International Lithium Corp.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

INTERNATIONAL LITHIUM CORP.

CHAIRMAN'S STATEMENT

The last year for the Company was a very good year for exploration and exploration results which, in a normal year, would have made it a very good year for the Company without any equivocation. However the year was very much dampened for the Company by a major fall both in the lithium commodity price and the consequent share price fall of every lithium company as a result, including that of ILC.

The Company now has projects for lithium, copper and rubidium all of which are critical metals in the United States and China. A Preliminary Economic Assessment ("PEA") was produced in December 2023 for our lithium resource at Raleigh Lake near Ignace, Ontario. This delivered a NPV for our Lithium there (but not including our rubidium) of CAD$ 342 million, and an IRR of 44.3%. These numbers were based on spot spodumene prices that were already 50% down on their peak in mid 2023; that spot price has however fallen further since publication of the PEA. A Maiden Resource Estimate at Raleigh Lake in March 2023 also included a separate Resource Estimate for the Rubidium there. We entered into a sale and purchase agreement in February 2024 to acquire a 90% interest in the Firesteel Copper claims near Upsala, Ontario. Drilling permits are being applied for at Firesteel. We are awaiting the outcome of several EPO applications in Zimbabwe. These are focused on lithium but with abundant occurrences of other metals expected. We have other claims or options on claims there.

The Company is building a very strong platform for future growth. The Board, which is closely aligned with shareholders, having invested significantly in the Company's equity, has clear strategic objectives for the period ahead. We remain focused on further enhancing shareholder value and building world-class assets.

Highlights are as follows:

- **Finances:**
    - The Company maintained respectable financial strength despite the investment in claim acquisition and the investment in the Raleigh Lake project. Cash in the bank and marketable securities at the end of December 2023 were CAD$ 2.85 million;

- **Progress on Exploration and Resource Estimates:**
    - Raleigh Lake, Ontario
        - Zone 1 at Raleigh Lake (totalling about 600 hectares) delivered an MRE in March 2023, with separate resources declared for lithium and rubidium.
        - Zone 1 at Raleigh Lake then delivered a PEA in December 2023 for the lithium only, with results as mentioned above.
        - No PEA has been produced yet for the rubidium at Raleigh Lake and this awaits a study of the market size and potential for rubidium.

- **Market Entry:**
    - The Company plans on entering the Zimbabwe market soon with several EPOs applied for and significant projects already identified. We will make announcements at the appropriate time.

- **Claims and exploration rights acquisition:**
    - Firesteel, Ontario – entered into an agreement to acquire a 90% interest in the Firesteel copper project in February 2024 comprised of 6,600 hectares.

- **Projects disposed of:**
    - No projects were disposed of since the previous annual accounts. An initial resource based bonus payment of AUD$ 750,000 was received in 2023 further to the Company's sale of its 49% stake in the 2,600-hectare Mavis Lake project in Ontario which was sold in January 2022. There remains further upside of AUD$ 750,000 if the second resource based milestone at Mavis Lake is achieved.

Market factors
The last three years have seen considerable swings in the lithium market. The lithium carbonate price at the end of 2021 was CNY 280,000 (USD$ 38,600) per tonne. At the end of 2022 it had risen sharply to CNY 502,500 (USD$ 69,300), yet by the end of 2023 it was down to CNY 96,500 (USD$14,000). It is now back to CNY 110,500 (US$15,300) after a low in February 2024 of CNY 95,500 (US$13,400). So the price now is only 22% of what it was at the end of 2022 and 39.5% of the price at the end of 2021. This is very volatile price behaviour even by the standard of commodities and has obviously been a very major factor in the fall of lithium companies' stock prices, including our own.

The price of rubidium, our other important commodity, has been relatively steady by comparison. Today the price of >99% rubidium carbonate stands at CNY 8,750 per kg, which equates to USD 1,207,000 per tonne. This is 79x higher than the current price of lithium carbonate. This, together with the size of our rubidium resource revealed by the MRE, can be very significant for the Company, assuming that the market for rubidium products is large enough for the market price in any scale not to be an illusion. The actual size of the rubidium market and its end uses are key issues for us in order to bring Raleigh Lake to a PEA for the rubidium.

Strategic objectives and outlook
The Company's primary strategic objectives in 2024 are:

- Working on the next stage at Raleigh Lake to identify the realistic economic value of the rubidium there, and identifying partnership opportunities for the lithium now that we have completed our first PEA there.
- Drilling at Firesteel to ascertain the promise of the copper resource there.
- Start of our activities in Zimbabwe if and hopefully when we are awarded our first EPOs.

The strategic outlook for lithium and battery metals remains strong over the next few years as the world is set on moving away from hydrocarbons. Particularly for our Canadian projects, but also for what we are looking to build in Zimbabwe, we are well placed to benefit from the determination by the USA and Canada and Europe to secure critical resources, which certainly includes lithium and copper, and to secure them in a way that does not substitute historic dependence on Russia for oil and gas with dependence on China for lithium and battery metals. As well as lithium, we have considerable upside at Raleigh Lake from our rubidium, which is also on the USA critical metals list. Having delivered the MRE on a small part of our Raleigh Lake claims, Raleigh Lake still looks to be a very promising and strategic project. In addition to the Raleigh Lake project, we hope to acquire a critical mass of the exploration assets required to realise our vision this year. Our intention and plan is that both of our Ontario projects and our future Zimbabwe projects will increasingly be seen to have considerable value in their own right. Additionally, we remain respectably well funded for what we are planning to achieve in the next year.

Conclusion
We look forward to an exciting next year which, based on our existing projects in Canada and our planned projects in Zimbabwe, can create considerable shareholder value in the absence of a severe market downturn in world markets. Although outside our control, we of course hope that the harsh headwind in 2023 of a lithium price falling by 80% will be followed by a more benign climate in the next 12 months, even though a recovery to the 2022 highs for lithium seems unlikely for some time. At the same time a strong copper price is helpful to the Company.

I thank our board and team for their ongoing dedication and good performance. I would also like to thank our shareholders, advisors and partners for their support and assistance.

John Wisbey
Chairman and CEO
29 April 2024

Independent Auditor's Report

To the Shareholders of International Lithium Corp.:

Opinion

We have audited the consolidated financial statements of International Lithium Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2023 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 period. 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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

MNP LLP
2200 - 1021 West Hastings Street, Vancouver BC, V6E 0C3 1.877.688.8408 T: 604.685.8408 F: 604.685.8594

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 International Financial Reporting 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 period 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 Jian-Kun Xu.

MNP LLP

Vancouver, British Columbia
April 29, 2024

Chartered Professional Accountants

INTERNATIONAL LITHIUM CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT DECEMBER 31,

	Notes		2023		2022
ASSETS					
Current					
Cash		$	2,672,085	$	6,079,566
GST receivable			106,654		167,941
Marketable securities	*5*		177,909		374,094
Loan receivable	*4*		295,248		274,719
Prepaid expenses			45,133		212,014
			3,297,029		7,108,334
Advances	*7*		99,870		428,574
Equipment			1,757		3,905
Equity investment	*6*		3,136,186		2,218,445
Exploration and evaluation assets	*7*		6,661,670		4,756,549
		$	13,196,512	$	14,515,807
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	*8 & 10*	$	189,340	$	147,262
			189,340		147,262
Shareholders' Equity					
Share capital	*11*		19,200,195		19,192,695
Equity reserves	*11*		4,966,991		4,711,989
Accumulated other comprehensive loss			(135,740)		(159,565)
Deficit			(11,024,274)		(9,376,574)
			13,007,172		14,368,545
		$	13,196,512	$	14,515,807

Nature of operations and going concern *(Note 1)*
Commitments *(Note 10)*
Subsequent event *(Note 17)*

Approved and authorized by the Board on April 29, 2024.

"John Wisbey" Director *"Maurice Brooks"* Director

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

INTERNATIONAL LITHIUM CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Notes	2023	2022
OPERATING EXPENSES			
Consulting fees	*10*	$ 811,435	$ 752,871
Depreciation		2,148	1,481
Directors' fees	*10*	835,186	692,521
Foreign exchange (gain) loss		40,273	(356,174)
Interest and bank charges	*9*	5,721	1,272,763
Professional fees		266,012	293,482
Project investigation		210,454	13,719
Office and miscellaneous		77,160	79,999
Shareholder communications		337,345	252,218
Share-based payments	*10 & 11*	255,002	495,728
Transfer agent and filing fees		54,432	62,473
Travel and promotion		138,241	106,528
Total operating expenses		(3,033,409)	(3,667,609)
Interest income	*4*	26,928	6,619
(Loss) gain on marketable securities	*5*	(196,185)	1,090,858
Gain on sale of exploration and evaluation asset	*7*	-	1,268,348
Loss on equity investment	*6*	(78,682)	(29,592)
Project milestone payment income	*7*	661,050	-
Total other income		413,111	2,336,233
Loss before tax for the year		(2,620,298)	(1,331,376)
Deferred income tax recovery		134,517	-
Loss after tax for the year		(2,485,781)	(1,331,376)
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation	*6*	23,825	13,147
Comprehensive loss for the year		$ (2,461,956)	$ (1,318,229)
Basic and diluted loss per common share		$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		248,539,328	247,230,729

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

INTERNATIONAL LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (2,485,781)	$ (1,331,376)
Items not affecting cash:		
Accrued interest expense	-	1,266,710
Accrued interest income	(26,758)	(4,379)
Depreciation	2,148	1,481
Deferred income tax recovery	(134,517)	-
Foreign exchange	324	-
Loss on equity investment	78,682	29,592
Gain on sale of exploration and evaluation assets	-	(1,268,348)
Project milestone payment income	(661,050)	-
Share-based payments	255,002	495,728
Realized gain on marketable securities	-	(1,144,401)
Unrealized loss on marketable securities	196,185	53,544
Changes in non-cash working capital items:		
Receivables	61,287	(143,802)
Prepaid expenses	166,881	(98,514)
Accounts payable and accrued liabilities	59,858	172,500
Net change from operating activities	(2,487,739)	(1,971,265)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances	(42,027)	(428,574)
Exploration and evaluation expenditures	(1,654,430)	(3,890,830)
Sale of Marketable Securities	-	2,253,648
Loan advances	-	(270,340)
Proceeds from sale of exploration and evaluation asset	-	838,035
Purchase of equipment	-	(5,386)
Project milestone payment received	656,715	-
Grants received	140,000	-
Property option payments made	(20,000)	(10,000)
Net change from investing activities	(919,742)	(1,513,447)
CASH FLOWS FROM FINANCING ACTIVITIES		
Warrants exercised	-	218,378
Loans repaid	-	(1,508,550)
Interest paid	-	(107,486)
Net change from financing activities	-	(1,397,658)
Change in cash for the year	(3,407,481)	(4,882,370)
Cash, beginning of year	6,079,566	10,961,936
Cash, end of year	$ 2,672,085	$ 6,079,566

Supplemental disclosure with respect to cash flows *(Note 12)*

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

INTERNATIONAL LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share capital					
	Number	**Amount**	**Equity reserves**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total**
Balance at December 31, 2021	235,857,043	$ 17,722,596	$ 5,002,996	$ (172,712)	$ (8,131,465)	$ 14,421,415
Warrants exercised	12,504,545	1,460,099	(786,735)	-	-	673,364
Equity gain on carried interest	-	-	-	-	86,267	86,267
Shares issued for property acquisition	100,000	10,000	-	-	-	10,000
Share based payments	-	-	495,728	-	-	495,728
Other comprehensive income	-	-	-	13,147	-	13,147
Loss for the year	-	-	-	-	(1,331,376)	(1,331,376)
Balance at December 31, 2022	248,461,588	19,192,695	4,711,989	(159,565)	(9,376,574)	14,368,545
Shares issued for property acquisition	125,000	7,500	-	-	-	7,500
Equity gain on carried interest	-	-	-	-	838,081	838,081
Share based payments	-	-	255,002	-	-	255,002
Other comprehensive income	-	-	-	23,825	-	23,825
Loss for the year	-	-	-	-	(2,485,781)	(2,485,781)
Balance at December 31, 2023	248,586,588	$ 19,200,195	$ 4,966,991	$ (135,740)	$ (11,024,274)	$ 13,007,172

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

1. NATURE OF OPERATIONS AND GOING CONCERN

International Lithium Corp. (the "Company") was incorporated under the Business Corporations Act, British Columbia on March 26, 2009 and is considered to be in the exploration stage with respect to its mineral properties. The Company's records office address is 550 Burrard Street, Suite 1008, Vancouver, British Columbia, Canada, V6C 2B5 and head office address is 789 West Pender Street, Suite 1120, Vancouver, British Columbia, Canada, V6C 1H2. The Company is listed on the TSX Venture Exchange and trades under the stock symbol "ILC".

The Company is in the process of exploring and investing in mineral properties located in Canada and Ireland and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared by management 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 Company has incurred ongoing losses and expects to incur further losses in the development of its business. These circumstances comprise a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to sell mineral assets from time to time, and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The Company estimates that it has adequate resources for the next twelve months. The following table provides information regarding the Company's working capital and accumulated deficit as at December 31, 2023 and 2022.

	December 31, 2023	December 31, 2022
Working capital	$ 3,107,689	$ 6,961,072
Accumulated deficit	$ (11,024,274)	$ (9,376,574)

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance 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").

Basis of Presentation

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

The consolidated financial statements of the Company are presented in Canadian dollars, which is the presentation currency and functional currency of the Company.

2. BASIS OF PREPARATION (cont'd...)

Consolidation

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. 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 include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated. The Company's subsidiaries are as follows:

	Country of Incorporation	Ownership
International Lithium UK Ltd.	United Kingdom	100%
International Lithium Canada Ltd.	Canada	100%
International Lithium Africa (Private) Limited	Zimbabwe	75%

The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. When the Company ceases to control a subsidiary, assets, liabilities and non-controlling interests of the subsidiary are derecognized at their carrying amounts at the date when control is lost. Investment retained in the former subsidiary is recognized at its fair value and any gain or loss resulting from deconsolidation is recorded through profit or loss.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant judgments relate to the functional currency of the Company and significant influence over associates.

Functional currency

Judgment is involved in the assessment of the functional currency of the Company, its equity investment, and its subsidiaries.

Significant influence over associates

Management deems the Company to have significant influence over an associate when the Company is able to influence the financial and operating decisions of the associate. The Company has determined that its investment in Blackstairs Lithium Limited is an investment in associate.

The most significant estimates relate to the recognition of deferred tax assets and liabilities, calculation of share-based payments, and recoverability of exploration and evaluation assets.

Deferred tax assets and liabilities

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry forwards. Changes in these assumptions could significantly affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

2. BASIS OF PREPARATION (cont'd...)

Significant accounting judgments and estimates (cont'd...)

Share-based payments

Share-based payments, as measured with respect to stock options granted and re-priced, have been estimated by reference to the Black-Scholes pricing model; a detailed discussion of management's estimates with respect to the pricing model is found in Note 11.

Recoverability of exploration and evaluation assets

Recorded costs of exploration and evaluation assets and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its exploration and evaluation assets for signs of impairment. This is a highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgements based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

3. MATERIAL ACCOUNTING POLICIES

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary International Lithium Canada Ltd. is the Canadian dollar. The functional currency of the Company's inactive subsidiary International Lithium UK Ltd. is British Pounds. The functional currency of the Company's subsidiary International Lithium Africa (Private) Limited is US dollar. The functional currency of the Company's equity investment is the Euro. 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 currencies other than the entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss. The exchange gains and losses arising on translation of the Company's equity investment from its functional currency of Euro to Canadian dollar are included in other comprehensive income or loss.

Equipment

Equipment acquired by the Company is recorded at cost on the date of acquisition. Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a declining balance method over their estimated useful lives. The Company's computer hardware is depreciated at 55%.

3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Financial instruments

Financial assets

The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

The Company classifies its financial assets into one of the following categories as follows:

Amortized cost
The Company classifies its financial assets at amortized cost only if both of the following conditions are met:
- the financial asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are measured at fair value plus directly attributable transaction costs at initial recognition and are subsequently measured at amortized costs using effective interest method less any provisions for impairment.

Fair value through other comprehensive income ("FVOCI")
The Company classifies its equity investments at FVOCI for which are not held for trading and the Company has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments. Upon disposal of these equity investments, any balance within the other comprehensive income reserve for these equity investments is reclassified to retained earnings/deficit and is not reclassified to profit or loss. In addition, the other comprehensive income reserve for an impaired equity investment is not reclassified to profit or loss.

Fair value through profit or loss ("FVPL")
The Company classifies the following financial assets at FVPL:
- investments that are held for trading;
- investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income;
- debt investments that do not qualify for measurement at either amortized cost or at FVOCI; and
- derivative financial instruments.

The Company has classified its cash and marketable securities as FVPL and loan receivable as amortized cost.

Financial liabilities

The Company classifies its financial liabilities as subsequently measured at amortized cost or FVPL. Financial liabilities are subsequently measured at amortized cost, except for those at FVPL such as derivative financial instruments and contingent consideration payable. The FVPL option can be elected for financial liabilities if:
- it eliminates or significantly reduces an accounting mismatch;
- the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

This irrevocable election is made at initial recognition and these financial liabilities cannot be reclassified out of the category while they are held or issued.

The Company has classified its accounts payable and accrued liabilities as financial liabilities at amortized cost.

3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets which are classified and measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the financial assets.

The criteria used to determine risk of default and to estimate expected credit losses include:

- delinquencies in payments;
- significant financial difficulty of the debtor;
- it becomes probable that the debtor will enter bankruptcy; or
- significant changes in macroeconomic factors that indicate future defaults will vary and measurable changes in estimated future cash flows will result, provided that such information is observable and available without undue cost or effort.

Investment in associate

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of associates are recognized through profit or loss during the period. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate. The exchange gains and losses arising on translation of the Company's equity investment are included in other comprehensive income or loss. Where the Company has a free-carried interest in expenditures, the Company records its proportionate share based on its ownership percentage with an offsetting amount recorded in reserves.

Intercompany transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associates.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less cost to sell and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in associate is less than its carrying amount then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through profit or loss in the period that the reversal occurs.

3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Mineral properties – exploration and evaluation assets

The costs related to the acquisition of a mineral property, including application fees, option payments, and purchase considerations, are capitalized when they are incurred. All other costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment and then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

The carrying values of capitalized amounts are reviewed annually or when indicators of impairment are present. In the case of undeveloped properties there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the intentions for the development of such a property.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company does not have any significant rehabilitation obligations.

Share-based payments

The Company accounts for stock options granted to directors, officers and employees at the fair value of the options granted. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and share-based compensation is accrued and charged to operations, with an offsetting credit to share-based payment reserve, over the vesting periods. Stock options granted to non-employees are measured at the fair value of goods or services rendered or at the fair value of the instruments issued, if it is determined that the fair value of the goods or services received cannot be reliably measured. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Share-based payments (cont'd...)

If and when the stock options are exercised, the applicable amounts of equity reserves are transferred to share capital.

The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants and convertible loan, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the convertible loans were converted and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, the calculations proved to be anti-dilutive.

Income taxes

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

Deferred tax is recorded for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they 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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered the deferred tax asset is not set up.

Accounting standards issued but not yet effective

There are no accounting pronouncements with future effective dates that are applicable or are expected to have a material impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

4. LOAN RECEIVABLE

On November 2, 2022, the Company entered into a loan agreement with a director and officer of the Company. The Company advanced USD$200,000 ($270,340) for a term of six months, since extended. The loan is unsecured and bears interest at the rate of 10% per annum.

During the year ended December 31, 2023, the Company recorded $26,758 interest income on the loan (2022 – $4,379). As at December 31, 2023, the carrying value of the loan receivable is USD$223,233 ($295,248) (2022 - USD$203,233 ($274,719)). *(Note 10)*

5. MARKETABLE SECURITIES

During the year ended December 31, 2023 and 2022, marketable securities consisted of shares of a publicly traded company, Critical Resources Limited ("Critical Resources"). The Critical Resources shares were received as part of the Asset Purchase Agreement for the Mavis Lake Lithium Project *(Note 7)*. Marketable securities are measured at fair value by reference to quoted stock prices on established exchanges.

The following transactions occurred during the year:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Shares		Shares	
Critical Resources shares				
Opening balance	9,460,498	$ 374,094	-	$ -
Received from Mavis Lake asset purchase agreement	-	-	34,000,000	1,536,885
Sale of marketable securities	-	-	(24,539,502)	(2,253,648)
Realized gain	-	-	-	1,144,401
Unrealized gain (loss)	-	(196,185)	-	(53,544)
Ending balance	9,460,498	$ 177,909	9,460,498	$ 374,094

6. EQUITY INVESTMENT

Avalonia Lithium Joint Venture

The Avalonia Lithium Project is comprised of certain licenses in the Carlow and Wicklow counties, Ireland. The exploration rights for the project are held by Blackstairs Lithium Limited ("BLL"), a company owned jointly by the Company and GFL International Co. Ltd. ("GFL").

BLL is recognized as an equity investment of the Company. The management committee of the joint venture is comprised of one representative of each of the Company and GFL. Voting is proportionate to each party's participating interest which is, as at December 31, 2023 and 2022, 55% to GFL and 45% to the Company.

In order to earn an additional 24% interest in the Avalonia Lithium Project, GFL must incur $10,000,000 in exploration expenditures or produce a bankable feasibility study within 10 years of the effective date of the agreement (extended to 12 years up to September 14, 2024). The Company will have a carried interest through to the completion of these exploration expenditures.

Once GFL has incurred a total of $10,000,000 in exploration expenditures within the agreed timeframe, or once a positive feasibility study has been produced, the Company's participating interest will be reduced to 21% without incurring additional costs. A participating interest that is subsequently diluted to less than 10% will be converted to a 1% net smelter royalty ("NSR").

(Expressed in Canadian Dollars)

6. EQUITY INVESTMENT (cont'd...)

Avalonia Lithium Joint Venture (cont'd...)

The Company accounts for its interest in BLL on an equity basis. As at December 31, 2023 and 2022, the Company holds a 45% interest in BLL. The functional currency of BLL is the Euro. Supplementary financial information regarding the Company's investment in BLL is presented below, after adjustments to align accounting policies to those of the Company and to translate to Canadian dollars in accordance with the Company's accounting policies.

Blackstairs Lithium Limited

	December 31, 2023	December 31, 2022
Current assets	$ 1,052,410	$ 178,753
Non-current assets	6,063,120	4,882,495
Current liabilities	(146,230)	(131,369)
Net assets	6,969,300	4,929,879
The Company's share of the net assets – 45% (2022 - 45%)	$ 3,136,186	$ 2,218,445

	Year ended December 31, 2023	Year ended December 31, 2022
Loss for the year	$ (174,849)	$ (65,759)
Other comprehensive income – foreign currency translation	61,207	29,216
Total comprehensive loss	(113,642)	(36,543)
The Company's share of comprehensive loss – 45% (2022 - 45%)	$ (51,139)	$ (16,445)

Investment in associate – BLL	Year ended December 31, 2023	Year ended December 31, 2022
Balance, beginning of year	$ 2,218,445	$ 2,148,623
Equity gain on carried interest	838,081	86,267
Loss on equity investment	(78,682)	(29,592)
Equity – other comprehensive income (loss)	23,825	13,147
Deferred tax recovery resulted from equity investment gain	134,517	-
Ending balance, investment in associate – BLL	$ 3,136,186	$ 2,218,445

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

	Mavis Lake / Fairservice Project, Ontario	Raleigh Lake Project, Ontario	Wolf Ridge Project, Ontario	EPOs, Zimbabwe	Other Zimbabwe projects	Total
Exploration and Evaluation Assets						
Balance, December 31, 2021	$ 1,106,576	$ 821,736	$ -	$ -	$ -	$ 1,928,312
Exploration expenditures	-	3,881,795	93,018	-	-	3,974,813
Option payments made	-	-	20,000	-	-	20,000
Option payments received	(1,106,576)	-	-	-	-	(1,106,576)
Government grant received	-	(60,000)	-	-	-	(60,000)
Balance, December 31, 2022	-	4,643,531	113,018	-	-	4,756,549
Acquisition costs	-	-	-	291,953	15,780	307,733
Exploration expenditures	-	1,600,787	35,863	-	-	1,636,650
Option payments made	-	-	27,500	-	73,238	100,738
Government grant received	-	(140,000)	-	-	-	(140,000)
Balance, December 31, 2023	$ -	$ 6,104,318	$ 176,381	$ 291,953	$ 89,018	$ 6,661,670

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Deferred exploration costs were as follows:

	Raleigh Lake Project	Wolf Ridge Project	Total
Year ended December 31, 2023			
Assays and laboratory	$ 67,099	$ 7,702	$ 74,801
Drilling	770,131	-	770,131
Exploration expense	105,683	-	105,683
Travel and related	-	2,875	2,875
Geology and geophysics	657,874	25,286	683,160
Total	$ 1,600,787	$ 35,863	$ 1,636,650

	Raleigh Lake Project	Wolf Ridge Project	Total
Year ended December 31, 2022			
Assays and laboratory	$ 150,410	$ -	$ 150,410
Drilling	2,183,535	-	2,183,535
Exploration expense	207,977	-	207,977
Geology and geophysics	1,263,581	85,668	1,349,249
Staking fees	16,600	7,350	23,950
Travel and accommodation	59,692	-	59,692
Total	$ 3,881,795	$ 93,018	$ 3,974,813

7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Title to mineral property interests

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Raleigh Lake Lithium and Rubidium Project, Ontario

The Raleigh Lake Project is wholly owned by the Company and consists of a total of 48,500 hectares of mineral claims in the Kenora Mining District of Ontario, Canada. It is the Company's most strategic project in Canada. A Maiden Resource Estimate was declared in March 2023 and Preliminary Economic Assessment was published in January 2024.

Mavis Lake Lithium Project, Ontario

The Company completed the sale of its 49% interest in the Mavis Lake Lithium Project (or "Mavis Lake - Fairservice") in 2022.

As at December 31, 2021, Mavis Lake was 49%-owned by the Company and 51% owned by Essential Metals. The project consists of a package of certain unpatented mining claims (the Mavis Lake claims) and certain patented mining leases (the Fairservice property) located in Dryden, Ontario, Canada.

On October 22, 2021, the Company entered into an Asset Purchase Agreement (the "APA") with Critical Resources Limited ("Critical Resources") granting Critical Resources an option to acquire the Company's whole 49% interest in the Mavis Lake Lithium Project. Critical Resources paid AUD$100,000 for an option period which ended on January 4, 2022. Under the terms of the APA, Critical Resources acquired the Company's interest in Mavis Lake - Fairservice for a consideration comprising of AUD$750,000 cash (received) and 34 million shares of Critical Resources (received). In addition, Critical Resources will make the milestone payments as follows:

- AUD$750,000 (received) on definition of a mineral resource estimate exceeding 5 million tonnes of which at least 50,000 tonnes of lithium oxide (Li2O) (the "First Project Milestone Payment"); and

- A further AUD$750,000 on definition of a resource exceeding 10 million tonnes of which at least 100,000 tonnes of lithium oxide (Li2O) (the "Second Project Milestone Payment"), or, in case both milestones are defined at the same time, AUD$1,500,000 in total.

On January 5, 2022, the Company completed the sale of its 49% interest in the Mavis Lake Lithium Project. The Company received AUD$750,000 cash and 34 million shares of Critical Resources valued at AUD$1,666,000 ($1,536,885). The Company realized a gain on sale of exploration and evaluation asset of $1,118,348.

Upon exercise of the option by Critical Resources, the Company relinquished its right to 1.5% NSR on the Mavis Lake Lithium Project and Essential Metals relinquished its right to acquire 29% of the project from the Company.

During the year ended December 31, 2023, the Company received the First Project Milestone Payment of AUD$750,000 ($656,715).

Forgan Lake Lithium Project, Ontario

This project has now been sold, although as at the date hereof a 1.5% Net Smelter Royalty creates possible further upside for the Company.

7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

The Forgan Lake property consists of certain claims located in the Thunder Bay Mining District in Northwestern Ontario, Canada. In accordance with the terms of the sale and royalty agreement, Ultra Lithium Inc. ("Ultra") was entitled to earn a 100% interest in the Forgan Lake property by spending $500,000 on exploration expenditures and paying the Company a total of $191,000 (paid), divided in cash and shares, over the period of three years from the date of underlying sale and royalty agreement.

On April 6, 2022, the Company entered into an amended agreement with Ultra for the sale of Forgan Lake property. Pursuant to the terms of the amendment agreement, Ultra earned 100% interest in the property by paying $150,000 to the Company in lieu of the requirement of $500,000 exploration expenditures on the property. The Company retains a 1.5% NSR on the Forgan Lake and Lucky Lake projects. The Company realized a gain on sale of exploration and evaluation asset of $150,000.

Wolf Ridge Project, Ontario

On April 20, 2022, the Company entered into an option agreement to acquire 100% interest in the Wolf Ridge Property located in Ontario. In accordance with the terms of the agreement, the Company may earn a 100% interest in the property by spending $350,000 on exploration expenditures and paying a consideration comprised of $210,000 cash ($30,000 paid) and 775,000 shares of the Company (225,000 issued) over the period of four years. The property is subject to NSR as follows:

i) 1.0% NSR for all minerals that are not Nickel, Copper, Lead, Zinc, Molybdenum, Cobalt, Platinum, Palladium, Gold and Silver (the "Original Royalty"). The Company has a right to purchase at any time the entirety of the 1.0% of the Original Royalty by paying a consideration comprised of $1,000,000 cash and 225,000 shares of the Company.

ii) 2.0% NSR for all minerals that are Nickel, Copper, Lead, Zinc, Molybdenum, Cobalt, Platinum, Palladium, Gold and Silver (the "Nickel Royalty"). The Company may purchase at any time 1.0% of the Nickel Royalty (half of the Nickel Royalty) by paying a consideration comprised of $1,000,000 cash and 225,000 shares of the Company.

EPOs, Zimbabwe

The Company has applied for various Exclusive Prospecting Orders ("EPOs") in Zimbabwe. The aggregate cost of preparing and filing the EPO applications is USD$219,250 which was paid by a subsidiary of the Company.

Other claims in Zimbabwe

The Company has entered into an option agreement to acquire a 100% interest in certain mineral claims located in Manicaland Zimbabwe. The total purchase consideration to acquire 100% interest in the claims is USD$200,000 of which the Company has paid USD$55,000 which was contracted and paid by a subsidiary of the Company. The option is valid until 7 days from the day the Company receives the first EPO. The Company also has a 25% interest in two Projects comprised of 440 hectares in Manicaland Zimbabwe. The Company paid purchase consideration of USD$11,850 through a subsidiary of the Company.

Advances

As of December 31, 2023, USD$75,000 ($99,870) (2022 - USD$330,250 ($428,574)) were advanced to a consultant for the application and acquisition of mineral claims in Africa. During the year ended December 31, 2023, the Company further advanced USD 30,850 to the consultant and recorded, from the advance, the EPO application costs of USD$219,250, option payments of USD$55,000 for certain claims in Manicaland, and purchase consideration of USD$11,850 for two projects in Manicaland Zimbabwe.

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		December 31, 2023		December 31, 2022
Accounts payable *(Note 10)*	$	119,340	$	109,812
Accrued liabilities		70,000		37,450
Total	$	189,340	$	147,262

All payables and accrued liabilities of the Company fall due within the next 12 months.

9. LOANS PAYABLE

On January 21, 2021, the Company entered into the Loan Agreements with directors and related parties of the Company to settle certain convertible debentures, accrued fees and interest into non-convertible loans with an aggregate principal of $1,957,750. The loans (all now repaid) bore interest of 12.5% per annum payable semi-annually and were due on September 30, 2023. The loans were secured by a general security agreement against the Company's assets.

During the year ended December 31, 2021, the Company settled $100,000 principal of the loans payable in lieu of cash payment upon exercise of 2,000,000 bonus warrants. Consequently, 2,000,000 bonus warrants were subject to their term reduced to January 26, 2022 pursuant to the terms of the Loan Agreements.

During the year ended December 31, 2022, the Company settled $1,857,750 principal of the loans payable. As at December 31, 2023 and 2022, the face value of the loans payable is $nil.

Pursuant to the Loan Agreements, the Company issued 39,155,000 bonus share purchase warrants with expiry date of September 30, 2023. Each bonus warrant will entitle the holder to purchase one common share of the Company at an exercise price of $0.05 per share. The loans may be repaid prior to their maturity without penalty; however, if a loan is reduced or repaid during the first year of its term, a pro rata number of the total bonus warrants will have their term reduced to the later of one year from issuance of the bonus warrants and 30 days from the reduction or repayment of the loan. The fair value of the bonus warrants of $1,982,001 was calculated using the Black-Scholes option-pricing model assuming an expected life of 2.68 years, expected annualized volatility of 101.80%, share price of $0.075 at grant date, and a risk-free interest rate of 0.21%. The fair value of the bonus warrants to the extent of the face value of the debt was recorded against the face value of the debt. The residual fair value of the bonus warrants of $24,251 was recorded as interest expense. Using the effective interest rate method, the loans will be accreted up to their face value over the term.

The following table summarizes the Company's loans payable as at December 31, 2023 and 2022:

Balance, December 31, 2021	$	709,312
Loans settled		(1,857,750)
Interest expense		1,266,710
Interest paid		(118,272)
Balance, December 31, 2023 and 2022	$	-

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the period ended:

Transaction	Relationship	December 31, 2023	December 31, 2022
IT Support Services	Officer, company controlled by an officer	$ -	$ 13,592
Consulting fees	Directors and officers and related companies	614,871	653,727
Directors' fees	Directors	835,186	692,521
Share-based payments	Directors and officers	197,149	495,728
		$ 1,647,206	$ 1,855,568

During the year ended December 31, 2023, the Company awarded a bonus of $499,459 to four directors of the Company (2022 - $466,960 to four directors) recorded as directors' fees.

At December 31, 2023, due to related parties consisted of $82,592 payable to various directors (2022 - $7,381 to a director and officer) for expenses and services detailed above and is included in accounts payable and accrued liabilities.

At December 31, 2023, loan receivable with accrued interest of USD$223,233 ($295,248) was receivable from a director and officer of the Company (2022 - USD$203,233 ($274,719)) *(Note 4)*.

Commitments - Consulting agreements
The Company entered into consulting agreements with two officers, who are also directors, of the Company for the provision of consulting services at a cost of CHF314,400 and $145,200 per annum respectively. If either of the agreements are terminated without cause, the Company is required to pay a lump sum equal to twelve months' worth of fees. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to the prior twelve months gross pay.

The Company entered into a consulting agreement with an officer and director of the Company for the provision of consulting services at a cost of $240,000 per annum. If the agreement is terminated without cause, the Company is required to pay the greater of a lump sum equal to twelve months' base compensation and one month's base compensation for each year engaged with the Company. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to the prior twelve months gross pay.

11. SHARE CAPITAL AND EQUITY RESERVES

Authorized share capital

As at December 31, 2023, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

Issued share capital

At December 31, 2023, there were 248,586,588 issued and fully paid common shares (2022 – 248,461,588).

On May 18, 2023, the Company issued 125,000 shares with fair value of $7,500 pursuant to the Wolf Ridge Property option agreement. *(Note 7)*

On May 18, 2022, the Company issued 100,000 shares with fair value of $10,000 pursuant to the Wolf Ridge Property option agreement. *(Note 7)*

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND EQUITY RESERVES (cont'd...)

Issued share capital (cont'd...)

During the year ended December 31, 2022, the Company issued 12,504,545 common shares on the exercise of warrants for gross proceeds of $673,364, of which, $218,378 in cash was received and the remainder was applied as loan repayment of $349,200, settlement of accrued interest of $10,786 and settlement of account payable of $95,000.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance outstanding and exercisable, December 31, 2021	103,325,672	$	0.07
Warrants expired	(300,000)		0.05
Warrants exercised	(12,504,545)		0.05
Balance outstanding and exercisable, December 31, 2022	90,521,127		0.07
Warrants expired	(57,812,875)		0.067
Balance outstanding and exercisable, December 31, 2023	32,708,252	$	0.08

At December 31, 2023, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants		Exercise Price	Expiry Date
12,571,073	$	0.08	February 3, 2026 *
12,550,510	$	0.08	February 19, 2026 **
7,586,669	$	0.08	June 30, 2024
32,708,252			

* Expiry date amended from February 29, 2024 to February 3, 2026
* Expiry date amended from February 29, 2024 to February 19, 2026

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, employees and consultants to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND EQUITY RESERVES (cont'd...)

Stock options (cont'd...)

The changes in options were as follows:

	Number of options	Weighted Average Exercise Price
Balance outstanding, December 31, 2021	16,680,000	$ 0.11
Options expired/cancelled	(4,150,000)	0.17
Balance outstanding, December 31, 2022	12,530,000	0.10
Options granted	5,091,000	0.075
Options expired/cancelled	(1,930,000)	0.09
Balance outstanding, December 31, 2023	15,691,000	$ 0.09
Vested and exercisable	15,691,000	$ 0.09

At December 31, 2023, options were outstanding enabling holders to acquire common shares as follows:

Number of Options	Exercise Price	Expiry Date
3,945,000	$ 0.065	May 31, 2024
6,655,000	$ 0.12	November 4, 2026
5,091,000	$ 0.075	February 9, 2028
15,691,000		

During the year ended December 31, 2023, the Company recognized a total of $255,002 (2022 - $495,728) in share-based compensation for the options vested during the year.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the year:

	2023	2022
Risk-free interest rate	3.07%	-
Expected life of options in years	5	-
Expected annualized volatility	93.31%	-
Dividend yield	Nil	-

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash financing and investing activities during the year ended December 31, 2023 consisted of:

a) Exploration and evaluation expenditures of $9,040 in accounts payable.
b) Shares issued pursuant to property option agreements of $7,500.
c) Applied advances of $380,971 toward acquisition of exploration and evaluation assets.

(Expressed in Canadian Dollars)

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

The significant non-cash financing and investing activities during the year ended December 31, 2022 consisted of:

a) Marketable securities valued at $1,536,885 received for the sale of the exploration and evaluation asset.
b) Accrued directors and consulting fees of $95,000 settled against subscriptions for warrant exercise.
c) Loans payable of $349,200 and accrued interest of $10,786 settled against subscriptions for warrants exercise.
d) Exploration and evaluation expenditures of $26,820 in accounts payable.
e) Shares issued pursuant to property option agreements of $10,000.

13. SEGMENT INFORMATION

The Company operates in one business segment which is the exploration of mineral properties. The geographic distribution of exploration and evaluation assets is disclosed in Notes 6 and 7.

14. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the years ended December 31, 2023 and 2022 is as follows:

	December 31 2023	December 31 2022
Loss before income taxes	$ (2,620,298)	$ (1,331,376)
Expected income tax (recovery)	$ (707,000)	$ (359,432)
Non-deductible (non-taxable) items and others	104,575	3,462
Share issue costs	-	-
Adjustment to prior year provision for statutory tax returns	271,098	95,806
Impact of initial recognition exemption	-	298,776
Impact of application of CL	-	-
Impact of conversion of debt were settled	-	325,882
Change in unrecognized deductible temporary differences	196,810	(364,494)
Income tax expense (recovery)	$ (134,517)	$ -

The significant components of the Company's deferred tax assets that have been included on the consolidated statement of financial position are as follows:

	2023	**2022**
Deferred Tax Assets (Liabilities)		
Exploration and evaluation assets	$ (91,433)	-
Investment	(378,539)	-
Non-capital losses available for future periods	$469,972	-
Net Deferred Tax Assets (Liabilities)	-	-

(Expressed in Canadian Dollars)

14. INCOME TAXES (cont'd...)

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

	2023	Expiry Date Range	2022	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	$ 4,861,865	No expiry date	$ 252,000	No expiry date
Investment tax credit	8,987	2031 to 2033	9,000	2031 to 2033
Share issue costs	8,972	2022 to 2025	16,000	2022 to 2025
Marketable securities	249,729	No expiry date	54,000	No expiry date
Non-capital losses available for future periods	$ 2,939,736	2038 to 2043	$6,910,000	2035 to 2042

No deferred tax asset has been recognized in respect of the above because the amount of future taxable profit that will be available to realize such assets is not probable.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Financial assets and liabilities measured at fair value are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

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

The Company's cash and marketable securities are classified as level 1. The fair value of loan receivable and accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of the financial instruments.

Risk management

In the mining industry there is always a risk over contractual interpretation of royalty rights and obligations, and it is possible that the Company's interpretation of its rights and obligations could be different from other parties' interpretation of them. The Company is exposed to varying degrees of financial instrument related risks:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and loan receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The loan advanced to a director is approved by the remuneration and audit committees of the board. The Company considers that credit risk with respect to the loans receivable *(Note 4)* is minimal.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Risk management (cont'd...)

Liquidity risk

Liquidity risk, in particular funding risk, has historically been seen by the Board as a key risk issue. Liquidity risk is the risk that the Company will not have sufficient liquidity to be able to meet its obligations associated with its financial liabilities. The Company currently has appreciable cash resources and no borrowings outstanding, so does not consider this a major risk at present. The Company will in the medium term endeavor to raise funds from equity or debt financings, sales of mineral assets and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing and asset disposal activities.

Market risk

a) Interest rate risk
The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's policy is to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value. The Company has no interest-bearing liabilities with variable interest rate.

b) Price risk
The Company is exposed to price risk with respect to commodity prices, particularly lithium. The lithium price has seen considerable volatility over the past two years. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company, especially as an input into economic decisions on whether to invest further in projects. As time goes on and if the Company's lithium resources become reserves and are closer to production, the company may wish to introduce hedging programmes to mitigate its price risk. Quite sophisticated hedging programmes are possible for much more heavily traded commodities such as copper, iron or gold, but there is less liquidity at present in lithium markets, and there may be practical issues for some time with executing such hedging programmes.

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

The Company's operating expenses are incurred primarily in Canadian dollars. Exploration programs are in Canadian dollars. Activity in associates occurs in Ireland and is denominated in the Euro. The Company compensates certain consultants and directors in US dollars, Swiss francs, and British pounds. A portion of the Company's cash is reserved in US dollars and marketable securities are denominated in Australian dollars. Consequently, the Company's investments and expenditures are subject to currency transaction risk and currency translation risk. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. A 10% change in foreign exchange rates would increase/decrease loss for the period by approximately $243,000.

16. 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 and development of its mineral properties, acquire additional mineral property interests 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 the 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.

16. CAPITAL MANAGEMENT (cont'd...)

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

17. SUBSEQUENT EVENT

On February 16, 2024, the Company entered into a Purchase and Sale Agreement (the "Agreement") to acquire a 90% interest in the Firesteel Project in Northwestern Ontario. Under the terms of the Agreement, the Company will acquire a 90% interest in the project by paying $55,000 cash upon signing (paid) and within 15 days of the Exchange approval paying either (a) $110,000 cash, or (b) $65,000 cash and issuing common shares with an aggregate value of $45,000. In addition, the Company shall pay the following milestone payments:

- if a Resource Calculation equal to or exceeding 10,000,000 metric tonnes at 1% Copper is established (the "First Resource Bonus Threshold"), the Company shall pay, at its sole discretion, any one of (i) $1,000,000 in cash, or (ii) such number of Common Shares having an aggregate value of $1,000,000, or (iii) a combination of cash and Common Shares having an aggregate value of $1,000,000; and

- if a Resource Calculation equal to or exceeding 15,000,000 metric tonnes at 1% Copper is established (the "Second Resource Bonus Threshold"), the Company shall pay, at its sole discretion, any one of (i) a further $1,000,000 in cash, or (ii) such number of Common Shares having an aggregate value of $1,000,000, or (iii) a combination of cash and Common Shares having an aggregate value of $1,000,000.