



FRONTIER LITHIUM INC.
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
DECEMBER 31, 2023 AND 2022

Frontier Lithium Inc.

Notice to Reader:

These condensed interim financial statements of Frontier Lithium Inc. (the "Company") have been prepared by management and reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim financial statements, notes to condensed interim financial statements and the related quarterly Management Discussion and Analysis.

FRONTIER LITHIUM INC.

Condensed Interim Statements of Financial Position

(Unaudited - Expressed in thousands of Canadian dollars)

	Notes	December 31, 2023	March 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		\$ 15,480	\$ 27,371
Other receivables, prepaid expenses and other assets	4	1,009	1,756
Total current assets		16,489	29,127
Non-current assets			
Exploration and evaluation assets		5,426	5,426
Property, plant and equipment	5	2,496	644
Total assets		\$ 24,411	\$ 35,197
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other liabilities	6	\$ 3,671	\$ 1,837
Current portion of lease obligations	7	65	54
Total current liabilities		3,736	1,891
Non-current liabilities			
Lease obligations	7	13	66
Total liabilities		\$ 3,749	\$ 1,957
EQUITY			
Share capital	8	\$ 87,328	\$ 86,023
Contributed surplus		32,035	28,173
Accumulated deficit		(98,701)	(80,956)
Total equity		\$ 20,662	\$ 33,240
Total liabilities and equity		\$ 24,411	\$ 35,197

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

Going concern (Note 1)

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)

	Notes	Three months ended December 31,		Nine months ended December 31,	
		2023	2022	2023	2022
EXPENSES					
Exploration and evaluation expenditures	9	\$ 2,196	\$ 2,179	\$ 11,033	\$ 9,132
General and administrative expenses	10	2,600	4,874	7,456	7,964
Interest income		(251)	(256)	(742)	(309)
Accretion expense on lease liabilities	7	2	9	13	27
Fair value loss on marketable securities		-	-	-	9
Foreign exchange loss (gain)		(15)	3	(15)	(1)
Net loss and comprehensive loss		\$ (4,532)	\$ (6,809)	\$ (17,745)	\$ (16,822)
Net loss per share					
Basic and diluted		\$ (0.02)	\$ (0.03)	\$ (0.08)	\$ (0.08)
Weighted average number of shares outstanding					
Basic and diluted		227,627,041	219,429,659	227,613,229	214,432,959

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)

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
<i>Cash provided by (used in)</i>				
Operating cash flows				
Net loss	\$ (4,532)	\$ (6,809)	\$ (17,745)	\$ (16,822)
Items not involving cash:				
Depreciation	141	59	263	288
Unrealized loss on marketable securities	-	-	-	9
Accretion expense on lease liabilities	2	9	13	27
Accrued interest income	(203)	-	(203)	-
Share-based compensation	1,571	3,548	4,179	5,093
Gain on fixed assets disposals	-	(57)	-	(57)
Change in working capital balances:				
Accounts receivable, prepaid expenses and other assets	(233)	(241)	450	(181)
Accounts payable and accrued liabilities	123	(1,480)	1,584	1
Total cash used in Operations	\$ (3,131)	\$ (4,971)	\$ (11,460)	\$ (11,642)
Investing cash flows				
Additions to property, plant and equipment	-	(68)	(1,365)	(156)
Proceeds from disposals	-	65	-	65
Total cash used in Investing	\$ -	\$ (3)	\$ (1,365)	\$ (91)
Financing cash flows				
Proceeds from exercise of warrants	-	364	907	1,862
Proceeds from exercise of stock options	-	-	81	1,005
Repayment of lease obligation	(18)	(49)	(55)	(156)
Issuance of common shares under prospectus offering	-	17,838	-	17,838
Issuance of warrants under prospectus offering	-	5,185	-	5,185
Share issuance costs	-	(1,184)	-	(1,184)
Warrants issuance cost	-	(344)	-	(344)
Total cash provided by (used in) Financing	\$ (18)	\$ 21,810	\$ 933	\$ 24,206
Net change in cash and cash equivalents	\$ (3,149)	\$ 16,836	\$ (11,891)	\$ 12,473
Cash and cash equivalents, beginning of period	18,629	13,320	27,371	17,683
Cash and cash equivalents, end of period	\$ 15,480	\$ 30,156	\$ 15,480	\$ 30,156

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 nine months ended December 31, 2023 and 2022
(Unaudited - Expressed in thousands of Canadian dollars)

	Notes	Share Capital		Reserves		Total Equity
		Number of Shares	Dollar Amount	Contributed Surplus	Deficit	
March 31, 2022		208,659,761	60,673	19,369	(56,724)	23,318
Net loss and comprehensive loss for the period		-	-	-	(16,822)	(16,822)
					(73,546)	6,496
Shares issued under prospectus offering		10,465,000	23,023	-	-	23,023
Shares issued for exercise of options and warrants	8	5,022,717	4,146	(1,279)	-	2,867
Share and warrants issuance cost		-	(1,184)	(344)	-	(1,528)
Valuation of warrants		-	(5,185)	5,185	-	-
Share-based payments	8	-	-	5,093	-	5,093
December 31, 2022		224,147,478	81,473	28,024	(73,546)	35,951
March 31, 2023		226,932,041	86,023	28,173	(80,956)	33,240
Net loss and comprehensive loss for the period		-	-	-	(17,745)	(17,745)
					(98,701)	15,495
Shares issued for exercise of options and warrants	8	695,000	1,305	(317)	-	988
Share-based payments	8	-	-	4,179	-	4,179
December 31, 2023		227,627,041	87,328	32,035	(98,701)	20,662

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 and nine months ended December 31, 2023 and 2022

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

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 by Certificate of Amendment dated May 19, 2016. The Company’s registered address is 2736 Belisle Drive, Val Caron, Ontario, P3N 1B3.

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 \$98,701 as at December 31, 2023 (March 31, 2023 - \$80,956) and had a net loss of \$17,745 for the nine months ended December 31, 2023 (December 31, 2022 - \$16,822). As at December 31, 2023, the Company had cash and cash equivalents of \$15,480 (March 31, 2023 - \$27,371) and positive working capital of \$12,753 (March 31, 2023 - \$27,236). The Company anticipates having sufficient funds to meet its corporate and administrative expenses for at least the next twelve months. 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.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended March 31, 2023. The Company’s interim results are not necessarily indicative of its results for a full year.

These unaudited condensed interim financial statements were approved by the Board of Directors on February 22, 2024.

FRONTIER LITHIUM INC.

Notes to Condensed Interim Financial Statements

For the three and nine months ended December 31, 2023 and 2022

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

2. BASIS OF PREPARATION (CONTINUED)

(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) Adoption of New Accounting Pronouncements

On April 1, 2023, the Company adopted the amendment to IAS 1, *Presentation of Financial Statements* and the IFRS Practice Statement 2 *Making Material Judgements* to provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. The adoption of these standards have not had a material impact on our financial results.

(d) 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.

(e) 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, 2023, except for the following:

Effective April 1, 2022, the Company changed its accounting estimate with respect to the depreciation of Property, plant and equipment. The Company changed the method of depreciation from the declining balance method to straight-line method. The impact of this change in estimate has been accounted for prospectively.

Useful lives are now as follows:

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

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

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses and other income for the reporting period.

Judgments, estimates and assumptions are periodically evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Areas of judgment, estimate and assumptions that have the most significant effect on the amounts recognized in the financial statements are as follows:

FRONTIER LITHIUM INC.

Notes to Condensed Interim Financial Statements

For the three and nine months ended December 31, 2023 and 2022

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

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS (CONTINUED)

Mineral reserves and resources

The estimation of mineral reserves and resources is a complex process involving numerous variables and is based on a professional evaluation using accepted international standards for the assessment of mineral reserves. Estimation is a subjective process, and the accuracy of such estimates is a function of the quantity and quality of available data, the assumptions made, and judgments used in engineering and geological interpretation at the time of estimation.

These assumptions may change significantly over time when new information becomes available and may cause the mineral resources and reserves estimates to change. Changes in the forecasted price of commodities, exchange rates, production costs or recovery rates may have a significant impact on the economic assessment of the mineral resources and reserves and may result in their restatement.

Assessment of impairment indicators of exploration and evaluation assets

At each reporting period, management assesses whether there is an indication that an asset or a group of assets, including mineral exploration and evaluation assets, may be impaired and that the carrying amount may not be recoverable. When impairment indicators exist, management estimates the recoverable amount of the mineral exploration and evaluation assets and compares it against their carrying amount. Determining whether facts and circumstances indicate that the Company's mineral exploration and evaluation assets may be impaired and require the recognition of an impairment loss is a subjective process involving significant judgment and a number of interpretations.

Indicators of impairment considered by management include: (i) the period during which the Company has the right to explore in the area has expired during the year or will expire in the near future, (ii) substantive expenditure on further exploration for an evaluation of mineral reserves and resources in the area is neither budgeted nor planned, (iii) based on the technical reports prepared by management's experts, whereby sufficient data exists to support that extracting the mineral reserves and resources will not be technically feasible or commercially viable and (iv) other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Title to mineral property interests

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.

Income taxes

The Company's management makes significant estimates and judgments in determining the Company's tax expense for the period and the deferred tax assets and liabilities. Management interprets tax legislation and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities. In addition, management makes estimates related to expectations of future taxable income based on cash flows from operations and the application of existing tax law. Assumptions used in the forecast of taxable profit are based on management's estimates of future production and sales volume, commodity prices, operating costs, capital expenditures, and decommissioning and reclamation expenditures. These estimates are subject to risk and uncertainty and could result in an adjustment to the deferred tax asset and a corresponding credit or charge to the statement of operations and comprehensive loss. A deferred tax asset is recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized.

Share-based compensation and warrants

The compensation cost associated with stock options and warrants granted under the terms of the instrument is measured at the grant date by using the Black-Scholes option pricing model to determine fair value. The Black-Scholes model requires the use of subjective estimates, in particular for the estimated life of options and warrants and the expected rate of volatility in the Company's share price over the life of the instrument, which can materially affect the fair value estimate. The key assumptions used to derive the fair value of options granted in the periods ending December 31, 2023 and December 31, 2022, are detailed in Note 8(b) to the financial statements.

FRONTIER LITHIUM INC.

Notes to Condensed Interim Financial Statements

For the three and nine months ended December 31, 2023 and 2022

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

4. OTHER RECEIVABLES, PREPAID EXPENSES AND OTHER ASSETS

	December 31, 2023	March 31, 2023
Other receivables and prepaid expenses	\$ 366	\$ 661
Other deposit	205	500
HST receivable	438	595
Total	\$ 1,009	\$ 1,756

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings, plant and mobile equipment	Right-of-use assets	Total
Cost			
At March 31, 2022	\$ 704	\$ 145	\$ 849
Additions	476	217	693
Disposals	(200)	(73)	(273)
At March 31, 2023	\$ 980	\$ 289	\$ 1,269
Additions	2,115	-	2,115
At December 31, 2023	\$ 3,095	\$ 289	\$ 3,384
Accumulated depreciation			
At March 31, 2022	\$ 458	\$ 30	\$ 488
Depreciation	164	167	331
Disposal	(180)	(14)	(194)
At March 31, 2023	\$ 442	\$ 183	\$ 625
Depreciation	218	45	263
At December 31, 2023	\$ 660	\$ 228	\$ 888
Net book value			
At March 31, 2023	\$ 538	\$ 106	\$ 644
At December 31, 2023	\$ 2,435	\$ 61	\$ 2,496

6. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	December 31, 2023	March 31, 2023
Accounts payable and accrued liabilities	\$ 3,321	\$ 1,837
Other liabilities ¹	350	-
Total	\$ 3,671	\$ 1,837

1. In November 2023, the Company received pre-funding of \$350 associated with a government grant. At December 31, 2023, the Company has not fully met the requirements of the government grant.

FRONTIER LITHIUM INC.

Notes to Condensed Interim Financial Statements

For the three and nine months ended December 31, 2023 and 2022

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

7. LEASE OBLIGATIONS

The following tables show the movement in lease obligations:

Movement in Lease obligations	
Balance, March 31, 2022	\$ 108
Additions during the period	217
Accretion expense during the period	27
Payments during the period	(156)
Balance, December 31, 2022	196
Current portion of Lease obligations	68
Non-current portion of Lease obligations	128
Balance, December 31, 2022	196
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Balance, March 31, 2023	120
Accretion expense during the period	13
Payments during the period	(55)
Balance, December 31, 2023	\$ 78
Current portion of Lease obligations	65
Non-current portion of Lease obligations	13
Balance, December 31, 2023	78

The Company recognized \$13 of expenses relating to short-term and low value leases during the nine months ended December 31, 2023 (December 31, 2022 - \$13).

8. SHARE CAPITAL

(a) Warrants

The following table shows the movement in warrants:

	Number of warrants	Weighted average exercise price
At March 31, 2022	6,457,922	\$ 0.99
Issued	5,232,500	2.75
Exercised	(5,496,600)	0.91
Expired	(66,000)	0.51
At March 31, 2023	6,127,822	\$ 2.57
Exercised	(605,000)	1.50
Expired	(290,322)	1.51
At December 31, 2023	5,232,500	\$ 2.75

No warrants were issued during the nine months ended December 31, 2023 (December 31, 2022 – 5,232,500). The weighted average share price (fair value) per warrant exercised during the nine months ended December 31, 2023 was \$2.05 (December 31, 2022 - \$2.18). All 5,232,500 warrants outstanding at December 31, 2023 have an expiry date of November 10, 2025.

FRONTIER LITHIUM INC.

Notes to Condensed Interim Financial Statements

For the three and nine months ended December 31, 2023 and 2022

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

8. SHARE CAPITAL (CONTINUED)

(b) Stock options

The following table shows the movement in stock options:

	Number of options	Weighted average exercise price
At March 31, 2022	16,601,398	\$ 0.87
Granted ¹	6,300,000	2.28
Exercised	(2,310,680)	0.55
Forfeited	(500,000)	1.05
At March 31, 2023	20,090,718	\$ 1.35
Granted	3,172,500	1.22
Exercised	(90,000)	0.90
Forfeited	(375,000)	2.10
Expired	(1,125,000)	2.81
At December 31, 2023	21,673,218	\$ 1.22

1. In December 2023, the Company recognized \$105 of share-based payments expense for repricing 575,000 options from a weighted average exercise price of \$2.15 to \$0.74. All other terms of the repriced options remain unchanged.

The weighted average share price (fair value) on the date of exercise for options exercised during the nine months ended December 31, 2023 was \$1.92 (December 31, 2022 - \$2.97).

At December 31, 2023, the following stock options were outstanding and exercisable:

Exercise Prices	Weighted Average Exercise Price	Outstanding Number of options	Exercisable Number of Options	Weighted Average Remaining Life in Years
\$ 0.25 - \$ 0.92	\$ 0.62	9,395,717	8,645,720	2.6
\$ 1.04 - \$ 1.86	1.19	6,852,501	6,016,251	2.8
\$ 2.10 - \$ 2.73	2.28	5,425,000	5,100,000	3.8
Total	\$ 1.24	21,673,218	19,761,971	2.9

The fair value of option grants is estimated at the date of grant using the Black-Scholes option-pricing model. The weighted average inputs used in the measurement of fair values at grant date of the options are the following:

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Number of options granted	1,922,500	4,900,000	3,172,500	6,300,000
Expected volatility	77%	80%	78%	80%
Risk-free interest rate	3.4%	2.9%	3.6%	2.9%
Expected dividend yield	Nil	Nil	Nil	Nil
Expected lives	5 years	5 years	5 years	5 years
Expected forfeiture rate	Nil	Nil	Nil	Nil

FRONTIER LITHIUM INC.

Notes to Condensed Interim Financial Statements

For the three and nine months ended December 31, 2023 and 2022

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

9. EXPLORATION AND EVALUATION EXPENDITURES

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Personnel cost	\$ 407	\$ 385	\$ 1,526	\$ 1,122
Consulting fees	1,095	829	4,975	2,007
Drilling	24	362	1,484	2,501
Assay and sampling	21	157	251	458
Research and development, net of government assistance	503	178	1,270	593
Camp and equipment expenses	117	163	309	936
Travel and transportation cost	29	105	1,218	1,515
Total exploration and evaluation expenditures	\$ 2,196	\$ 2,179	\$ 11,033	\$ 9,132

10. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Salaries, benefits and consulting	\$ 621	\$ 1,049	\$ 1,703	\$ 1,741
Share-based payments	1,571	3,548	4,179	5,093
Professional fees	16	43	356	179
Office, administration and other	213	140	649	583
Shareholder related fees	38	34	306	80
Depreciation	141	60	263	288
Total general and administrative expenses	\$ 2,600	\$ 4,874	\$ 7,456	\$ 7,964

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 December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Compensation – salaries, benefits and consulting	\$ 536	\$ 912	\$ 1,401	\$ 1,531
Exploration and evaluation and other expenditures ¹	4	-	540	-
Share-based compensation	1,136	3,222	3,531	4,767
Total	\$ 1,676	\$ 4,134	\$ 5,472	\$ 6,298

1. Exploration and evaluation expenditures are related to drilling, blasting, and hauling costs paid to a corporation controlled by a director of the Company.

Included in accounts payable is \$50 (March 31, 2023 - \$65) owing to corporations controlled by a director of the Company and key management personnel of the Company.

FRONTIER LITHIUM INC.

Notes to Condensed Interim Financial Statements

For the three and nine months ended December 31, 2023 and 2022

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

12. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company raises sufficient funds 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 \$134,843 as at December 31, 2023 (March 31, 2023 - \$141,567).

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 policies when compared to the prior year. Management continues to invest cash in high interest rate Guaranteed Investment Certificate ("GIC") accounts which would generate higher interest income thereby offset operating costs. As of December 31, 2023, \$14,000 was invested in a GIC account. Management intends to optimize its cash management while continuing to fulfill its operating cash needs.

(b) 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.

i. 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 dollar exchange rate against the Canadian dollar is not significant as our annual exploration expenditures and a significant portion of our corporate administrative costs are denominated in Canadian dollars.

ii. 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 finance its operations and ongoing projects.

FRONTIER LITHIUM INC.

Notes to Condensed Interim Financial Statements

For the three and nine months ended December 31, 2023 and 2022

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

12. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial Risk Management, ii. Liquidity risk (continued)

The following table shows the future undiscounted obligations:

	Due within 1 year	Due between 1 and 5 years	Total
Accounts payable and accrued liabilities	\$ 1,837	\$ -	\$ 1,837
Lease obligations	54	66	120
Total as at March 31, 2023	\$ 1,891	\$ 66	\$ 1,957

	Due within 1 year	Due between 1 and 5 years	Total
Accounts payable and accrued liabilities	\$ 3,671	\$ -	\$ 3,671
Lease obligations	68	28	96
Total as at December 31, 2023	\$ 3,739	\$ 28	\$ 3,767

(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.