



**FRONTIER LITHIUM INC.**  
**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2022**

**FRONTIER LITHIUM INC.****Condensed Interim Statements of Financial Position**

(Unaudited - Expressed in thousands of Canadian dollars)

	Notes	June 30, 2022	March 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 16,743	\$ 17,683
Accounts receivable, prepaid expense and other assets	5	968	1,149
Marketable securities		6	9
<b>Total current assets</b>		<b>17,717</b>	<b>18,841</b>
<b>Non-current assets</b>			
Exploration and evaluation assets		5,426	5,426
Property, plant and equipment	6	471	361
<b>Total assets</b>		<b>\$ 23,614</b>	<b>\$ 24,628</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 1,492	\$ 1,202
Current portion of lease obligations	7	117	80
<b>Total current liabilities</b>		<b>1,609</b>	<b>1,282</b>
<b>Non-current liabilities</b>			
Lease obligations	7	161	28
<b>Total liabilities</b>		<b>\$ 1,770</b>	<b>\$ 1,310</b>
<b>EQUITY</b>			
Share capital	8	\$ 63,678	\$ 60,673
Contributed surplus		19,920	19,369
Accumulated deficit		(61,754)	(56,724)
<b>Total equity</b>		<b>\$ 21,844</b>	<b>\$ 23,318</b>
<b>Total liabilities and equity</b>		<b>\$ 23,614</b>	<b>\$ 24,628</b>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Going concern (Note 1)

Subsequent exercise of warrants (Note 8(b))

Approved by the Board of Directors

/s/ Reginald F. Walker  
Reginald F. Walker  
Director

/s/ John R. Didone  
John R. Didone  
Director

**FRONTIER LITHIUM INC.****Condensed Interim Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

		<b>Three months ended June 30,</b>	
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
			<b>(Restated – Note 13)</b>
<b>EXPENSES</b>			
Exploration and evaluation expenditures	<b>9</b>	<b>\$ 2,621</b>	<b>\$ 623</b>
General and administrative expenses	<b>10</b>	<b>2,396</b>	<b>2,222</b>
Foreign exchange loss		<b>1</b>	<b>33</b>
Accretion expense on lease liabilities		<b>9</b>	<b>-</b>
Fair value loss (gain) on marketable securities, net		<b>3</b>	<b>(1)</b>
<b>Earnings (loss) before tax</b>		<b>(5,030)</b>	<b>(2,877)</b>
Deferred income tax recovery		<b>-</b>	<b>92</b>
<b>Net loss and comprehensive loss</b>		<b>\$ (5,030)</b>	<b>\$ (2,785)</b>
<b>Net loss per share</b>			
Basic and diluted		<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding</b>			
Basic and diluted		<b>210,840,426</b>	<b>191,193,214</b>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

**FRONTIER LITHIUM INC.****Condensed Interim Statements of Cash flows**

(Unaudited - Expressed in thousands of Canadian dollars)

	<b>Three months ended June 30,</b>	
	<b>2022</b>	2021
		(Restated – Note 13)
<i>Cash provided by (used in)</i>		
<b>Operating cash flows</b>		
Net loss	\$ (5,030)	\$ (2,785)
Items not involving cash:		
Depreciation	139	16
Deferred income tax recovery	-	(92)
Unrealized loss (gain) on marketable securities	3	(1)
Accretion expense on lease liabilities	9	-
Share-based compensation	1,545	1,530
Change in working capital balances:		
Accounts receivable, prepaid expenses and other assets	182	371
Accounts payable and accrued liabilities	289	(461)
<b>Total cash used in Operations</b>	<b>\$ (2,863)</b>	<b>\$ (1,422)</b>
<b>Investing cash flows</b>		
Additions to property, plant and equipment	(33)	(9)
Additions to exploration and evaluation assets	-	(4,000)
<b>Total cash used in Investing</b>	<b>\$ (33)</b>	<b>\$ (4,009)</b>
<b>Financing cash flows</b>		
Issuance of common shares	-	2,369
Share issuance costs	-	(5)
Proceeds from exercise of warrants	1,092	1,455
Proceeds from exercise of stock options	920	236
Repayment of lease obligation	(56)	(1)
<b>Total cash provided by Financing</b>	<b>\$ 1,956</b>	<b>\$ 4,054</b>
Net change in cash and cash equivalents	\$ (940)	\$ (1,377)
Cash and cash equivalents, beginning of period	17,683	10,345
<b>Cash and cash equivalents, end of period</b>	<b>\$ 16,743</b>	<b>\$ 8,968</b>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

**FRONTIER LITHIUM INC.****Condensed Interim Statements of Changes in Equity**

For the years ended March 31, 2022 and 2021

(Unaudited - Expressed in thousands of Canadian dollars)

	Notes	Three months ended June 30,	
		2022	2021 (Restated – Note 13)
<b>Share capital</b>			
Balance, beginning of year	8a	\$ 60,673	\$ 40,146
Issued under private placement		-	2,369
Issued on purchase of NSR		-	1,000
Issued on exercise of stock options		1,471	400
Issued on exercise of warrants		1,534	1,455
Share issuance cost		-	(5)
Valuation of warrants		-	(295)
Flow-through premium		-	(207)
Broker warrants issued		-	(30)
<b>Balance, end of period</b>	<b>8a</b>	<b>63,678</b>	<b>44,833</b>
<b>Contributed surplus</b>			
Balance, beginning of year		19,369	15,823
Valuation of warrants		-	295
Broker warrants issued		-	30
Exercise of options		(552)	(165)
Exercise of warrants		(442)	-
Share-based compensation	10	1,545	1,530
<b>Balance, end of period</b>		<b>19,920</b>	<b>17,513</b>
<b>Deficit (Restated)</b>			
Balance, beginning of year		(56,724)	(45,773) <sup>1</sup>
Net loss for the period		(5,030)	(2,785) <sup>1</sup>
<b>Balance, end of period</b>		<b>(61,754)</b>	<b>(48,558)</b>
<b>Total equity</b>		<b>\$ 21,844</b>	<b>\$ 13,788</b>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

## FRONTIER LITHIUM INC.

### Notes to Condensed Interim Financial Statements

For the three months ended June 30, 2022 and 2021

(Unaudited - Expressed in thousands of Canadian dollars, unless otherwise indicated)

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Frontier Lithium Inc. (the “Company” or “FL”) was incorporated as 646215 Alberta Inc. on March 13, 1995, under the *Business Corporations Act* (Alberta) and headquartered in Sudbury, Ontario. The Company was formerly called Houston Lake Mining Inc. The name of the company was changed to Frontier Lithium Inc. by Certificate of Amendment dated May 19, 2016. The Company’s head office address is 2736 Belisle Drive, Val Caron, Ontario, P3N 1B3 and its registered office address is #1250, 639 – 5<sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 0M9.

The Company’s shares are publicly traded on the Toronto Venture Exchange (“TSX-V”) under the symbol “FL”, the U.S. based QTCQX Venture Market under the symbol “LITOF” and the Frankfurt Stock Exchange under the symbol “HL2”.

The Company is engaged in the acquisition, exploration and development of lithium mineral properties in Ontario, Canada. The Company’s flagship asset is the PAK Lithium Property located in Ontario, Canada.

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business for the foreseeable future as they come due.

These financial statements have been prepared on a going concern basis and do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statement of financial position classification used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material. To date, the Company has not earned revenue, has an accumulated deficit of \$61,754 as at June 30, 2022 (March 31, 2022 - \$56,724) and had a net loss of \$5,030 for the three months ended June 30, 2022 (June 30, 2021 - \$2,785). As at June 30, 2022, the Company had cash and cash equivalents of \$16,743 (March 31, 2022 - \$17,683) and positive working capital of \$16,108 (March 31, 2022 - \$17,559). The Company anticipates having sufficient funds to meet its corporate and administrative expenses for at least until March 31, 2023. The Company has historically relied on equity placements to fund its operations and repay its liabilities. Management is actively pursuing financing and alternative funding options and is minimizing discretionary expenditures where prudent. While the Company has been successful in the past, there can be no assurance that it will be able to raise sufficient funds in the future. These conditions and events indicate that a material uncertainty exists that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company continues to monitor COVID-19 developments and will adapt its business plans accordingly.

During the three months ended June 30, 2022 the PAK Lithium Project camp and operations were not materially impacted by COVID-19. While the Company continues to advance work related to the Pre-Feasibility Study, the timelines and costs for future studies, permitting and exploration could be impacted depending on both the continued duration and severity of the COVID-19 pandemic and, in particular the Company’s ability to safely access the project site.

## **FRONTIER LITHIUM INC.**

### **Notes to Condensed Interim Financial Statements**

For the three months ended June 30, 2022 and 2021

(Unaudited - Expressed in thousands of Canadian dollars, unless otherwise indicated)

## **2. BASIS OF PREPARATION**

### **(a) Statement of compliance**

The unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting including IAS 34 Interim financial reporting. The condensed interim financial statements should be read in conjunction with the annual audited financial statements for the year ended March 31, 2022. These financial statements were approved and authorized by the Board on August 24, 2022.

### **(b) Basis of presentation**

These financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss (“FVTPL”). In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

### **(c) Functional and presentation currency of presentation**

These financial statements are presented in thousands of Canadian dollars (except for share and per share amounts) which is the functional currency of the Company.

### **(d) Significant accounting policies**

The accounting policies followed in these condensed interim financial statements are consistent with those disclosed in Note 2 of the Company’s audited financial statements for the year ended March 31, 2022, except for the following:

Effective April 1, 2022, the Company changed its accounting policy prospectively for Property, plant and equipment from declining balance method to straight-line method. The impact of this change is not material.

Useful lives are now as follows:

- Buildings, plant and mobile equipment 3 to 5 years
- Right-of-use assets Over 1 to 4 years

The change in policy has been made because the management believes that the straight-line method reflects more accurately the useful lives of its current property, plant and equipment fixed assets.

## FRONTIER LITHIUM INC.

### Notes to Condensed Interim Financial Statements

For the three months ended June 30, 2022 and 2021

(Unaudited - Expressed in thousands of Canadian dollars, unless otherwise indicated)

### 3. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 3 of the Company's audited financial statements for the year ended March 31, 2022.

### 4. CASH AND CASH EQUIVALENTS

	June 30, 2022	March 31, 2022
Cash	\$ 3,743	\$ 17,683
Short-term deposits	13,000	-
<b>Total</b>	<b>\$ 16,743</b>	<b>\$ 17,683</b>

### 5. ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND OTHER ASSETS

	March 31, 2022	March 31, 2022
Accounts receivable, prepaid expenses and other receivables	\$ 670	\$ 911
HST receivable	298	238
<b>Total</b>	<b>\$ 968</b>	<b>\$ 1,149</b>

### 6. PROPERTY, PLANT AND EQUIPMENT

	Buildings, plant and mobile equipment	Right-of- use assets	Total
<b>Cost</b>			
<b>At April 1, 2021</b>	\$ 557	\$ 41	\$ 598
Additions	147	104	251
<b>At March 31, 2022</b>	\$ 704	\$ 145	\$ 849
Additions (Note 7)	33	217	250
<b>At June 30, 2022</b>	<b>\$ 737</b>	<b>\$ 362</b>	<b>\$ 1,099</b>
<b>Accumulated depreciation</b>			
<b>At April 1, 2021</b>	\$ 376	\$ 7	\$ 383
Depreciation	82	23	105
<b>At March 31, 2022</b>	\$ 458	\$ 30	\$ 488
Depreciation	80	60	140
<b>At June 30, 2022</b>	<b>\$ 538</b>	<b>\$ 90</b>	<b>\$ 628</b>



## FRONTIER LITHIUM INC.

### Notes to Condensed Interim Financial Statements

For the three months ended June 30, 2022 and 2021

(Unaudited - Expressed in thousands of Canadian dollars, unless otherwise indicated)

<b>Net book value</b>					
At March 31, 2022	\$	246	\$	115	\$ 361
<b>At June 30, 2022</b>	<b>\$</b>	<b>199</b>	<b>\$</b>	<b>272</b>	<b>\$ 471</b>

## 7. LEASE OBLIGATIONS

Our lease obligations consist of the following as at June 30, 2022:

<b>Movement in Lease Obligations</b>	
Balance, March 31, 2021	\$ 32
Addition during the year ended March 31, 2022	104
Interest expense during the year ended March 31, 2022	3
Payments during the year ended March 31, 2022	(31)
Balance, March 31, 2022	108
Addition during the period	217
Interest expense during the period	9
Payments during the period	(56)
<b>Lease obligation as at June 30, 2022</b>	<b>\$ 278</b>
Less: Current portion	117
<b>Non-current portion as at June 30, 2022</b>	<b>\$ 161</b>

The Company entered into new vehicle leases during the three months ended June 30, 2022 totaled \$217 (2021 - \$nil). The lease terms are ranged from 3 years to 4 years.

## FRONTIER LITHIUM INC.

### Notes to Condensed Interim Financial Statements

For the three months ended June 30, 2022 and 2021

(Unaudited - Expressed in thousands of Canadian dollars, unless otherwise indicated)

## 8. SHARE CAPITAL

### (a) Common Shares

We are authorized to issue an unlimited number of common shares. The issued and outstanding common shares consist of the following:

	Notes	Number of Shares	Amount
<b>At March 31, 2021</b>		<b>188,847,809</b>	<b>\$ 40,146</b>
Issued under private placement	8a)i, ii	8,275,708	14,372
Issued on purchase of NSR		1,000,000	1,000
Issued on exercise of stock options		3,168,602	2,295
Issued on exercise of warrants		7,367,642	5,095
Share issuance cost			(1,172)
Valuation of warrants			(295)
Flow-through premium			(324)
Broker warrants issued			(444)
<b>At March 31, 2022</b>		<b>208,659,761</b>	<b>\$ 60,673</b>
Issued on exercise of stock options		1,767,681	1,471
Issued on exercise of warrants		1,332,625	1,534
<b>At June 30, 2022</b>		<b>211,760,067</b>	<b>\$ 63,678</b>

i. In April 2021, the Company issued 1,822,708 units in a private placement financing for total gross proceeds of \$2,369. Each unit consisted of one common share and one half of one share purchase warrant exercisable at \$1.50 per share for 24 months. The fair value attributed to the 911,354 share purchase warrants was estimated to be \$295. The Company paid financing fees consisting of cash of \$121 and 93,232 warrants to brokers. Each warrant entitles the holder to acquire one common share of the Company for \$1.50 per share for 24 months. The broker warrants were valued at \$30.

ii. In December 2021, the Company issued 6,453,000 shares in a bought deal private placement financing for total proceeds of \$12,003. The Company paid financing fees consisting of cash of \$720 and 387,180 warrants to brokers. Each warrant entitles the holder to acquire one common share of the company for \$1.52 per share for 24 months. The broker warrants were valued at \$414.

**FRONTIER LITHIUM INC.****Notes to Condensed Interim Financial Statements**

For the three months ended June 30, 2022 and 2021

(Unaudited - Expressed in thousands of Canadian dollars, unless otherwise indicated)

**(b) Warrants**

The following table shows the movement in warrants:

	Number of warrants	Weighted average exercise price
<b>At March 31, 2021</b>	12,726,298	\$ 0.67
Issued	1,391,766	1.51
Exercised	(7,367,642)	0.56
Expired	(292,500)	0.50
<b>At March 31, 2022</b>	<b>6,457,922</b>	<b>\$ 0.99</b>
Exercised	(1,332,625)	0.82
<b>At June 30, 2022</b>	<b>5,125,297</b>	<b>\$ 1.04</b>

The fair value of warrants is estimated at the date of grant using the Black-Scholes option-pricing model. Fair values of warrants granted during the three months ended June 30, 2022 and 2021 were based on the weighted average assumptions noted in the following table:

	Three months ended June 30,	
	2022	2021
Expected volatility	N/A	86%
Risk-free interest rate	N/A	0.24%
Expected dividend yield	N/A	Nil
Expected lives	N/A	2 years
Expected forfeiture rate	N/A	Nil

The following table reflects the actual warrants issued and outstanding as of June 30, 2022:

Expiry date	Number of warrants	Exercise price (\$)
July 7, 2022 <sup>(1)</sup>	85,000	0.27
July 15, 2022 <sup>(1)</sup>	75,000	0.27
July 20, 2022 <sup>(1)</sup>	1,650	0.27
July 24, 2022 <sup>(1)</sup>	700,000	0.27
November 10, 2022	594,963	0.45
March 15, 2023	2,762,439	1.25
April 13, 2023	712,655	1.50
December 15, 2023	193,590	1.52
<b>Total</b>	<b>5,125,297</b>	<b>1.04</b>

Notes:

(1) 861,650 of these warrants with expiry month of July 2022 have been exercised subsequent to June 30, 2022.

**FRONTIER LITHIUM INC.****Notes to Condensed Interim Financial Statements**

For the three months ended June 30, 2022 and 2021

(Unaudited - Expressed in thousands of Canadian dollars, unless otherwise indicated)

**(c) Stock options**

The following table shows the movement in stock options:

	Number of options	Weighted average exercise price
<b>At March 31, 2021</b>	14,275,000	\$ 0.67
Granted	5,995,000	0.18
Exercised	(3,168,602)	0.50
Forfeited	(500,000)	1.05
<b>At March 31, 2022</b>	<b>16,601,398</b>	<b>\$ 0.87</b>
Granted	750,000	3.16
Exercised	(1,767,681)	0.52
<b>At June 30, 2022</b>	<b>15,583,717</b>	<b>\$ 1.03</b>

The fair value of option grants is estimated at the date of grant using the Black-Scholes option-pricing model. During the three months ended June 30, 2022, the Company granted 750,000 stock options to directors, employees and consultants (2021 – 2,750,000). Fair values of options granted during the three months ended June 30, 2022 and 2021 were based on the weighted average assumptions noted in the following table:

	Three months ended June 30,	
	2022	2021
Expected volatility	80%	78%
Risk-free interest rate	2.7%	0.93%
Expected dividend yield	Nil	Nil
Expected lives	5 years	5 years
Expected forfeiture rate	Nil	Nil

The weighted average share price (fair value) per option exercised during the three months ended June 30, 2022 was \$3.17 (June 30, 2021 - \$0.91). All stock options granted were vested immediately on grant dates.

Stock options outstanding and exercisable as at June 30, 2022:

Range of exercise price	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)
\$0.25-\$1.00	7,803,716	0.29	1.80
\$1.01-\$2.00	6,030,001	0.41	1.42
\$2.01-\$3.16	1,750,000	0.33	0.53
<b>Total</b>	<b>15,583,717</b>	<b>\$ 1.03</b>	<b>3.75</b>

## FRONTIER LITHIUM INC.

### Notes to Condensed Interim Financial Statements

For the three months ended June 30, 2022 and 2021

(Unaudited - Expressed in thousands of Canadian dollars, unless otherwise indicated)

## 9. EXPLORATION AND EVALUATION EXPENDITURES

	Three months ended June 30,	
	2022	2021 Restated – Note 13
Personnel cost	\$ 224	\$ 153
Professional fees	435	120
Drilling	711	55
Assay and sampling	52	20
Research and development, net of government assistance	200	199
Camp and equipment expenses	520	35
Travel and transportation cost	479	41
<b>Total exploration and evaluation expenditures</b>	<b>\$ 2,621</b>	<b>\$ 623</b>

## 10. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,	
	2022	2021 Restated – Note 13
Salaries, benefits and consulting	\$ 317	\$ 398
Share-based payments	1,545	1,530
Professional fees	136	34
Office, administration and other	229	244
Shareholder related fees	30	-
Depreciation	139	16
<b>Total general and administrative expenses</b>	<b>\$ 2,396</b>	<b>\$ 2,222</b>

## 11. RELATED PARTY TRANSACTIONS

Key management personnel include members of the Board of Directors and certain senior officers. Remuneration of our key management personnel was as follows:

	Three months ended June 30,	
	2022	2021 Restated – Note 13
Compensation – salaries, benefits and consulting	\$ 138	\$ 91
Share-based compensation	1,545	1,393
<b>Total</b>	<b>\$ 1,683</b>	<b>\$ 1,484</b>

Included in accounts payable is \$48 (March 31, 2022 - \$57) owing to corporations controlled by a director of the Company.

## **FRONTIER LITHIUM INC.**

### **Notes to Condensed Interim Financial Statements**

For the three months ended June 30, 2022 and 2021

(Unaudited - Expressed in thousands of Canadian dollars, unless otherwise indicated)

## **12. CAPITAL AND FINANCIAL RISK MANAGEMENT**

### **Capital Management**

The primary objectives of the Company's capital management policy are to ensure that the Company raises sufficient funds in order to execute its business designed to maximize shareholder value. The Company considers the following items as capital: Cash and cash equivalents, share capital and contributed surplus in the amount of \$100,341 (March 31, 2022 - \$97,725).

When managing capital, which is a broader concept than the "equity" in the statement of financial position, the objectives of the Company are:

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the exploration for and development of its mineral deposits.

There have been no changes in the Company's capital management when compared to the prior year except that the management transferred approximately \$13.0 million cash to high interest rate Guaranteed Investment Certificate ("GIC") accounts which would generate higher interest income thereby offset operating costs. Management intends to optimize its cash management while continuing to fulfill its operating cash needs.

### **Financial Risk Management**

Our activities expose us to a variety of financial risks: market risk, liquidity risk and credit risk. Risk management is carried out by our management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

#### **(a) Market risk**

Market risk is the risk that changes based on market factors, such as commodity prices or foreign exchange rates, which affect the value of our financial instruments.

#### ***Commodity price risk***

Commodity prices fluctuate and are affected by factors outside of the Company's control. The current and expected future spot prices have a significant impact on the market sentiment for investment in exploration companies and may impact the Company's ability to raise equity or debt financing for its ongoing working capital requirements. Management closely monitors commodity prices to determine the appropriate course of action to be taken.

#### ***Currency risk***

Currency risk is the risk that the fair value of, or future cash flows from, our financial instruments will fluctuate because of changes in foreign exchange rates. Our functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars.

We maintain Canadian and United States dollar bank accounts in Canada. Our foreign exchange exposure to fluctuations in the United States dollars exchange rate against the Canadian dollar

## FRONTIER LITHIUM INC.

### Notes to Condensed Interim Financial Statements

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(Unaudited - Expressed in thousands of Canadian dollars, unless otherwise indicated)

is not significant as our annual exploration expenditures and a significant portion of our corporate administrative costs are denominated in Canadian dollars.

#### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its payment obligations when they fall due under normal and stress circumstances. The Company monitors its liquidity risk by considering the maturity of its financial assets and projected cash flow from operations. Where possible the Company utilizes surplus internal funds to a large extent to finance its operations and ongoing projects.

Our future undiscounted obligations as at June 30, 2022 are as follows:

At June 30, 2022	Due within 1 year	Due between 1 and 5 years	Total
Accounts payable and accrued liabilities	\$ 1,492	\$ -	\$ 1,492
Lease obligations	117	161	278
<b>Total</b>	<b>\$ 1,609</b>	<b>\$ 161</b>	<b>\$ 1,770</b>

#### (c) Credit risk

Credit risk is the risk of financial loss to us if a third party fails to meet their contractual obligations and arises principally from our financing activities including deposits with banks and accounts receivable.

We maintain substantially all of our cash in bank accounts at select Canadian chartered banks. Management believes credit risk is low with respect to bank deposits and accounts receivable.

## 13. RESTATEMENT

#### (a) Change in accounting policy

During the year ended March 31, 2022, the Company changed its accounting policy for exploration and evaluation expenditures to expense them as incurred. Management considered that this change in accounting policy will result in clearer, more relevant and reliable financial information by reducing financial reporting complexity. Under the previous accounting policy, exploration and evaluation expenditures were capitalized.

#### (b) Related Party Disclosures

It was determined that there were additional related party transactions in the prior year financial statements that had not been disclosed. The comparative disclosures in Note 11 have been revised accordingly.



**FRONTIER LITHIUM INC.****Notes to Condensed Interim Financial Statements**

For the three months ended June 30, 2022 and 2021

(Unaudited - Expressed in thousands of Canadian dollars, unless otherwise indicated)

**(c) Prior period adjustment**

In the process of preparing the Company's unaudited condensed interim financial statements for the first quarter ended June 30, 2022, management determined that there were some adjustments that need to be made for the comparative period three months ended June 30, 2021.

The impact on the comparative financial statements resulting from the change in accounting policy changes and due to the prior period adjustments are as follows:

**Statements of Loss and Comprehensive Loss**

Three months ended June 30, 2021	As previously reported	Change in policy	As restated
Exploration and evaluation expenditures	\$ -	\$ 623	\$ 623
Net loss and comprehensive loss	2,162	623	2,785
Basic and diluted net loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)

**Statements of Cash Flows**

Three months ended June 30, 2021	As previously reported	Change in policy	Prior period adjustment	As restated
Net loss for the year	\$ (2,162)	\$ (623)	\$ -	\$ (2,785)
<b>Total cash used in Operations</b>	<b>(88)</b>	<b>(623)</b>	<b>(711)<sup>(1)</sup></b>	<b>(1,422)</b>
Additions to exploration and evaluation assets	(6,226)	1,226	1,000 <sup>(2)</sup>	(4,000)
Cash restricted for flow-through expenditures	(1,351)	-	1,351 <sup>(3)</sup>	-
<b>Total cash used in Investing</b>	<b>(7,586)</b>	<b>1,226</b>	<b>2,351</b>	<b>(4,009)</b>
Issuance of common shares	3,074	-	(705) <sup>(2)</sup>	2,369
Issuance of warrants	295	-	(295) <sup>(2)</sup>	-
<b>Total cash provided by Financing</b>	<b>5,054</b>	<b>-</b>	<b>(1,000)</b>	<b>4,054</b>
Net change in cash and cash equivalents	(3,331)	603	1,351 <sup>(3)</sup>	(1,377)
Cash and cash equivalents, beginning of period	10,307	-	38 <sup>(3)</sup>	10,345
Cash and cash equivalents, end of period	\$ 6,976	\$ 603	\$ 1,389 <sup>(3)</sup>	\$ 8,968

Notes for the prior period adjustments made on the three months ended June 30, 2021 comparative Statements of Cash Flows:

(1) There was a clerical error when adding the subtotal for the "total cash used in operations".

(2) The Company purchased a 2.5% net smelter royalty ("NSR") on the Pakeagama Lake Property during the three months ended June 30, 2021 for total cash proceeds of \$4.0 million and 1,000,000 common shares valued at \$1.0 million. The "additions to



## FRONTIER LITHIUM INC.

### Notes to Condensed Interim Financial Statements

For the three months ended June 30, 2022 and 2021

(Unaudited - Expressed in thousands of Canadian dollars, unless otherwise indicated)

exploration and evaluation assets” has been corrected to \$4.0 million which only includes the cash portion of the additions.

- (3) \$1.4 million was presented incorrectly as “cash restricted for flow-through expenditures” and it’s now presented as “cash and cash equivalents”.

### Statements of Changes in Equity

		<b>As previously reported</b>	<b>Change in policy</b>	<b>As restated</b>
Deficit, March 31, 2021	\$	(32,214)	\$ (13,559)	\$ (45,773)
Net loss for the three months ended June 30, 2021		(2,162)	(623)	(2,785)
Deficit, June 30, 2021	\$	(34,376)	\$ (14,182)	\$ (48,558)