FIRST LITHIUM MINERALS CORP.
(formerly Petrocorp Group Inc.)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023

NOTICE TO READER
Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of First Lithium Minerals Corp. ("**Corporation**") have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's independent auditor.

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Management's Responsibility

To the Shareholders of First Lithium Minerals Corp. (the "**Corporation**"):

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safe guarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Board of Directors is composed of Directors who may be neither management nor employees of the Corporation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving financial information. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Corporation's external auditors.

/s/ "*Robbie Saltsman*"
Robbie Saltsman
Chief Executive Officer

/s/ "*Claude Ayache*"
Claude Ayache
Chief Financial Officer

Toronto, Ontario
August 25, 2023

FIRST LITHIUM MINERALS CORP. (formerly Petrocorp Group Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(All Amounts are in Canadian Dollars)

As at	June 30, 2023	December 31, 2022
ASSETS		
CURRENT		
Cash and cash equivalents	$ 3,306,773	$ 3,817,497
Commodity tax receivables	189,836	160,868
Prepaid expenses	120,168	382,894
	3,616,777	4,361,259
NON-CURRENT		
Exploration and evaluation assets (Note 3, 13 and 15)	1,273,715	874,127
	$ 4,890,492	$ 5,235,386
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Notes 4 and 8)	$ 252,110	$ 152,594
Shares to be issued (Note 15)	322,500	—
Due to related parties (Note 8)	63,528	50,084
	638,138	202,678
SHAREHOLDERS' EQUITY(DEFICIT)		
Share capital (Note 6)	14,460,398	14,460,398
Contributed surplus (Note 7)	162,684	162,684
Accumulated deficit	(10,370,728)	(9,590,374)
	4,252,354	5,032,708
	$ 4,890,492	$ 5,235,386

Nature of Organization (Note 1)
Reverse Takeover Transaction (Note 14)
Subsequent Events (Note 15)

Approved on behalf of the board of directors:

/s/ "*Rob Saltsman*"
Rob Saltsman, Director

/s/ "*Peter Espig*"
Peter Espig, Director

FIRST LITHIUM MINERALS CORP. (formerly Petrocorp Group Inc.)
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
(All Amounts are in Canadian Dollars)

	Number of Common Shares	Amount of Common Shares	Contributed Surplus	Accumulated Deficit	Shareholders' Equity (Deficit)
Balance, January 1, 2022	29,643,667	$ 1,563,386	$ —	$ (5,598,705)	$ (4,035,319)
Net comprehensive loss	—	—	—	(587,292)	(587,292)
Balance, June 30, 2022	29,643,667	$ 1,563,386	$ —	$ (6,185,997)	$ (4,622,611)
Balance, January 1, 2023	86,876,119	$ 14,460,398	$ 162,684	$ (9,590,374)	$ 5,032,708
Net comprehensive loss	—	—	—	(780,354)	(780,354)
Balance, June 30, 2023	86,876,119	$ 14,460,398	$ 162,684	$ (10,370,728)	$ 4,252,354

FIRST LITHIUM MINERALS CORP. (formerly Petrocorp Group Inc.)
UNAUDITED CONDENSED INTERIM
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(All Amounts are in Canadian Dollars)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2021
EXPENSES				
General and administrative	$ 7,240	$ 696	$ 7,934	$ 2,500
Management fees (Note 8)	60,000	—	120,000	—
Mineral exploration expense (Note 3)	102,135	137,496	285,558	172,684
Professional fees (Note 8)	88,913	226,118	126,318	307,383
Regulatory & Shareholders expenses (Note 8)	116,096	—	309,512	—
	374,384	364,310	849,322	482,567
OPERATING LOSS	(374,384)	(364,310)	(849,322)	(482,567)
Foreign exchange gain (loss)	80,565	(2,827)	(9,447)	23,414
Interest expense (Notes 5 and 8)	—	(65,365)	—	(128,139)
Interest income	39,704	—	78,415	—
Net loss and Comprehensive loss for the period	$ (254,115)	$ (432,502)	$ (780,354)	$ (587,292)
Net loss per common share	$ 0.00	$ 0.01	$ 0.01	$ 0.01
Weighted average number of common shares outstanding (Note 12) - Basic and diluted	86,876,119	29,643,667	86,876,119	29,643,667

FIRST LITHIUM MINERALS CORP. (formerly Petrocorp Group Inc.)
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(All Amounts are in Canadian Dollars)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss) income for the period	$ (254,115)	$ (432,502)	$ (780,354)	$ (587,292)
Non-cash expenses:				
Interest expense	—	65,365	—	128,139
Net change in operating assets and liabilities				
Commodity tax receivable	(24,953)	(4,136)	(28,968)	(1,720)
Prepaid expenses	122,817	15,000	262,726	—
Accounts payable and accrued liabilities	72,175	268,304	99,516	416,661
CASH FLOWS (USED BY) (PROVIDED FROM) OPERATING ACTIVITIES	(84,076)	(87,969)	(447,080)	(44,212)
CASH FLOWS FROM FINANCING ACTIVITIES				
Due to related parties	1,384	132,754	13,444	176,190
Debt obligations	—	—	—	—
Increase in Restricted cash	—	(3,056,600)	—	(5,077,900)
Issuance of shares, net of commissions	—	3,023,650	—	4,978,525
CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES	1,384	99,804	13,444	76,815
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in exploration and evaluation assets, net	(75,362)	(19,274)	(77,088)	(31,948)
CASH FLOWS USED IN INVESTING ACTIVITIES	(75,362)	(19,274)	(77,088)	(31,948)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENT	(158,054)	(7,439)	(510,724)	655
CASH AND CASH EQUIVALENT				
- Beginning of the period	3,464,827	36,710	3,817,497	28,616
- End of the period	$ 3,306,773	$ 29,271	$ 3,306,773	$ 29,271
CASH AND CASH EQUIVALENT				
Cash	$ 90,297	$ 29,271	$ 90,297	$ 29,271
Short-term deposits	3,216,476	—	3,216,476	—
	$ 3,306,773	$ 29,271	$ 3,306,773	$ 29,271
NON-CASH FINANCING ACTIVITY				
Short-term debt for exploration and evaluation assets (Note 3 & 15)	$ 322,500	$ —	$ 322,500	$ —

1. Nature of Organization

Description of the Business

First Lithium Minerals Corp. ("the "**Corporation**" or **FLMC**" or "**PCG**") was incorporated under the Alberta Business Corporations Act on March 25, 1993 and on June 30, 2022 filed Certificate of Continuance under the Ontario Business Corporations Act and on July 27, 2022 Certificate of Amendment to change its name from Petrocorp Group Inc. to First Lithium Minerals Corp. Its registered head office is 77 King Street West, Suite 3000, Toronto, Ontario, M5G 1G8. On July 28, 2022, the Corporation completed its acquisition of First Lithium Minerals Inc. ("**FLMI**") by way of a reverse-take over ("**RTO**") as well as the concurrent acquisition of QL Minerals Inc. (**"QLM**") (Note 14). The principal business of the Corporation and its subsidiaries is the exploration of mineral properties located in Chile and Canada (Note 3).

The Corporation is listed on the Canadian Stock Exchange ("**Exchange**") under the symbol FLM, on the OTCBB under the symbol PGPXF and on the FSE under the symbol X28.

These unaudited condensed interim consolidated financial statements ("**Financial Statements**") of the Corporation were authorized for issue in accordance with a resolution of the directors on August 25, 2023.

Going Concern

These Financial Statements have been prepared in accordance with IFRS applied on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As at June 30, 2023, the Corporation had no sources of operating cash flows. The Corporation therefore may require additional funding which, if not raised, would result in the curtailment of activities. As at June 30, 2023, the Corporation had working capital of $2,978,639 (December 31, 2022 –$4,158,581), and has incurred losses since inception, resulting in an accumulated deficit of $10,370,728 (December 31, 2022 - $9,590,374). The Corporation's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the will be successful in this regard, and therefore, there is substantial doubt regarding the Corporation's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These Financial Statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate. If the "going concern" assumption were not appropriate for these Financial Statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

As an entity with no operations, funding to meet its operating expenses as well as working capital is dependent on the Corporation's ability to issue common shares or borrow funds. While the Corporation currently has sufficient funds on hand to meet its current budget for the foreseeable future, there is no certainty that the Corporation will be able to raise sufficient funds.

2. Summary of Significant Accounting Policies

Basis of Presentation

These Financial Statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business.

2. Basis of Presentation and Summary of Significant Accounting Policies – continued

Principles of Consolidation

On July 28, 2022, the Corporation completed its business combination agreement with FLMI, a private Ontario company incorporated on February 14, 2017, whereby the Corporation acquired all issued and outstanding shares of FLMI by issuing one common share for each FLMI shares (the "**RTO**") (Note 14). The RTO was structured as a three-cornered amalgamation pursuant to which FLMI merged with QLM and then amalgamated with a wholly owned subsidiary of the Corporation, 1000215756 Ontario Corp. to form an amalgamated entity. For accounting purposes, FLMI is deemed to be the acquirer, and the Financial Statements are a continuation of FLMI. Prior to the RTO, FLMI consolidated its shares on the basis of 1 new common share for 2.5 old common shares. All reference to shares, per share amount, and warrants in these Financial Statements have been retroactively restated to reflect the consolidation ratio.

These Financial Statements include the accounts of FLMC, and its wholly-owned subsidiaries, FLMI and First Lithium Minerals SpA. ("**FLM SpA**") incorporated in Chile, collectively these entities are referred to as the Corporation.

Statement of Compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Accounting Standard ("**IAS**") 34, Interim Financial Reporting. The accounting policies and judgement applied in these Financial Statements are consistent with those used in the Corporation's audited consolidated financial statements for the year ended December 31, 2022. There have been no changes from the accounting policies applied within these Financial Statements. The preparation of these Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the related amounts of assets and liabilities, revenues and expenses. In management's opinion, all adjustments considered necessary for fair presentation have been included in the Financial Statements. Interim results are not necessarily indicative of the results expected for the financial year. Annual results may differ from interim estimates.

Basis of Measurement

These Financial Statements have been prepared under the historical cost convention, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

Functional and Presentation Currency

These Financial Statements are presented in Canadian dollars, which is the Corporation's and its subsidiaries' functional currency. Transactions in foreign currencies during the years were converted at the then average exchange rate for the period and year-end balance sheet amounts were converted at the exchange rate as at that date.

***Critical Judgments and Estimates*:**

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the dates of these Financial Statements and the reported amounts of income and expenses during the year. Actual results may differ from these estimates.

In making estimates, the Corporation relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgments have been applied in a manner consistent with the prior year and there are no known trends, commitments, events or uncertainties that the Corporation believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in the Financial Statements. The areas involving greater judgment or complexity, or areas where assumptions and estimates are significant to these Financial Statements are disclosed separately.

2. Summary of Significant Accounting Policies – continued

Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of these Financial Statements and the reported amounts of revenue and expenses during the years. Actual results could also differ from those estimates under different assumptions and conditions.

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

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Financial Statements are:

Fair Value of Financial Instruments
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Recoverability of exploration and evaluation assets
The application of the Corporation's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Corporation, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of operations and comprehensive loss when the new information becomes available.

Environmental cleanup costs
Management has made an estimate of the amount of fees required related to remediation activities at its exploration properties. Management will also request third party service providers to provide estimates for cleanup activities and will record any adjustment to the amount accrued as the adjustments become known.

Income Taxes
Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determinations are made.

Title to exploration and evaluation assets
Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Corporation's title. Such properties may be subject to prior agreements or transfers and such title may be affected by undetected defects.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 to the Financial Statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The accounting policies set out below have been applied consistently to all periods presented in accordance with IFRS.

2. Summary of Significant Accounting Policies – continued

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

Exploration and Evaluation Assets

Pre-exploration Costs

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

Acquisition Costs

The fair value of all consideration paid to acquire an exploration and evaluation asset is capitalized, including amounts paid under option agreements. Consideration may include cash, loans or other financial liabilities, and equity instruments including common shares and share purchase warrants.

Exploration and Evaluation Expenditures

The Corporation capitalizes land costs, staking and maintenance fees. All other costs directly related to exploration and evaluation expenditures ("**E&E**") are expensed as incurred. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

The Corporation may occasionally enter into farm-out arrangements, whereby the Corporation will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Corporation. The Corporation does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Corporation, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditures, in excess of estimated recoveries, are written off in the consolidated statement of operations and comprehensive loss.

The Corporation assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

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

Disposal of Interest in Connection with Option Agreement

On the disposal of an interest in connection with the option agreement, the Corporation does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash consideration received directly from the acquirer is credited against the costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in the consolidated statement of operations and comprehensive loss

2. Summary of Significant Accounting Policies – continued

Financial assets and liabilities
Classification
The Corporation classifies its financial instruments in the following categories: at fair value through profit and loss ("**FVTPL**"), at fair value through other comprehensive income (loss) ("**FVTOCI**") or at amortized cost. The Corporation determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Corporation's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Corporation can make an irrevocable election (on an instrument-by-instrument basis) to designate them at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Corporation has opted to measure them at FVTPL.

The following table summarizes the classification under IFRS 9 for each financial instrument:

Financial assets/liabilities	Classification
Cash and cash equivalents	FVTPL
Restricted cash	FVTPL
Accounts payable	Amortized cost
Debt obligations	Amortized cost
Due to related parties	Amortized cost
Subscription receipts	Amortized cost

Measurement
Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss). There are no financial assets classified in this category as at December 31, 2022 and June 30, 2023.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Accounts payable, debt obligations, related party debt, subscription receipt and due to related parties are classified in this category.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of operations and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Corporation's own credit risk will be recognized in other comprehensive income (loss). Cash and cash equivalents are recorded at FVTPL.

Impairment of financial assets at amortized cost
The Corporation recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

2. Summary of Significant Accounting Policies – continued

At each reporting date, the Corporation measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Corporation measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Corporation shall recognize in the consolidated statements of operations and comprehensive loss as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition
The Corporation derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of operations and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

The Corporation derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of operations and comprehensive loss.

Rehabilitation Provision
The Corporation is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Corporation records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation, and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Other Provisions
Provisions for legal claims, where applicable, are recognized in other liabilities when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting year and are discounted to present value where the effect is material.

Convertible debentures
Convertible debentures issued for cash are recorded at amortized cost and accounted for as a hybrid financial instrument with separate debt and derivative liability components, if a derivative exists. The derivative liability is recorded at fair value and deducted from the face value of the debt to arrive at the liability component which will be accreted to face value over the life of the debenture. The derivative liability is remeasured at fair value at each period subsequent to initial recognition.

2. Summary of Significant Accounting Policies – continued

Share Capital
Share capital, common shares and an equity instrument in any contract that evidence of a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

Contributed Surplus
The Corporation measures the fair value of options and warrants issued using the Black-Scholes Option-Pricing Model. The fair value of each option or warrant is estimated based on their respective issuance dates taking into account volatility, expected life, the dividend rate, and the risk-free interest rate. The fair value of warrants issued in conjunction with an offering is charged to share issue costs with an offsetting amount recorded to contributed surplus. The fair value of warrants exercised is recorded as share capital, and the fair value of any expired warrants is recorded as contributed surplus general account.

Equity-settled Share-based Payments
The Corporation operates equity-settled share-based payment plans for its eligible directors, employees and consultants. None of the Corporation’s current plans feature any options for a cash settlement.

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. 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.

All equity-settled share-based payments, except warrants, are ultimately recognized as an expense in the profit or loss with a corresponding credit to contributed surplus, within shareholders’ equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to stock options and or warrants respectively, within shareholders’ equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs, as well as the related compensation cost previously recorded as contributed surplus, are credited to share capital.

2. Summary of Significant Accounting Policies – continued

Earnings / (Loss) per Share
Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to shareholders of the Corporation by the weighted average number of shares outstanding during the year.

Diluted earnings per share is determined by adjusting the net income attributable to shareholders and the weighted average number of shares outstanding, adjusted for the dilutive effects of all convertible securities and granted incentive stock options and warrants, issued and outstanding, if any. No effect has is given to the potential exercise of stock options and warrants in the calculation of diluted net earnings (loss) per share if the effect would be anti-dilutive. Stock options and warrants have a dilutive effect only when the average market price per common share during the period exceeds the exercise price.

Deferred Financing Costs
Financing costs related to the Corporation's financings are recorded as deferred financing costs. These costs will be deferred until the financing is completed; at which time the costs will be charged against the proceeds received. If the financing does not close, the costs will be charged to the consolidated statements of operations and comprehensive loss.

Incremental costs incurred in respect of raising capital are charged against equity or debt proceeds raised. Costs associated with the issuance of common shares are charged to share capital upon the raising of equity. Costs associated with the issuance of debt are amortized using the effective interest method over the life of the debt.

Income Tax
Income tax comprises current and deferred taxes. Income tax is recognized in the statements of loss and comprehensive loss, except to the extent that it relates to items recognized directly in equity, in which case, the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the reporting year, using tax rates enacted, or substantively enacted, at the end of the reporting year.

Deferred tax is determined based on the temporary differences between the carrying value and the tax basis of the assets and liabilities. Any change in the net amount of deferred income tax assets and liabilities is included in the statement of loss and comprehensive loss. Deferred income tax assets and liabilities are determined based on enacted or substantively enacted tax rates and laws which are expected to apply to the Corporation's taxable income for the year in which the assets and liabilities will be recovered or settled. Deferred income tax assets are recognized when it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Impairment of non-financial assets
The Company's assets are reviewed for indications of impairment at each statement of financial position's date. If indication of impairment exists, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets the unit on a pro-rata basis.

(Expressed in Canadian Dollars)

3. Exploration and Evaluation Assets

The Corporation interest in its exploration and evaluation assets is as follows:

Property	Interest	Date Acquired
Jenna, Chile	100%	2018
Lucia, Chile	100%	2022
Paige, Chile (impaired)	100%	2019
LSL, Ontario	100%	2023
Senneville, Quebec	100%	2022

Jenna property is comprised of 8,976 ha of mineral exploration concessions that form the OCA Prospect located at the commune of Ollagüe, Calama, Province of El Loa, II Region of Antofagasta, Chile, and distributed within three different salars: Salar de Ollagüe, Salar de Carcote and Salar de Ascotán. Lucia property is comprised of 200 ha of mineral exploration concessions located at the commune of San Pedro de Atacama, Calama, Province of El Loa, II Region of Antofagasta, Chile, within the Salar de Capur.

The Corporation holds a 100% interest in 39 mineral claims over a contiguous land package of over 2,000 hectares in Senneville, Quebec approximately 30 km north of Val-d'Or, Quebec which it acquired concurrently with the RTO ('**Senneville**" prospect). [

In June 2023, the Corporation acquired a 100% interest in 49 mineral claims for $372,500 that was settled with 4,300,000 common shares of the Corporation valued at $322,500 plus $50,000 in cash in July 2023. Subsequently, prior to the end of June 30, 2023, the Corporation staked an additional 44 mineral claims and post June 30, 2023, 8 mining claims (collectively the "LSL" Property). The LSL Property is a contiguous land package of 2,060 ha located approximately 160 km northeast of Sioux Lookout, Ontario.

	Jenna	Lucia	Paige	LSL	Senneville	Total
Balance, January 1, 2022	$ 159,636	$ —	$ 757	$ —	$ —	$ 160,393
Acquisitions of mining rights:						
Staking and maintenance fees	43,952	222	940	—	—	45,114
Acquisition of Senneville Property (Note 13)	—	—	—	—	670,317	670,317
Write-off during the year	—	—	(1,697)		—	(1,697)
Balance, December 31, 2022	$ 203,588	$ 222	$ —	$ —	$ 670,317	$ 874,127
Balance, January 1, 2023	$ 203,588	$ 222	$ —	$ —	$ 670,317	$ 874,127
Acquisitions of mining rights:						
Acquisition of LSL Property	—	—	—	372,500	—	372,500
Staking and maintenance fees	24,831	57	—	2,200	—	27,088
Balance, June 30, 2023	$ 228,419	$ 279	$ —	$ 374,700	$ 670,317	$ 1,273,715

4. Accounts Payable and Accrued Liabilities

As at	June 30, 2023	December 31, 2022
Accounts payables	$ 242,967	$ 131,128
Accrued liabilities	9,143	21,466
	$ 252,110	$ 152,594

(Expressed in Canadian Dollars)

5. Debt Obligations

In January 2020, a private loan with a face value of US$1,000,000 was assigned to a private company of which a director of the Corporation was an officer of this private company. Based on the revised terms in February 2020, the face value of the loan of $1,670,000 maturing on August 31, 2021 accruing interest at 12% per annum and convertible into common shares of the Corporation at a 10% discount to the deemed price at the date of the completion of a going public transaction (Note 14). The entire private loan, including the interest accrued, of $2,778,561 was converted into 12,349,161 common shares as part of the RTO transaction (Note 14). The advance from PCG became an intercompany balance after the completion of the RTO and therefore the balance was eliminated in the Financial Statements for the year ended December 31, 2022 (Note 14).

During the year ended December 31, 2022, the Corporation recorded interest expenses for this loan of $128,139 (December 31, 2021 - $236,403). The terms of the loan were amended during the year ended December 31, 2021, extending the maturity date to August 31, 2022. The loan extension was recorded as a debt modification as the change in fair value was less then 10% as all other terms remained the same.

6. Share Capital

The Corporation is authorized to issue an unlimited number of common shares and preferred shares. The preferred shares are issuable in series. As at December 31, 2022 and June 30, 2023, there were no preferred shares issued.

During the year ended December 31, 2022, the Corporation has completed the following transactions;

a) 23,658,000 common shares were issued at a price of $0.25 per common share, less issuance costs of $279,563 together with 904,260 warrants with a fair value of $162,684, where each warrant gives the holder the right to purchase one common share at a price of $0.25 prior to July 28, 2024;
b) Settlement of the private loan (Note 5) in the amount of $2,778,561 and due to a related party in the amount of $793,030 (Note 8) via the issuance of 15,873,737 common shares at a price of $0.225, being a 10% discount to the common share price of $0.25;
c) Issuance of 6,180,000 common shares to acquire QLM with a fair value of $1,453,000 (Note 13);
d) Issuance of 3,316,372 common shares as a finder's fee valued at $829,093 (Note 14); and
e) Issuance of 8,204,342 common shares to acquire PCG at a deemed value of $1,571,075 (Note 14).

Initially there were 11,073,326 common shares held in escrow from the RTO and as at December 31, 2022, of which 1,660,999 was released on February 9, 2023 with the remainder will be released as follow:

	Common shares
August 9, 2023	1,660,999
February 9, 2024	1,660,999
August 9, 2024	1,660,999
February 9, 2025	1,660,999
August 9, 2025	1,660,999
	8,304,995

(Expressed in Canadian Dollars)

7. Contributed Surplus

The Corporation's contributed surplus consists of the following:

	General	Incentive Stock Option	Warrants	Total
Balance, January 1, 2022	$ —	$ —	—	—
Issuance of warrants	—	—	162,684	162,684
Balance, December 31, 2022 June 30, 2023	$ —	$ —	$ 162,684	$ 162,684

a) Incentive stock Options
As at December 31, 2022 and June 30, 2023, the Corporation had no options issued or outstanding.

b) Warrants
The following table reconciles the issued and outstanding warrants as at December 31, 2022 and June 30, 2023:

	Number	Weighted Average Exercise Price
Balance, January 1, 2022	—	$ N/A
Issued	904,260	0.25
Exercised	—	N/A
Cancelled	—	N/A
Expired/Forfeited	—	N/A
Balance, December 31, 2022 and June 30, 2023	904,260	$ 0.25

The following is a summary of outstanding warrants as at December 31, 2022 and June 30, 2023:

Issue date	Number of Warrants	Fair Value	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Balance December 31, 2022	904,260	$ 162,684	$ 0.25	1.57
Balance June 30, 2023	904,260	$ 162,684	$ 0.25	1.08

The fair value of the 904,260 warrants issued during the year ended December 31, 2022 was estimated using the Black-Scholes Option Pricing Model (stock price of $0.25, exercise price of $0.25, expected life of 2 years, risk-free rate of 2.92%, annual rate of quarterly dividends of 0% and volatility of 150%).

(Expressed in Canadian Dollars)

8. Transactions with Related Parties and Payments to Key Management

Related party transactions include all transactions with directors and officers as well as entities owned and controlled by directors and officers. All transactions are performed in the normal course of business and are measured at exchange amounts agreed upon by the related parties. The following table summarizes the related party transactions occurring during the fiscal year.

	Three Months Ended June 30 2023	Three Months Ended June 30 2022	Six Months Ended June 30 2023	Six Months Ended June 30 2022
Expenses				
Management Fees	$ 60,000	$ —	$ 120,000	$ —
Professional Fees	24,000	19,000	48,000	28,000
Directors Fees (included in Regulatory & Shareholders expenses)	7,500	—	15,000	—
Interest expense	—	65,365	—	128,139
	$ 91,500	$ 83,365	$ 183,000	$ 156,139

Due to Related Parties are principally comprised of amounts outstanding relating to management fees and reimbursement of expenses.

Amounts due as at	June 30, 2023	December 31, 2022
Due to Related Parties	$ 63,528	$ 50,084

During the period ended December 31, 2022 and June 30, 2023, no key management personnel were indebted to the Corporation.

The key management personnel of the Corporation include the Chief Executive Officer, Chief Financial Officer, and the Board of Directors.

In addition, as at December 31, 2022, the Corporation owed $5,284 (December 31, 2021 - $620,084) to the CEO and companies controlled by the CEO. This amount is recorded within accounts payable. The amount is due on demand and carries no interest. A total amount due to the CEO and companies controlled by the CEO of $793,030 (Note 6) was converted into 3,594,576 common shares during the year ended December 31, 2022 as part of the RTO transaction (Notes 6 and 14).

During the year ended December 31, 2022, 13,429,293 shares were issued with respect to converting debt obligations in to share capital with a private company for which the CEO was an officer of (Note 5) and an amount due to a related party as part of the RTO transaction (Notes 5, 6 and 14).

During the year ended December 31, 2022, directors and officers acquired 4,624,543 common shares for $908,022.

9. Commitments and Contingencies

The Corporation, from time to time, may be involved in various claims, legal and tax proceedings and complaints arising in the ordinary course of business. The Corporation is not aware of any pending or threatened proceedings that would have a material adverse effect on the financial condition or future results of the Corporation.

(Expressed in Canadian Dollars)

10. Capital Management

The Corporation manages its common shares, stock options, warrants and accumulated deficit as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk, as there are no external restrictions on it.

The Corporation 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 Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets in order at adjust the amount of cash on its balance sheet.

To facilitate the management of its capital requirements, the Corporation prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry and market conditions.

The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

Management reviews its approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable.

The Corporation's financial instruments have been classified into categories that determine their basis of measurement and for items carried at fair value, where changes in fair value are recognized in the Statement of Operations and Comprehensive Income (Loss):

Financial Assets	June 30, 2023	December 31, 2022
Cash and cash equivalents	$ 3,306,773	$ 3,817,497
Commodity taxes refundable	189,836	160,868

Financial Liabilities	June 30, 2023	December 31, 2022
Accounts payable	$ 252,110	$ 131,128
Shares to be issued	322,500	—
Due to related parties	63,528	50,084

The following table presents the contractual maturities of the Corporation's financial liabilities as at June 30, 2023:

			Payments by Periods		
	Total	< 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Accounts payable	$ 252,110	$ 252,110	$ —	$ —	$ —
Shares to be issued	322,500	322,500	—	—	—
Due to related parties	63,528	63,528	—	—	—

11. Financial Instruments and Risk Management

(a) Fair value
Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Level 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market date.

As at December 31, 2022 and June 30, 2023, the estimated fair values of accounts payable approximate its respective carrying values due to their short-term nature.

As at December 31, 2022 and June 30, 2023, the fair value of the debt obligations and due to related party approximates to their face values of these loans. The fair value of cash and cash equivalents and restricted cash is determined using level 1 inputs.

(b) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Currently, if a change in interest rates of 1% were to occur, the impact on short-term deposits and the related gain (loss) for over twelve-month period would have an impact on interest income of approximately $30,000 (June 30, 2022 - $nil). Management does not deem this to be material as it could and would continue to meet its operating expenses.

(c) Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation’s exposure to credit risk is on its cash and cash equivalents held in bank accounts and Restricted cash held in trust with legal counsel. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. This risk’s maximum exposure as at June 30, 2023 is comprised of $3,306,773 (December 31, 2022 - $3,817,497). Credit risk is assessed as low.

(d) Liquidity risk
Liquidity risk is the risk the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation’s objective for liquidity risk management is to maintain sufficient liquid financial resources to fund operations and to meet commitments and obligations in the most cost-effective manner possible. The Corporation achieves this by maintaining sufficient cash and cash equivalents and managing working capital. The Corporation monitors its financial resources on a regular basis and updates its expected use of cash resources based on the latest available data.

The Corporation’s financial liabilities, classified as current, primarily consist of accounts payables and amounts due to related parties. As at June 30, 2023, the Corporation’s current liabilities were $638,138 (December 31, 2022 - $202,678) with all of it having expected settlement dates within one year or where conditions exist that could result in accelerated payment.

(Expressed in Canadian Dollars)

12. Loss Per Share

In calculating the diluted loss per share, issued and outstanding incentive stock options and warrants were not considered as they would have been anti-dilutive.

For the three-months ended June 30,	2023	2022
Denominator basic and diluted loss per share		
Weighted average number of Common shares outstanding	86,876,119	29,643,667
Dilutive effect of incentive stock options	—	—
Dilutive effect of warrants	—	—
	86,876,119	29,643,667

For the six-months ended June 30,	2023	2022
Denominator basic and diluted loss per share		
Weighted average number of Common shares outstanding	86,876,119	29,643,667
Dilutive effect of incentive stock options	—	—
Dilutive effect of warrants	—	—
	86,876,119	29,643,667

13. Acquisition of QLM

On July 28, 2022, concurrent with the RTO transaction (Note 14) FLMI and QLM merged together. As QLM did not constitute a business as defined under IFRS 3, the merger was treated as an acquisition under IFRS 2, where the difference between the consideration given by FLMI to acquire the QLM, and the net asset value of QLM was allocated to QLM's only non-monetary asset. The Company issued 6,180,000 common shares for the acquisition of QLM of which 800,000 common shares were held in escrow at the acquisition date (Note 6) and will be released over a period 36 months after the completion of the RTO (Notes 6 and 14). The Company allocated a discount of $92,000 to the escrow shares.

The fair value of the consideration, assets and liabilities acquired are as follow:

Consideration	
Fair value of Common shares issued (Note 6)	$ 1,453,000
Identifiable assets acquired	
Commodity tax receivable	$ 4,804
Senneville property (Note 3)	20,000
Loan receivable	812,294
Accounts payable and accrued liabilities	(34,415)
Total identifiable assets acquired	802,683
Additional fair value assigned to Senneville property (Note 3)	650,317
Total net identifiable assets	$ 1,453,000

(Expressed in Canadian Dollars)

14. Reverse Takeover Transaction

On July 28, 2022, PCG, the legal acquirer, completed its legal acquisition of FLMI, whereby PCG acquired all of the issued and outstanding shares of FLMI in exchange for 8,204,342 common shares of PCG. The Corporation did not constitute a business as defined under IFRS 3; therefore, the RTO is accounted under IFRS 2, where the difference between the consideration given up to acquire the Corporation and the net asset value of the Corporation is recorded as a listing expense in the Consolidated Statements of Operations and Comprehensive Loss. The accounting for this transaction resulted in the following:

1) The Financial Statements of the combined entity are issued under the legal parent, PCG, but are considered a continuation of the financial statements of the legal subsidiary, FLMI.
2) As FLMI is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the Financial Statements at their historical carrying values.

The shares allocated to the former shareholders of PCG on closing the RTO, were considered within the scope of IFRS 2, whereby the value in excess of the net identifiable assets or obligations of the Corporation acquired on closing was charged to the Consolidated Statements of Operations and Comprehensive Loss as a listing expense. The fair value of the 8,204,342 common shares issued for all of PCG shares was determined to be $2,051,075, (Note 6). In addition, PCG issued 3,316,372 common shares with a fair value of at $829,093 as a finders' fee (Note 6). Of the 8,204,342 common shares issued to PCG, 5,500,000 common shares were held in escrow at the acquisition date (Note 6) and will be released over a period of 15 months after the completion of the RTO. The Company allocated a discount of $480,000 to the escrow shares.

The fair value of the consideration given and charged to listing expense was comprised of:

Consideration	
Fair value of Common shares issued (Note 6)	$ 1,571,075
Fair value of finders' fee (Note 6)	829,093
Professional fees incurred for RTO	378,068
Total consideration	$ 2,778,236
Identifiable assets acquired	
Cash	$ 32,826
Accounts receivable	4,788
Loan receivable (Note 5)	192,635
Accounts payable and accrued liabilities	(82,933)
Total identifiable assets acquired	147,316
Unidentifiable assets acquired	
Listing expense	2,630,920
Total net identifiable assets and transaction cost	$ 2,778,236

15. Subsequent Event

Subsequent to June 30, 2023, the Corporation issued 4,300,000 common shares with a deemed value of $322,500 plus $50,000 in cash to acquire 49 claims as part of the LSL project (Note 3), amounting to a total fair value of $372,500. The LSL project was was acquired in June 2023.