



**FRONTIER LITHIUM INC.**  
**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**MARCH 31, 2024 AND 2023**

# Independent auditor's report

## To the Shareholders of Frontier Lithium Inc.

### Opinion

We have audited the consolidated financial statements of Frontier Lithium Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024, and March 31, 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, and March 31, 2023 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$24,526,000 during the year ended March 31, 2024, has no operating cash flows, and has an accumulated deficit of \$105,482,000 as at March 31, 2024. These conditions, along with the matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ingrid Holbik.

*Grant Thornton LLP*

Toronto, Canada  
July 24, 2024

Chartered Professional Accountants  
Licensed Public Accountants

**FRONTIER LITHIUM INC.**  
**Consolidated Statements of Financial Position**  
(Expressed in thousands of Canadian dollars)

	Notes	March 31, 2024	March 31, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 12,574	\$ 27,371
Other receivables, prepaid expenses and other assets	5	1,300	1,756
<b>Total current assets</b>		<b>13,874</b>	<b>29,127</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	6	5,426	5,426
Property, plant and equipment	7	2,413	644
<b>Total assets</b>		<b>\$ 21,713</b>	<b>\$ 35,197</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities		\$ 7,489	\$ 1,837
Current portion of lease obligations	8	58	54
<b>Total current liabilities</b>		<b>7,547</b>	<b>1,891</b>
<b>Non-current liabilities</b>			
Lease obligations	8	8	66
<b>Total liabilities</b>		<b>\$ 7,555</b>	<b>\$ 1,957</b>
<b>EQUITY</b>			
Share capital		\$ 87,328	\$ 86,023
Contributed surplus		32,312	28,173
Accumulated deficit		(105,482)	(80,956)
<b>Total equity</b>		<b>\$ 14,158</b>	<b>\$ 33,240</b>
<b>Total liabilities and equity</b>		<b>\$ 21,713</b>	<b>\$ 35,197</b>

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

Nature of operations and going concern (Note 1)

Events after the reporting period (Note 16)

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.****Consolidated Statements of Loss and Comprehensive Loss**

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

	Notes	Year ended March 31,	
		2024	2023
<b>EXPENSES</b>			
Exploration and evaluation expenditures	10	\$ 16,277	\$ 14,193
General and administrative expenses	11	9,155	10,622
Interest income		(918)	(622)
Accretion expense on lease liabilities	8	19	35
Fair value loss on marketable securities		-	9
Foreign exchange gain		(7)	(5)
<b>Net loss and comprehensive loss</b>		<b>\$ (24,526)</b>	<b>\$ (24,232)</b>
<b>Net loss per share</b>			
Basic and diluted		\$ (0.11)	\$ (0.11)
<b>Weighted average number of shares outstanding</b>			
Basic and diluted		227,616,672	217,178,659

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

**FRONTIER LITHIUM INC.**  
**Consolidated Statements of Cash flows**  
(Expressed in thousands of Canadian dollars)

		Year ended March 31,	
	Notes	2024	2023
<i>Cash provided by (used in)</i>			
<b>Operating cash flows</b>			
Net loss		\$ (24,526)	\$ (24,232)
Items not involving cash:			
Depreciation	7	406	331
Unrealized loss on marketable securities		-	9
Accretion expense on lease liabilities	8	19	35
Accrued interest income		(306)	-
Share-based compensation	9b	4,456	6,571
Gain on fixed assets disposals		-	(91)
Unrealized foreign exchange gain		(7)	-
Change in working capital balances:			
Accounts receivable, prepaid expenses and other assets		262	(607)
Accounts payable and accrued liabilities		5,409	635
<b>Total cash used in Operations</b>		<b>\$ (14,287)</b>	<b>\$ (17,349)</b>
<b>Investing cash flows</b>			
Additions to property, plant and equipment		(1,425)	(476)
Proceeds from disposals		-	111
<b>Total cash used in Investing</b>		<b>\$ (1,425)</b>	<b>\$ (365)</b>
<b>Financing cash flows</b>			
Proceeds from exercise of warrants		907	5,030
Proceeds from exercise of stock options		81	1,271
Repayment of lease obligation	8	(73)	(181)
Issuance of common shares under prospectus offering		-	17,838
Issuance of warrants under prospectus offering		-	5,185
Share issuance costs		-	(1,349)
Warrants issuance cost		-	(392)
<b>Total cash provided by Financing</b>		<b>\$ 915</b>	<b>\$ 27,402</b>
Net change in cash and cash equivalents		\$ (14,497)	\$ 9,688
Cash and cash equivalents, beginning of year		27,371	17,683
<b>Cash and cash equivalents, end of year</b>		<b>\$ 12,574</b>	<b>\$ 27,371</b>

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

## FRONTIER LITHIUM INC.

### Consolidated Statements of Changes in Equity

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

	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 year		-	-	-	(24,232)	(24,232)
Shares issued under prospectus offering		10,465,000	23,023	-	-	23,023
Shares issued for exercise of options and warrants	9	7,807,280	8,861	(2,560)	-	6,301
Share and warrants issuance cost		-	(1,349)	(392)	-	(1,741)
Valuation of warrants		-	(5,185)	5,185	-	-
Share-based payments	9	-	-	6,571	-	6,571
<b>March 31, 2023</b>		<b>226,932,041</b>	<b>86,023</b>	<b>28,173</b>	<b>(80,956)</b>	<b>33,240</b>
Net loss and comprehensive loss for the year		-	-	-	(24,526)	(24,526)
Shares issued for exercise of options and warrants	9	695,000	1,305	(317)	-	988
Share-based payments	9	-	-	4,456	-	4,456
<b>March 31, 2024</b>		<b>227,627,041</b>	<b>87,328</b>	<b>32,312</b>	<b>(105,482)</b>	<b>14,158</b>

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

## **FRONTIER LITHIUM INC.**

### **Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023

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

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Frontier Lithium Inc. (the “Company”) 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. and changed its name by Certificate of Amendment dated May 19, 2016. The Company’s registered address is 1250, 639 - 5th Ave. S.W, Calgary, Alberta T2P 0M9 and its head office address is located at 2736 Belisle Drive, Val Caron, Ontario, P3N 1B3.

In February 2024, the Company incorporated three wholly owned subsidiaries - Frontier Integrated Lithium Holdings Inc., Frontier Lithium Resources Inc. and Frontier Lithium Advanced Materials Inc. under the Business Corporations Act (Ontario) to effect the Mitsubishi Corporation joint venture partnership (Note 16).

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 Pakeagama Lake Property lithium project (the “PAK Lithium Project”) located in Ontario, Canada.

To date, the Company has not earned revenue, has an accumulated deficit of \$105,482 as at March 31, 2024 (March 31, 2023 - \$80,956) and had a net loss of \$24,526 for the year ended March 31, 2024 (March 31, 2023 - \$24,232). As at March 31, 2024, the Company had cash and cash equivalents of \$12,574 (March 31, 2023 - \$27,371) and positive working capital of \$6,327 (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.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

## **2. BASIS OF PREPARATION**

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

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards Accounting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee.

These consolidated financial statements were approved by the Board of Directors of the Company on July 24, 2024.

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

These consolidated financial statements were prepared on a historical cost basis except for financial instruments classified at fair value through profit or loss (“FVTPL”). In addition, these consolidated financial statements have been prepared on a going concern basis, 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 consolidated financial statements include the accounts of the Company and its subsidiaries. Control over a subsidiary is defined to exist when the Company is exposed to variable returns from involvement with an investee and has the ability to affect the returns through power over the investee. All intercompany balances and transactions are eliminated upon consolidation. Our principal subsidiaries are Frontier Integrated Lithium Holdings Inc. (100%

## FRONTIER LITHIUM INC.

### Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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

interest), Frontier Lithium Resources Inc. (100% interest) and Frontier Lithium Advanced Materials Inc. (100% interest).

The functional and presentation currency of the Company, including all subsidiaries, is Canadian dollars.

#### **(c) Adoption of New Accounting Policies, Standards and Interpretations**

Effective April 1, 2023, the Company adopted the following new accounting policies, standards and interpretations:

IAS 1, *Presentation of Financial Statements*, and IFRS Practice Statement 2 *Making Material Judgements* - the amendments 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.

IAS 12, *Income Taxes* in relations to *Deferred Tax related to Assets and Liabilities Arising from a Single Transaction* – the amendments narrowed the scope of the recognition exemption in IAS 12, relating to the recognition of deferred tax assets and liabilities, so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as leases and reclamation and closure cost provisions. The adoption of these standards have not had a material impact on our financial results.

#### **(d) Use of Estimates and Judgements**

In the preparation of these financial statements, management has made 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. Revisions to estimates are recognized prospectively and actual outcomes can differ from these estimates. Areas of judgments, estimates 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.

## **FRONTIER LITHIUM INC.**

### **Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023

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

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 are detailed in Note 9 to the financial statements.

#### **Contingent Liabilities**

The recognition of legal provisions and disclosure of contingent liabilities involves judgements and assumptions to determine the probability and measurement of cash outflow. Management has assessed various criteria in making these assessments.

#### **(e) Future Changes in Accounting Policies Not Yet Effective as of March 31, 2024**

The following standards and interpretations have been issued but are not mandatory for annual reporting periods beginning on April 1, 2023:

IAS 1, *Presentation of Financial Statements* in relations to *Classification of Non-current Liabilities* – the amendments clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. The amendment also introduces additional disclosure requirements related to such covenants. The amendments become effective for annual reporting periods beginning on or after January 1, 2024. The adoption of these amendments is not expected to have a material impact on the Company's consolidated financial statements.

## **FRONTIER LITHIUM INC.**

### **Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023

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

### **3. MATERIAL ACCOUNTING POLICIES**

#### **Cash and cash equivalents**

Cash and cash equivalents comprise of cash deposits at banks, cash deposits held as collateral for credit cards used in business operations, and short term deposits that are highly liquid and readily convertible to cash.

#### **Exploration and evaluation assets**

The exploration, evaluation and pre-development expenditure policy is to capitalize the costs associated with acquiring exploration and evaluation assets as intangible exploration and evaluation assets. Subsequent recovery of the resulting carrying value of capitalized costs depends on successful development or sale of the undeveloped project. If a project does not prove viable, all non-recoverable costs associated with the project net of any impairment provisions are written off.

Exploration and evaluation expenditures within an area of interest are expensed until management concludes that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and that future economic benefits are probable. In making this determination, the extent of exploration, as well as the degree of confidence in the mineral resource is considered. Once a project has been established as commercially viable and technically feasible and has been subject to an impairment analysis, further expenditures are capitalized and classified as development properties.

#### **Property, plant and equipment**

Property, plant and equipment assets, which include furniture and fixtures, vehicles and buildings are initially recorded at cost including acquisition and installation costs. Property, plant and equipment are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation based on the estimated useful life of these assets is calculated as follows:

- Buildings, plant and mobile equipment - straight-line over the useful life of five years
- Right of use assets - straight-line over the shorter of the useful life of the asset or the term of the lease

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each reporting period end and adjusted prospectively if appropriate.

Gains and losses on the disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net in the statements of loss and comprehensive loss. The net book value of property, plant and equipment assets is charged against income if the mine site is abandoned and it is determined that the assets cannot be economically transferred to another project or sold.

#### **Impairment of long-lived assets**

The Company assesses at each reporting period whether there is an indication that an asset or group of assets may be impaired and the carrying amount may not be recoverable. When an impairment indicator exists, the Company estimates the recoverable amount of the asset and compares it against the asset's carrying amount. The recoverable amount is the higher of its fair value less cost of disposal ("FVLCD") and the asset's value in use ("VIU"). If the carrying amount exceeds the recoverable amount, an impairment loss is recorded in the statement of operations and comprehensive loss.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset not already reflected in the estimates of future cash flows. The cash flows are based on best estimates of expected future cash flows from the continued use of the asset and its eventual disposal.

## **FRONTIER LITHIUM INC.**

### **Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023

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

Estimated future cash flows are based on estimated quantities of lithium and other recoverable metals, expected price of lithium (considering current and historical prices, price trends and related factors), production levels and cash costs of production, capital and reclamation costs, all based on detailed engineered life-of-mine plans. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (each a "cash-generating unit"), which for the Company is individual projects.

FVLCD is best evidenced if obtained from an active market or binding sale agreement. Where neither exists, the fair value is based on the best estimates available to reflect the amount that could be received from an arm's length transaction.

Numerous factors including, but not limited to, unexpected grade changes, lithium recovery variances, shortages of equipment and consumables, and equipment failures could impact our ability to achieve forecasted production schedules from proven and probable reserves. Additionally, commodity prices, capital expenditure requirements and reclamation costs could differ from the assumptions used in the cash flow models used to assess impairment. The ability to achieve the estimated quantities of recoverable minerals from exploration stage mineral interests involves further risks in addition to those factors applicable to mineral interests where proven and probable reserves have been identified, due to the lower level of confidence that the identified mineralized material can ultimately be mined economically.

If an impairment loss reverses in a subsequent period, the carrying amount (post reversal) of the related asset is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset previously. Reversals of impairment losses are recognized in the statement of operations in the period the reversals occur. Material changes to any of the factors or assumptions discussed above could result in future asset impairments.

#### **Government assistance**

The Company applies from time to time for financial assistance from the Government of Ontario with respect to certain exploration and development costs. Government assistance is recognized when there is reasonable assurance that the Company has complied with the conditions attached to such assistance and that the assistance will be received. Government assistance is recorded using the cost-reduction method, whereby the amounts received are applied to reduce the cost of the related asset or expenditure.

#### **Right of use asset and lease liabilities**

The Company recognizes a right-of-use asset and corresponding lease liability for any leased assets not of low-value in nature with noncancelable lease terms greater than 12 months in duration. In determining the lease term, the Company assesses the economic benefits of exercising contractual options to extend the duration of the lease or terminate, when applicable.

Upon recognizing a right-of-use asset, the Company discounts the future lease payments, including any applicable residual value guarantees, purchase options, or termination penalties, using an interest rate within the following hierarchy: (i) borrowing rate implicit in the lease and (ii) the Company's incremental borrowing rate. The amount capitalized as a right-of-use asset is depreciated over the useful life of the asset and the corresponding lease liability is charged interest at the same rate used for discounting purposes.

#### **Income taxes**

Income taxes comprise the provision for (or recovery of) taxes actually paid or payable (current taxes) and for deferred taxes.

Current taxes are based on taxable earnings in the year. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date in the respective jurisdictions.

Current income tax assets and current income tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

## **FRONTIER LITHIUM INC.**

### **Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023

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

Deferred income tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. Deferred income tax assets and liabilities are computed using enacted or substantively enacted income tax rates in effect when the temporary differences are expected to reverse. The effect on the deferred tax assets and liabilities of a change in tax rates is recognized in the period of substantive enactment. The provision for or the recovery of deferred taxes is based on the changes in deferred tax assets and liabilities during the period.

The carrying amount of deferred income tax assets or liabilities are reviewed at the end of each reporting period and recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized.

#### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of loss and comprehensive loss, net of any reimbursement.

#### **Share capital**

Common shares are classified as equity. Costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the gross proceeds.

#### **Warrants**

Common share purchase warrants are classified as equity. Incremental costs directly attributable to the issuance of common share purchase warrants are recognized as a deduction from warrants. The Company engages in equity financing transactions to obtain the funds necessary to invest in developmental work and for general working capital purposes. These equity financing transactions may involve issuance of common shares or units. A unit can comprise a certain number of common shares and a certain number of common share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the common share purchase warrants are exercisable into additional common shares prior to expiry at a price stipulated by the equity financing agreement. Common share purchase warrants that are part of units are measured at fair value on the date of issue using the Black-Scholes option pricing model and included in equity with the common shares that were concurrently issued.

#### **Flow-through common shares**

The Company's Canadian exploration activities have been financed in part through the issuance of flow-through common shares whereby the tax benefits of the eligible exploration expenditures incurred under this arrangement are renounced to the subscribers. The proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the quoted price of the Company's existing shares and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium and is extinguished when the tax effect of the temporary differences, resulting from the renunciation, is recorded – with the difference between the liability and the value of the tax assets renounced being recorded as a deferred tax expense. The tax effect of the renunciation is recorded at the time the Company's relevant tax filings are completed, which may differ from the effective date of renunciation. If the flow-through shares are not issued at a premium, a liability is not established, and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

## FRONTIER LITHIUM INC.

### Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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

#### Share-based compensation

The Company maintains a Stock Option Plan whereby common share options may be granted to senior officers, directors and key employees, as well as any other person or company engaged to provide ongoing management or consulting services to the Company. Compensation expense for such grants is recorded in general and administrative expenses in the statements of loss and comprehensive loss with a corresponding increase recorded in the contributed surplus account in the balance sheet. The expense is based on the fair value of the option at the time of grant, measured by reference to the fair value determined using the Black-Scholes valuation model, and is recognized over the vesting periods of the respective options on a graded basis. Consideration paid to the Company on exercise of options is credited to share capital.

#### Financial instruments

##### Financial assets

Financial assets are classified as either fair value through profit or loss ("FVTPL"), amortized cost, or fair value through other comprehensive income ("FVOCI"). The Company determines the classification of financial assets at initial recognition.

Under IFRS 9 – Financial Instruments, the Company has classified and measured our financial assets as follows:

- Cash and cash equivalents, accounts receivable and other assets (current and non-current) are classified as and measured at amortized cost.

##### (1.1) FVTPL

Financial assets are classified at FVTPL if they are acquired for the purpose of trading in the near term. Gains or losses on these items are recognized in net earnings or loss.

##### (1.2) Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) the object of our business model for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's accounts receivables and other assets are recorded at amortized cost as they meet the required criteria. A provision is recorded when the estimated recoverable amount of the financial asset is lower than the carrying amount.

At each statement of financial position date, the Company, on a forward-looking basis, assesses the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. When sold or impaired, any accumulated fair value adjustments previously recognized are included in profit or loss.

##### (1.3) FVOCI

For equity securities that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at FVOCI, with all subsequent changes in fair value being recognized in other comprehensive income ("OCI"). This election is available for each separate investment. Under this category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment, the cumulative fair value change remains in OCI and is not recycled to net earnings or loss.

## **FRONTIER LITHIUM INC.**

### **Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023

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

#### Financial liabilities

Under IFRS 9, the Company have classified and measured the Company's non-derivative financial liabilities as follows:

- Accounts payable is classified as and measured at amortized cost.

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability. The amortization of debt issuance cost is calculated using the effective interest method.

#### Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the financial statements cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

When measuring the fair value of an asset or liability, the Company uses observable market data to the greatest extent possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

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

#### **Net loss per share**

Basic income or loss per share of common stock is calculated by dividing income available to the Company's common shareholders by the weighted average number of common shares issued and outstanding during the period. In periods with positive earnings, the calculation of diluted net income per common share uses the treasury stock method to compute the dilutive effects of stock options, warrants and other potentially dilutive instruments. In periods of loss, diluted net loss per share is equal to basic loss per share, as the effect of potential issuances of shares from stock options or warrants would be anti-dilutive.

## FRONTIER LITHIUM INC.

### Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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

#### 4. CASH AND CASH EQUIVALENTS

	March 31, 2024	March 31, 2023
Cash	\$ 771	\$ 871
Restricted cash <sup>1</sup>	503	-
Short-term deposits	11,300	26,500
<b>Total</b>	<b>\$ 12,574</b>	<b>\$ 27,371</b>

1. Funds in interest bearing short term deposits but held as security against the Company's credit facility. Restricted cash earn interest at Canadian prime linked variable interest rate. Interest rate as at March 31, 2024 was 4.95%.

2. Short-term deposits are Canadian prime rate linked redeemable GIC investments. Interest rate as at March 31, 2024 was 5.20%.

#### 5. OTHER RECEIVABLES, PREPAID EXPENSES AND OTHER ASSETS

	March 31, 2024	March 31, 2023
Other receivables and prepaid expenses	\$ 273	\$ 661
Other deposits <sup>1</sup>	250	500
HST receivable	777	595
<b>Total</b>	<b>\$ 1,300</b>	<b>\$ 1,756</b>

1. In June 2023, the Company signed a Letter of Intent to purchase certain lands for the PAK Lithium Project. As at March 31, 2024, the Company recognized \$250 in Other deposits for payments made to retain the right to purchase the lands under the terms of the Letter of Intent. As at March 31, 2023, the Company recognized \$500 in Other deposits for payments made to the purchase of a camp.

#### 6. EXPLORATION AND EVALUATION ASSETS

##### PAK Lithium Property – Red Lake Mining District, Ontario

The Company has a 100% interest in the PAK Lithium Project. The 100% ownership interests in the PAK Lithium Project are subject to various net smelter royalties ("NSR") ranging from 1.0% to 2.5%, and various buyout provisions to reduce the royalty from nil to 1.0%. The Company also has various exploration agreements with First Nations communities and has committed to make certain payments during the exploration and evaluation stage of the project.

The \$5,426 capitalized as exploration and evaluation asset reflects costs incurred for acquisition of the licenses and the NSR re-purchased on the Project. During the year ended March 31, 2024, the Company recorded \$16,277 (year ended March 31, 2023 - \$14,193) exploration and evaluation expenditures relating to this property in its consolidated statement of loss and comprehensive loss.

## FRONTIER LITHIUM INC.

### Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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

## 7. PROPERTY, PLANT AND EQUIPMENT

	Buildings, plant and mobile equipment		Right-of-use assets		Total
<b>Cost</b>					
<b>At March 31, 2022</b>	\$	704	\$	145	\$ 849
Additions		476		217	693
Disposals		(200)		(73)	(273)
<b>At March 31, 2023</b>	\$	<b>980</b>	\$	<b>289</b>	\$ <b>1,269</b>
Additions		2,175		-	2,175
<b>At March 31, 2024</b>	\$	<b>3,155</b>	\$	<b>289</b>	\$ <b>3,444</b>
<b>Accumulated depreciation</b>					
<b>At March 31, 2022</b>	\$	458	\$	30	\$ 488
Depreciation		164		167	331
Disposal		(180)		(14)	(194)
<b>At March 31, 2023</b>	\$	<b>442</b>	\$	<b>183</b>	\$ <b>625</b>
Depreciation		345		61	406
<b>At March 31, 2024</b>	\$	<b>787</b>	\$	<b>244</b>	\$ <b>1,031</b>
<b>Net book value</b>					
At March 31, 2023	\$	538	\$	106	\$ 644
<b>At March 31, 2024</b>	\$	<b>2,368</b>	\$	<b>45</b>	\$ <b>2,413</b>

## 8. LEASE OBLIGATIONS

The following tables show the movement in lease obligations:

Movement in Lease obligations	March 31, 2024	March 31, 2023
<b>Balance, beginning of year</b>	\$ 120	\$ 108
Additions	-	217
Accretion expense	19	35
Payments	(73)	(181)
Terminations	-	(59)
<b>Balance, end of year</b>	<b>66</b>	120
Current portion of Lease obligations	58	54
Non-current portion of Lease obligations	8	66
<b>Balance, end of year</b>	<b>66</b>	120

The Company recognized \$17 of expenses relating to short-term and low value leases during the year ended March 31, 2024 (March 31, 2023 - \$17).

## FRONTIER LITHIUM INC.

### Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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

## 9. SHARE CAPITAL

### (a) Warrants

The following table shows the movement in warrants:

	Number of warrants	Weighted average exercise price
<b>At March 31, 2022</b>	6,457,922	\$ 0.99
Issued	5,232,500	2.75
Exercised	(5,496,600)	0.91
Expired	(66,000)	0.51
<b>At March 31, 2023</b>	<b>6,127,822</b>	<b>\$ 2.57</b>
Exercised	(605,000)	1.50
Expired	(290,322)	1.51
<b>At March 31, 2024</b>	<b>5,232,500</b>	<b>\$ 2.75</b>

The 5,232,500 warrants outstanding as at March 31, 2024 expire on November 10, 2025.

Nil warrants were issued during the year ended March 31, 2024. The fair value of warrants granted during the year ended March 31, 2023 were based on the weighted average assumptions noted in the following table.

	2023
Share price	\$2.00
Expected volatility	85.84%
Risk-free interest rate	3.78%
Expected dividend yield	Nil
Expected lives	3 years

### (b) Stock options

The Company has a 10% rolling stock option plan (the "Stock Option Plan") which was approved by the board of directors of the Company and the shareholders of the Company at the annual general meeting of shareholders on September 13, 2023. Under the 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 Stock Option Plan, the Policies of the TSX-V and applicable securities laws. Any options outstanding under the previous stock option plan will be governed by the Stock Option Plan. The following table shows the movement in stock options.

## FRONTIER LITHIUM INC.

### Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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

	Number of options	Weighted average exercise price
<b>At March 31, 2022</b>	16,601,398	\$ 0.87
Granted <sup>1</sup>	6,300,000	2.15
Exercised	(2,310,680)	0.55
Forfeited	(500,000)	1.05
<b>At March 31, 2023</b>	<b>20,090,718</b>	<b>\$ 1.31</b>
<b>Granted</b>	<b>3,172,500</b>	<b>1.22</b>
<b>Exercised</b>	<b>(90,000)</b>	<b>0.90</b>
<b>Forfeited</b>	<b>(375,000)</b>	<b>2.10</b>
<b>Expired</b>	<b>(1,125,000)</b>	<b>2.81</b>
<b>At March 31, 2024</b>	<b>21,673,218</b>	<b>\$ 1.20</b>

1. In December 2023, the Company modified the terms of 575,000 options that were granted during the year ended March 31, 2023 from a weighted average exercise price of \$2.15 to \$0.74. The modification resulted in an incremental Shared based compensation expense of \$105 which was fully recognized during the year ended March 31, 2024. 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 year ended March 31, 2024 was \$1.92 (March 31, 2023 - \$2.97).

At March 31, 2024, 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	8,845,720	2.4
\$ 1.04 - \$ 1.86	1.19	6,852,501	6,016,251	2.5
\$ 2.10 - \$ 2.73	2.28	5,425,000	5,225,000	3.6
<b>Total</b>	<b>\$ 1.24</b>	<b>21,673,218</b>	<b>20,086,971</b>	<b>2.7</b>

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:

	Year ended March 31,	
	2024	2023
Number of options granted	3,172,500	6,300,000
Expected volatility	79%	80%
Risk-free interest rate	3.1%	2.9%
Expected dividend yield	Nil	Nil
Expected lives	5 years	5 years
Expected forfeiture rate	Nil	Nil

## FRONTIER LITHIUM INC.

### Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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

#### 10. EXPLORATION AND EVALUATION EXPENDITURES

	Year ended March 31,	
	2024	2023
Personnel cost	\$ 1,935	\$ 1,420
Consulting fees	8,392	4,429
Drilling	1,934	3,034
Assay and sampling	251	596
Research and development, net of government assistance <sup>1</sup>	1,100	1,101
Camp and equipment expenses	854	1,846
Travel and transportation cost	1,811	1,767
<b>Total exploration and evaluation expenditures</b>	<b>\$ 16,277</b>	<b>\$ 14,193</b>

1. The Company recognized \$500 of government during the year ended March 31, 2024 (2023 - \$nil).

#### 11. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended March 31,	
	2024	2023
Salaries, benefits and consulting	\$ 2,299	\$ 2,354
Share-based payments	4,456	6,571
Professional fees	500	188
Office, administration and other	1,135	1,024
Shareholder related fees	359	154
Depreciation	406	331
<b>Total general and administrative expenses</b>	<b>\$ 9,155</b>	<b>\$ 10,622</b>

#### 12. INCOME TAXES

Our effective income tax rate differs from the amount that would be computed by applying the federal and provincial statutory rate of 26.50% (2022 – 26.50%) to the net loss. The reasons for the differences are a result of the following:

	Year ended March 31,	
	2024	2023
	\$ (24,526)	\$ (24,232)
Expected tax (recovery) expense at statutory rates	(6,499)	(6,421)
Tax effects of:		
Stock-based compensation and non-deductible expenses	1,209	1,647
Change in deferred tax assets not recognized	5,290	4,774
<b>Deferred tax (recovery) expense</b>	<b>\$ -</b>	<b>\$ -</b>

## FRONTIER LITHIUM INC.

### Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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

#### Deferred tax liability

The deferred tax liability and asset was calculated using a tax rate of 26.5% as follows:

	March 31, 2024	March 31, 2023
<b>Deferred income tax assets</b>		
Investment in exploration and evaluation assets	\$ (10,469)	\$ (2,276)
Property, plant and equipment	(202)	(94)
Undeducted share issuance costs	(421)	(602)
Reserves	(40)	-
Undeducted non-capital losses	(5,791)	(5,223)
Valuation allowance	16,923	8,195
<b>Net deferred tax liability</b>	\$ -	\$ -

#### Non-capital losses

The Company has \$21,853 (2023 - \$19,710) of non-capital losses available to offset future income for tax purposes. The non-capital losses will expire between 2026 and 2044.

### 13. 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:

	Year ended March 31,	
	2024	2023
Compensation – salaries, benefits and consulting	\$ 1,882	\$ 1,878
Exploration and evaluation and other expenditures <sup>1</sup>	574	321
Share-based compensation	4,059	5,903
<b>Total</b>	\$ 6,515	\$ 8,102

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 \$3 (March 31, 2023 - \$65) owing to corporations controlled by a director of the Company and key management personnel of the Company and is non-interest bearing.

### 14. COMMITMENTS AND CONTINGENCIES

#### (a) Commitments

As at March 31, 2024, the Company had \$813 of financing fees contracted for but not recognized as it was subject to the successful closing of the joint venture partnership with Mitsubishi Corporation (Note 16).

#### (b) Contingencies

In the normal course of operations the Company is subject to various corporate tax audits. The ultimate outcome of these audits is inherently uncertain and in the opinion of management of the Company the provisions recognized for such matters are adequate. In the event that management's estimates of the future resolution of these matters change, the Company will recognize the effect of these changes in its consolidated financial statements in the period in which such changes occur.

## FRONTIER LITHIUM INC.

### Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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

In November 2023, the Company announced a Northern Ontario Heritage Fund Corporation grant (the “NOHFC Grant”) for \$2 million for test work to optimize processing and by-product efficiency for the PAK Lithium Project. As at March 31, 2024, the Company has not received any funds from the NOHFC Grant as the conditions attached have not been met. The Company will recognize the governance assistance in the consolidated financial statements in the period in which the conditions are met.

## 15. 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 \$132,214 as at March 31, 2024 (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 March 31, 2024, \$11,000 was invested in unrestricted GIC accounts. 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.

## FRONTIER LITHIUM INC.

### Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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

#### 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.

The following table shows the future undiscounted obligations:

	Due within 1 year	Due between 1 and 5 years	Total
Accounts payable and accrued liabilities	\$ 7,489	\$ -	\$ 7,489
Lease obligations	64	9	73
<b>Total as at March 31, 2024</b>	<b>\$ 7,553</b>	<b>\$ 9</b>	<b>\$ 7,555</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 bank deposits.

We maintain substantially all of our cash and short term deposits in major Canadian financial institution bank accounts with a low risk of credit default.

## 16. EVENTS AFTER THE REPORTING PERIOD

### PAK Lithium Project joint venture partnership

On March 4, 2024, the Company entered into a definitive agreement with Mitsubishi Corporation (“Mitsubishi”) to establish a joint venture partnership for the PAK Lithium Project (the “PAK JV”). Under the terms of the definitive agreement, Mitsubishi would acquire a 7.5% equity interest in the PAK JV in exchange for cash considerations of \$25,000 (“Tranche 1”), and upon completion of various project milestones, including a final DFS, Mitsubishi would have the right to increase its equity interest to 25% (“Tranche 2”).

On April 4, 2024, the Company completed the structuring and transfer of the PAK Lithium Project mineral interest and accompanying assets into the operating subsidiaries of Frontier Lithium Resources Inc. and Frontier Lithium Advanced Materials Inc., which are wholly owned subsidiaries of Frontier Integrated Lithium Holdings Inc.

On April 25, 2024, the Company signed a Unanimous Shareholders Agreement with Mitsubishi and closed Tranche 1 of the PAK JV partnership, giving Mitsubishi a 7.5% minority interest in the PAK Lithium Project.