2023 (Unaudited)	September 30, 2023 (Audited)
ASSETS		
Current		
Cash	$ 10,229	$ 40,809
Amounts recoverable	4,121	968
	14,350	41,777
Exploration and evaluation assets (Note 5)	1,076,121	539,747
	$ 1,090,471	$ 581,524
LIABILITIES		
Current		
Accounts payable	$ 52,108	$ 27,806
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	1,536,657	1,012,406
Contributed surplus	155,964	155,964
Deficit	(654,258)	(614,652)
	1,038,363	553,718
	$ 1,090,471	$ 581,524

NATURE OF CONTINUANCE OF OPERATIONS (Note 1)

Approved and authorized for issue on behalf of the board on February 9, 2024:

"Michael Dake" Director

"Sean McGrath" Director

AMERICAN SALARS LITHIUM INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars) UNAUDITED

		Three months ended December 31, 2023		Three month ended December 31, 2022
EXPENSES				
Management fees	$	–	$	10,500
Occupancy costs		2,112		7,009
Office and miscellaneous		3,507		82
Professional fees		24,948		15,009
Transfer agent and filing fees		9,039		4,416
Expense recovery		–		(10,000)
Net loss and comprehensive loss end of period	$	39,606	$	27,016
Loss per share (basic and diluted)	$	0.00	$	0.00
Weighted average number of common share outstanding		14,400,440		6,769,565

AMERICAN SALARS LITHIUM INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars) UNAUDITED

	Number of Shares	Amount	Contributed Surplus	Deficit	Total
		$	$	$	$
Balances, September 30, 2021	6,775,000	374,906	155,964	(439,556)	91,314
Shares issued for cash	1,500,000	150,000	–	–	150,000
Comprehensive loss for the period	–	–	–	(27,016)	(27,016)
Balance, December 31, 2022	8,275,000	524,906	155,964	(466,572)	214,298
Balances, September 30, 2022	12,425,000	1,012,406	155,964	(614,652)	553,718
Shares issued for exploration and evaluation asset	3,495,009	524,251	–	–	524,251
Comprehensive loss for the period	–	–	–	(39,606)	(39,606)
Balance, December 31, 2023	15,920,009	1,536,657	155,964	(654,258)	1,038,363

AMERICAN SALARS LITHIUM INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars) UNAUDITED

		Three months ended December 31, 2023		Three month ended December 31, 2022
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	$	(39,606)	$	(27,016)
Items not involving cash:				
Stock - based payments		–		–
		(39,606)		(27,016)
Changes in non-cash working capital balances:				
Other receivable		(3,153)		(1,774)
Accounts payable and accrued liabilities		24,302		(83,967)
Cash used in operating activities		(18,457)		(112,757)
INVESTING ACTIVITY				
Mineral property acquisition and exploration costs		(12,123)		–
Cash used in investing activity		(12,123)		–
FINANCING ACTIVITIES				
Shares issued for cash		–		150,000
Cash used in by financing activity		–		150,000
INCREASE IN CASH DURING THE PERIOD		(30,580)		37,243
CASH, BEGINNING OF PERIOD		40,809		10,510
CASH, END OF PERIOD	$	10,229	$	47,753
SUPPLEMENTAL DISCLOSURES				
Interest paid	$	–	$	–
Income taxes paid	$	–	$	–
Shares issued for and evaluation and exploration costs	$	524,251	$	–

1. NATURE OF OPERATIONS

American Salars Lithium Inc. (the "Company") was formed on December 17, 2019 under the law of British Columbia. The address of the Company's corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at December 31, 2023, the Company holds an interest in an early stage mineral exploration property and the Company had not yet determined whether the Company's mineral property asset contains a deposit of minerals that is economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had deficit of $654,258 as at December 31, 2023, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give affect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended September 30, 2023.

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on February 9, 2024.

b) Basis of presentation

The consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries Aesir Lithium Corp., and American Brines Lithium Corp.

(Expressed in Canadian Dollars) UNAUDITED

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and estimates of amounts reported in the Company's September 30, 2023 annual financial statements.

4. ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

5. EXPLORATION AND EVALUATION ASSET

Isla property option

On November 8, 2020, and amended on February 9, 2021 and August 29, 2023, the Company entered into a Purchase Agreement (the "Isla Agreement") with an arms-length party. Pursuant to the Isla Agreement, the Company has an option to acquire 100% interest in six mineral claims known as the Isla claims located in British Columbia, Canada from the arms-length party.

In addition, the Isla claims are subject to a Net Smelter Return Royalty of 1.5% which can be purchased at any time for $1,500,000 from the arms-length party.

Under the Isla Agreement, the Company will make cash payments totaling $40,000 as follows:

a. make a cash payment of $5,000 upon execution and delivery of the agreement (paid);
b. make a further cash payment of $5,000 on the date upon which the common shares are listed on a stock exchange in Canada (paid); and
c. make a further cash payment of $5,000 within 24 months (paid) and $25,000 within 30 months of listing on a stock exchange in Canada.

		Isla Property
Balance, September 30, 2021	$	91,807
Acquisition costs		5,000
Reports, maps, and data processing		8,251
Labour and surveys sampling		29,950
Project preparation, meals, accommodations, and fuel		57,364
Administration		4,875
Balance, September 30, 2022		197,247
Recovery		(10,000)
Loss on disposal of exploration and evaluation assets		(19,500)
Balance, September 30, 2023		167,747
Acquisition cost		5,000
Balance December 31, 2023	$	172,747

(Expressed in Canadian Dollars) UNAUDITED

5. EXPLORATION AND EVALUATION ASSETS *(continued)*

The Company allowed the expiry of one of the six claims during the year ended September 30, 2023. Consequently, the Company recorded a loss on disposal related to the Isla property of $19,500 to reflect the forfeiture of the one claim.

Aesir lithium claims

On May 31, 2023, the Company entered into a Purchase Agreement (the "Aesir Agreement") with an arms-length party to acquire a 100% interest in Aesir Lithium Corp. Pursuant to the Aesir Agreement, the Company acquired a 100% interest in twenty seven mineral claims known as the Aesir lithium claims located in Quebec, Canada.

As consideration the Company issued 3,100,000 shares at their fair value $0.12 per share.

		Aesir Lithium Claims
Balance, September 30, 2022	$	–
Acquisition costs		372,000
Balance, September 30, 2023		372,000
Reports		7,123
Balance, December 31, 2023	$	379,123

The Company accounted for this transaction as an asset acquisition. The assets acquired consisted entirely of the Aesir lithium claims, and there were no liabilities assumed. The $372,000 purchase consideration was applied entirely to the exploration and evaluation asset and there were no transaction costs.

Black Rock South

The Company acquired 100% of American Brines Lithium Inc., which owns the Black Rock South Lithium project located in Washoe County, Nevada. Under the terms of the agreement the Company issued 3,495,009 shares on closing on November 9, 2023, fair valued at $0.15 per share, and will issue an additional 3,495,009 shares on the first anniversary and 3,494,997 shares on the second anniversary dates of closing.

		Black Rock South
Balance, September 30, 2023	$	–
Acquisition costs		524,251
Balance, December 31, 2023		524,251

6. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without par value.

b) Escrow shares:

As at December 31, 2023, there were 570,001 common shares held in escrow.

c) Issued and outstanding as at December 31, 2023: 15,920,009 common shares.

During the year ended September 30, 2023, the Company had the following transactions:

On December 22, 2022 the Company issued 1,500,000 common shares at a price of $0.10 per share for gross proceeds of $150,000 pursuant to a private placement.

On April 5, 2023, the Company completed a private placement of 1,050,000 units at $0.11 per unit for gross proceeds of $115,500. Each unit consists of one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at $0.14 per share for a period of 36 months. $Nil was allocated to the warrants, under the residual value method.

Issued and outstanding as at December 31, 2023: 15,920,009 common shares.

During the period ended December 31, 2023, the Company had the following transactions:

On November 9, 2023 the Company issued 3,495,009 common shares for the Black Rock South claims (note 5).

On June 8, 2023 the Company issued 3,100,000 common shares for the Aesir Lithium claims (Note 5).

d) Stock options

On February 3, 2022, the Company granted 400,000 stock (post-consolidated) options to certain directors and officers of the Company at an exercise price of $0.30 for a period of three years from the date of grant. The fair value of these options was calculated to be $82,748. The remaining contractual life as at December 31, 2023 is 1.10 years.

(Expressed in Canadian Dollars) UNAUDITED

6. SHARE CAPITAL - continued

e) Stock options - continued

A continuity of the options outstanding as at December 31, 2023 is as follows:

	Number of options outstanding and exercisable	**Weighted average exercise price $**
Balance, September 30, 2022	325,000	0.30
Issued	–	0.30
Expired	–	0.30
Balance, September 30, 2023 and December 31, 2023	325,000	0.30

The weighted average assumptions used in the Black-Scholes option pricing model valuation of options granted during the year ended September 30, 2022 are as follows:

	2022
Share price	$0.15
Exercise price	$0.15
Risk-free interest rate	1.39%
Expected life of options	3 years
Dividend rate	0.00%
Annualized volatility	115%

Volatility was based on historical stock prices of comparable public companies. The fair value per option granted is $0.20.

(Expressed in Canadian Dollars) UNAUDITED

6. SHARE CAPITAL (continued)

f) Warrants

On December 22, 2021, the Company issued 175,000 agent warrants related to the IPO. The agent warrants are exercisable at $0.20 per share for a period of five years from the date of issue. The fair value of these warrants was calculated to be $28,216. As at December 31, 2023, the remaining contractual life of the warrants is 2.37 years.

A continuity of the warrants outstanding as at December 31, 2023 is as follows:

	Number Of warrants	**Weighted average exercise price $**
Balance, September 30, 2022	175,000	$0.20
Issued	1,050,000	$0.14
Balance, September 30, 2023 and December 31, 2023	1,225,000	$0.15

Weighted average assumptions used in the Black-Scholes option pricing model valuation of warrants issued during the year ended September 30, 2022 are as follows:

	2022
Share price	$0.10
Exercise price	$0.10
Risk-free interest rate	0.96%
Expected life of warrants	5 years
Dividend rate	0%
Annualized volatility	115%

Volatility was based on historical stock prices of comparable public companies. The fair value per warrant issued is $0.15.

A summary of the Company's warrants outstanding as at December 31, 2023 is as follows:

Expiry Date	Exercise Price ($)	Warrants Outstanding	Weighted Average Remaining Life of Warrants (Years)	Warrants Exercisable
December 22, 2026	0.20	175,000	2.98	175,000
April 5, 2026	0.14	1,050,000	2.26	1,050,000
	0.15	1,225,000	2.37	1,225,000

7. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company has incurred the following key management personnel cost from related parties:

	Period ended December 31 2023	**Period ended December 31 2022**
	$	$
Management fees	–	10,500
Share-based payments	–	–
Total	–	10,500

Management fees and share-based payments were incurred from the Chief Executive Officer of the Company and a company owned by the Chief Executive Officer . Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

8. MANAGEMENT OF CAPITAL

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 sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. 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 or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at December 31, 2023 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	$	$	$	$
Cash	10,229	–	–	10,229

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at December 31, 2023 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.