FRONTIER LITHIUM INC.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2022

FRONTIER LITHIUM INC.

Condensed Interim Statements of Financial Position

(Unaudited - Expressed in thousands of Canadian dollars)

	Notes		December 31, 2022		March 31, 2022
ASSETS					
Current assets					
Cash and cash equivalents	**4**	**$**	**30,156**	$	17,683
Accounts receivable, prepaid expense and other assets	**5**		**1,332**		1,149
Marketable securities			**-**		9
Total current assets			**31,488**		18,841
Non-current assets					
Exploration and evaluation assets			**5,426**		5,426
Property, plant and equipment	**6**		**438**		361
Total assets		**$**	**37,352**	$	24,628
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**1,205**	$	1,202
Current portion of lease obligations	**7**		**68**		80
Total current liabilities			**1,273**		1,282
Non-current liabilities					
Lease obligations	**7**		**128**		28
Total liabilities		**$**	**1,401**	$	1,310
EQUITY					
Share capital	**8**	**$**	**81,473**	$	60,673
Contributed surplus			**28,024**		19,369
Accumulated deficit			**(73,546)**		(56,724)
Total equity		**$**	**35,951**	$	23,318
Total liabilities and equity		**$**	**37,352**	$	24,628

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

Going concern (Note 1)
Subsequent event (Note 14)

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, 2022		Three months ended December 31, 2021 (Restated – Note 13)		Nine months ended December 31, 2022		Nine months ended December 31, 2021 (Restated – Note 13)
EXPENSES									
Exploration and evaluation expenditures	**9**	**$**	**2,179**	$	1,076	**$**	**9,132**	$	2,367
General and administrative expenses	**10**		**4,874**		1,140		**7,964**		4,930
Interest income			**(256)**		-		**(309)**		-
Accretion expense on lease liabilities			**9**		-		**27**		-
Fair value loss (gain) on marketable securities, net			**-**		2		**9**		(3)
Foreign exchange loss (gain)			**3**		(52)		**(1)**		(19)
Loss before tax			**(6,809)**		(2,166)		**(16,822)**		(7,275)
Deferred income tax recovery			**-**		(27)		**-**		(205)
Net loss and comprehensive loss		**$**	**(6,809)**	$	(2,139)	**$**	**(16,822)**	$	(7,070)
Net loss per share									
Basic and diluted		**$**	**(0.03)**	$	(0.01)	**$**	**(0.08)**	$	(0.04)
Weighted average number of shares outstanding									
Basic and diluted			**219,429,659**		198,956,929		**214,432,959**		196,020,828

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, 2022	Three months ended December 31, 2021 (Restated – Note 13)	Nine months ended December 31, 2022	Nine months ended December 31, 2021 (Restated – Note 13)
Cash provided by (used in)				
Operating cash flows				
Net loss	**$ (6,809)**	$ (2,139)	**$ (16,822)**	$ (7,070)
Items not involving cash:				
Depreciation	**59**	17	**288**	49
Deferred income tax recovery	**-**	(27)	**-**	(205)
Unrealized loss (gain) on marketable securities	**-**	2	**9**	(3)
Accretion expense on lease liabilities	**9**	-	**27**	-
Share-based compensation	**3,548**	211	**5,093**	2,762
Gain on fixed assets disposals	**(57)**	-	**(57)**	-
Change in working capital balances:				
Accounts receivable, prepaid expenses and other assets	**(241)**	(16)	**(181)**	293
Accounts payable and accrued liabilities	**(1,480)**	(189)	**1**	(589)
Total cash used in Operations	**$ (4,971)**	$ (2,141)	**$ (11,642)**	$ (4,763)
Investing cash flows				
Additions to property, plant and equipment	**(68)**	(2)	**(156)**	(23)
Proceeds from disposals	**65**	-	**65**	-
Additions to exploration and evaluation assets	**-**	-	**-**	(4,000)
Total cash used in Investing	**$ (3)**	$ (2)	**$ (91)**	$ (4,023)
Financing cash flows				
Issuance of common shares under private placement	**-**	12,003	**-**	14,372
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)**	(721)	**(1,184)**	(721)
Warrants issuance cost	**(344)**	-	**(344)**	-
Proceeds from exercise of warrants	**364**	1,105	**1,862**	2,756
Proceeds from exercise of stock options	**-**	-	**1,005**	236
Repayment of lease obligation	**(49)**	(1)	**(156)**	(3)
Total cash provided by Financing	**$ 21,810**	$ 12,386	**$ 24,206**	$ 16,640
Net change in cash and cash equivalents	**$ 16,836**	$ 10,243	**$ 12,473**	$ 7,854
Cash and cash equivalents, beginning of period	**13,320**	7,956	**17,683**	10,345
Cash and cash equivalents, end of period	**$ 30,156**	$ 18,199	**$ 30,156**	$ 18,199

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, 2022 and 2021
(Unaudited - Expressed in thousands of Canadian dollars)

	Notes		Nine months ended December 31 2022		2021 (Restated – Note 13)
Share capital					
Balance, beginning of year	**8a**	$	**60,673**	$	40,146
Issued under private placement			**-**		14,372
Issued under prospectus offering			**23,023**		
Issued on purchase of NSR			**-**		1,000
Issued on exercise of stock options			**1,611**		623
Issued on exercise of warrants			**2,535**		2,623
Share issuance cost			**(1,184)**		(726)
Valuation of warrants			**(5,185)**		(295)
Flow-through premium			**-**		(207)
Broker warrants issued			**-**		(443)
Balance, end of period	**8a**		**81,473**		57,093
Contributed surplus					
Balance, beginning of year			**19,369**		15,823
Valuation of warrants			**5,185**		295
Warrants issuance cost			**(344)**		-
Broker warrants issued			**-**		444
Exercise of options			**(606)**		(253)
Exercise of warrants			**(673)**		-
Share-based compensation	**10**		**5,093**		2,764
Balance, end of period			**28,024**		19,073
Deficit (Restated)					
Balance, beginning of period			**(56,724)**		(45,773)
Net loss for the period			**(16,822)**		(7,070)
Balance, end of period			**(73,546)**		(52,843)
Total equity			**35,951**		23,323

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

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, 639-5th 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 $73,546 as at December 31, 2022 (March 31, 2022 - $56,724) and had a net loss of $6,809 and $16,822 for the three and nine months ended December 31, 2022 respectively ($2,139 and $7,070 for three months and nine months ended December 31, 2021 - restated). As at December 31, 2022, the Company had cash and cash equivalents of $30,156 (March 31, 2022 - $17,683) and positive working capital of $30,215 (March 31, 2022 - $17,559). The Company anticipates having sufficient funds to meet its corporate and administrative expenses at least until December 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.

During the three and nine months ended December 31, 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.

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 February 24, 2023.

(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 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 — Over 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. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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:

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 three and nine months ended December 31, 2022 and 2021, respectively, are detailed in Note 8 to the financial statements.

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

4. CASH AND CASH EQUIVALENTS

		December 31, 2022		March 31, 2022
Cash	**$**	**2,156**	$	17,683
Short-term deposits		**28,000**		-
Total	**$**	**30,156**	$	17,683

5. ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND OTHER ASSETS

		December 31, 2022		March 31, 2022
Accounts receivable, prepaid expenses and other receivables	**$**	**676**	$	911
HST receivable		**656**		238
Total	**$**	**1,332**	$	1,149

6. PROPERTY, PLANT AND EQUIPMENT

		Buildings, plant and mobile equipment		Right-of-use assets		Total
Cost						
Balance, March 31, 2021	$	557	$	41	$	598
Additions		147		104		251
At March 31, 2022	$	704	$	145	$	849
Additions		156		217		373
Disposals		(107)		-		(107)
At December 31, 2022	**$**	**753**	**$**	**362**	**$**	**1,115**
Accumulated depreciation						
Balance, March 31, 2021	$	376	$	7	$	383
Depreciation		82		23		105
At March 31, 2022	$	458	$	30	$	488
Depreciation		135		152		287
Disposal		(98)		-		(98)
At December 31, 2022	**$**	**495**	**$**	**182**	**$**	**677**
Net book value						
At March 31, 2022	$	246	$	115	$	361
At December 31, 2022	**$**	**258**	**$**	**180**	**$**	**438**

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

7. LEASE OBLIGATIONS

Our lease obligations consist of the following as at December 31, 2022:

Movement in Lease Obligations		
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		27
Payments during the period		(156)
Lease obligation as at December 31, 2022	**$**	**196**
Less: Current portion		**68**
Non-current portion as at December 31, 2022	**$**	**128**

The Company entered into new vehicle leases during the nine months ended December 31, 2022 totaling $217 (2021 - $nil). The lease terms range from 3 years to 4 years.

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
At March 31, 2021		**188,847,809**	$	**40,146**
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)
At March 31, 2022		**208,659,761**	**$**	**60,673**
Issued under prospectus offering	8a) iii	10,465,000		23,023
Share issuance cost		-		(1,184)
Valuation of warrants		-		(5,185)
Issued on exercise of stock options		2,057,681		1,611
Issued on exercise of warrants		2,965,036		2,535
At December 31, 2022		**224,147,478**	**$**	**81,473**

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

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 commission 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 commission 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.

iii. In November 2022, the Company issued 10,465,000 units (“the “Units”) in a bought deal prospectus offering, including 1,365,000 Units issued in connection with the exercise in full of the over-allotment option granted to the underwriters in connection with the Offering, at a price of $2.20 per Unit for total proceeds of $23,023. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one common share of the Company at a price of $2.75 for a period of 36 months following the closing of the offering. A total of 5,232,500 warrants were issued and they were valued at $5,185. The Company also incurred an issuance cost of $1,528, including 5.5% cash commission paid to the underwriters. The issuance costs were allocated pro-rata to the common shares and warrants based on the allocation of the proceeds, with $1,184 being allocated to common share issue costs and $344 being allocated to warrant issue costs.

(b) Warrants

The following table shows the movement in warrants:

	Number of warrants		Weighted average exercise price
At March 31, 2021	**12,726,298**	**$**	**0.67**
Issued	1,391,766		1.51
Exercised	(7,367,642)		0.56
Forfeited	(292,500)		0.50
At March 31, 2022	**6,457,922**	**$**	**0.99**
Issued under the prospectus offering	5,232,500		2.75
Exercised	(2,965,036)		0.63
Forfeited	(50,000)		0.27
At December 31, 2022	**8,675,386**	**$**	**2.18**

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 and nine months ended December 31, 2022 and 2021 were based on the assumptions noted in the following table:

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

	Three and nine months ended December 31,	
	2022	**2021**
Expected volatility	85.84%	86%
Risk-free interest rate	3.78%	0.24%
Expected dividend yield	Nil	Nil
Expected lives	3 years	2 years
Expected forfeiture rate	Nil	Nil

The following table reflects the actual warrants issued and outstanding as of December 31, 2022:

Expiry date	Number of warrants	Exercise price ($)
March 15, 2023	2,541,641	1.25
April 13, 2023	707,655	1.50
December 15, 2023	193,590	1.52
November 10, 2025	5,232,500	2.75
Total	**8,675,386**	**2.18**

(c) Stock options

The Company has adopted a new 10% rolling stock option plan (the “New Stock Option Plan”) which replaced its previous 10% fixed stock option plan. The New Stock Option Plan was approved by the board of directors of the Company, the shareholders of the Company at the annual general meeting of shareholders on October 3, 2022.

Under the New Stock Option Plan, the Company may grant options to acquire common shares of the Company in an aggregate amount of up to 10% of the then current issued and outstanding common shares, subject to the terms and conditions of the New Stock Option Plan, the Policies of the TSXV and applicable securities laws. Any options outstanding under the previous stock option plan will be governed by the New Stock Option Plan.

The following table shows the movement in stock options:

	Number of options		Weighted average exercise price
At March 31, 2021	**14,275,000**	**$**	**0.67**
Granted	5,995,000		0.18
Exercised	(3,168,602)		0.50
Forfeited	(500,000)		1.05
At March 31, 2022	**16,601,398**	**$**	**0.87**
Granted	5,650,000		2.24
Exercised	(2,057,680)		0.49
Forfeited	(500,000)		1.05
At December 31, 2022	**19,693,718**	**$**	**1.30**

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 December 31, 2022, the board of directors of the Company granted an aggregate of 4,900,000 stock options (December 31, 2021 – 350,000) under the New

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

Stock Option Plan (the "Options"). The Options have been issued to certain directors, officers, consultants and employees of the Company for retention purposes, and in recognition of these individuals continuing efforts in assisting the Company's with its growth. The Options are exercisable at a price of $2.10 per common share and will have a term of 5 years from the date of issuance. 50% of these Options vest on the grant date, and the remaining 50% vest on the date that is the first anniversary date of the grant date.

During the nine months ended December 31, 2022, the Company granted 5,650,000 stock options to directors, employees and consultants (December 31, 2021 – 4,995,000). Fair values of options granted during the three and nine months ended December 31, 2022 and 2021 were based on the assumptions noted in the following table:

	Three months ended December 31,		Nine months ended December 31,	
	2022	**2021**	**2022**	**2021**
Expected volatility	80%	79%	80%	76%-79%
Risk-free interest rate	2.9%	1.10% -1.32%	2.7% - 2.9%	0.80% - 1.32%
Expected dividend yield	Nil	Nil	Nil	Nil
Expected lives	5 years	5 years	5 years	5 years
Expected forfeiture rate	Nil	Nil	Nil	Nil

The weighted average share prices per option exercised during the three and nine months ended December 31, 2022 were $nil and $3.03 (three and nine months ended December 31, 2021 - $1.48 and $0.79, respectively).

Stock options outstanding and exercisable as at December 31, 2022:

Awards Outstanding

Range of exercise price	Number of options	Weighted average exercise price ($)	Weighted average remaining contractual life (years)
$0.25-$1.00	7,613,717	0.60	3.11
$1.01-$2.00	5,430,001	1.05	3.16
$2.01-$3.16	6,650,000	2.31	4.76
Total	**19,693,718**	**1.30**	**3.68**

Awards Exercisable

Range of exercise price	Number of options	Weighted average exercise price ($)	Weighted average remaining contractual life (years)
$0.25-$1.00	7,613,717	0.60	3.11
$1.01-$2.00	5,430,001	1.05	3.16
$2.01-$3.16	4,200,000	2.43	4.63
Total	**17,243,718**	**1.19**	**3.49**

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

9. EXPLORATION AND EVALUATION EXPENDITURES

	Three months ended December 31, 2022	Three months ended December 31, 2021 Restated – Note 13	Nine months ended December 31, 2022	Nine months ended December 31, 2021 Restated – Note 13
Personnel cost	**$ 385**	$ 276	**$ 1,122**	$ 566
Consulting fees	**829**	235	**2,007**	611
Drilling	**362**	322	**2,501**	405
Assay and sampling	**157**	2	**458**	56
Research and development, net of government assistance[1]	**178**	12	**593**	282
Camp and equipment expenses	**163**	61	**936**	147
Travel and transportation cost	**105**	168	**1,515**	300
Total exploration and evaluation expenditures	**$ 2,179**	$ 1,076	**$ 9,132**	$ 2,367

[1] Government assistance for research and development is $Nil for three months and nine months ended December 31, 2022 ($96 and $233 for three and nine months ended December 31, 2021).

10. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended December 31, 2022	Three months ended December 31, 2021 Restated – Note 13	Nine months ended December 31, 2022	Nine months ended December 31, 2021 Restated – Note 13
Salaries, benefits and consulting	**$ 1,049**	$ 412	**$ 1,741**	$ 1,094
Share-based payments	**3,548**	212	**5,093**	2,764
Professional fees	**43**	249	**179**	388
Office, administration and other	**140**	250	**583**	617
Shareholder related fees	**34**	-	**80**	18
Depreciation	**60**	17	**288**	49
Total general and administrative expenses	**$ 4,874**	$ 1,140	**$ 7,964**	$ 4,930

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, 2022	Three months ended December 31, 2021 Restated – Note 13	Nine months ended December 31, 2022	Nine months ended December 31, 2021 Restated – Note 13
Compensation – salaries, benefits and consulting	**$ 912**	$ 187	**$ 1,531**	$ 510
Share-based compensation	**3,222**	211	**4,767**	2,763
Total	**$ 4,134**	$ 398	**$ 6,298**	$ 3,273

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

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 $139,653 (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 management transferred approximately $28.0 million cash to high interest rate Guaranteed Investment Certificate ("GIC") accounts during the nine months ended December 31, 2022 which would generate higher interest income thereby offset operating costs. As at December 31, 2022, the balance was $28.0 million in the GIC accounts. 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 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.

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

Our future undiscounted obligations as at December 31, 2022 are as follows:

At December 31, 2022		Due within 1 year		Due between 1 and 5 years		Total
Accounts payable and accrued liabilities	$	1,205	$	-	**$**	**1,205**
Lease obligations		68		128		**196**
Total	**$**	**1,273**	**$**	**128**	**$**	**1,401**

(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.

(c) Prior period adjustment

In the process of preparing the Company's unaudited condensed interim financial statements for the three months and nine months ended December 31, 2022, management determined that there were some adjustments that needed to be made for the comparative period three and nine months ended December 31, 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 December 31, 2021		As previously reported		Change in policy		Prior period adjustment		As restated
Exploration and evaluation expenditures	$	-	$	1,076	$	-	$	1,076
Net loss and comprehensive loss		1,090		1,076		(27)[(1)]		2,139
Basic and diluted net loss per share	$	(0.01)	$	-	$	-	$	(0.01)

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

Nine months ended December 31, 2021		As previously reported		Change in policy		Prior period adjustment		As restated
Exploration and evaluation expenditures	$	-	$	2,504	$	(137)	$	2,367
Net loss and comprehensive loss		4,718		2,504		(153)[(2)]		7,070
Basic and diluted net loss per share	$	(0.02)	$	(0.02)	$	-	$	(0.04)

Statements of Cash Flows

Three months ended December 31, 2021		As previously reported		Change in policy		Prior period adjustment		As restated
Net loss for the year	$	(1,090)	$	(1,076)	$	27 [(1)]	$	(2,139)
Deferred income tax recovery		-		-		(27) [(1)]		(27)
Total cash used in Operations		**(1,066)**		**(1,076)**		**-**		**(2,142)**
Additions to exploration and evaluation assets		(1,076)		1,076		-		-
Cash restricted for flow-through expenditures		(9,493)		-		9,493[(4)]		-
Total cash used in Investing		**(10,571)**		**1,076**		**9,493**		**(2)**
Net change in cash and cash equivalents		749		-		9,493		10,243
Cash and cash equivalents, beginning of period		7,224		-		732		7,956
Cash and cash equivalents, end of period	$	7,974	$	-	$	10,225	$	18,199

Nine months ended December 31, 2021		As previously reported		Change in policy		Prior period adjustment		As restated
Net loss for the year	$	(4,718)	$	(2,504)	$	153 [(2)]	$	(7,070)
Deferred income tax recovery		(92)		-		(114) [(1)]		(206)
Total cash used in Operations		**(2,296)**		**(2,504)**		**38**		**(4,762)**
Additions to exploration and evaluation assets		(7,466)		2,466		1,000[(3)]		(4,000)
Cash restricted for flow-through expenditures		(10183)		-		10,183[(4)]		-
Total cash used in Investing		**(17,672)**		**2,466**		**11,183**		**(4,023)**
Issuance of common shares		15,077		-		(705) [(3)]		14,372
Issuance of warrants		295		-		(295) [(3)]		-
Shares issuance cost		(725)		-		4		(721)
Total cash provided by Financing		**17,636**		**-**		**(996)**		**16,640**
Net change in cash and cash equivalents		(2,333)		(38)		10,226		7,854
Cash and cash equivalents, beginning of period		10,307		-		38		10,345
Cash and cash equivalents, end of period	$	7,974		-	$	10,225	$	18,199

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

Statements of Changes in Equity

		As previously reported		Change in policy		Prior period adjustment		As restated
Deficit, March 31, 2021	$	(32,214)	$	(13,559)	$	-	$	(45,773)
Net loss for the nine months ended December 31, 2021		(4,718)		(2,504)		153 (2)		(7,070)
Deficit, December 31, 2021	$	(36,932)	$	(16,063)	$	153 (2)	$	(52,843)

[1] The adjustment relates to the deferred tax recovery adjustment for the three months ended December 31, 2021.

[2] There are several adjustment arising from clerical errors in the accounting for the translation of USD denominated bank accounts and timing of deferred tax arising from flow-through shares.

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

[4] $9.49 million and $10.2 million were presented incorrectly as “cash restricted for flow-through expenditures” for the three months and nine months ended December 31, 2022, respectively. They are now presented as “cash and cash equivalents”.

14. SUBSEQUENT EVENT

In January 2023, the Company entered into an arm’s length purchase agreement to purchase a camp, together with inventories, for total proceeds of $2.0 million payable as follows 1) $0.5 million in February 2023 and 2) the remaining $1.5 million on possession of the camp which is anticipated in May 2023.