



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor

**INTERNATIONAL LITHIUM CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
AS AT,

	<i>Notes</i>	Unaudited September 30, 2023	Audited December 31, 2022
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 4,127,991	\$ 6,079,566
Receivables	3	92,571	167,941
Marketable securities	5	313,591	374,094
Loan receivable	4	294,996	274,719
Prepaid expenses		208,333	212,014
		<u>5,037,482</u>	<u>7,108,334</u>
<b>Advances</b>	8	470,601	428,574
<b>Equipment</b>	6	2,294	3,905
<b>Equity investment</b>	7	2,767,071	2,218,445
<b>Exploration and evaluation assets</b>	8	<u>5,633,347</u>	<u>4,756,549</u>
		<u>\$ 13,910,795</u>	<u>\$ 14,515,807</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	9 & 11	\$ 58,810	\$ 147,262
		<u>58,810</u>	<u>147,262</u>
<b>Shareholders' Equity</b>			
Share capital	12	19,200,195	19,192,695
Share subscriptions		53,000	-
Equity reserves	12	4,966,991	4,711,989
Accumulated other comprehensive loss		(194,082)	(159,565)
Deficit		<u>(10,174,119)</u>	<u>(9,376,574)</u>
		<u>13,851,985</u>	<u>14,368,545</u>
		<u>\$ 13,910,795</u>	<u>\$ 14,515,807</u>

**Nature and continuance of operations** (Note 1)

**Commitments** (Note 11)

**Subsequent events** (Note 17)

Approved and authorized by the Board on November 29, 2023.

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"John Wisbey" Director "Maurice Brooks" Director

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

**INTERNATIONAL LITHIUM CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited - Expressed in Canadian Dollars)  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

	<i>Notes</i>	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
<b>OPERATING EXPENSES</b>					
Consulting fees	11	\$ 194,730	\$ 169,455	\$ 594,851	\$ 571,743
Depreciation	6	537	1,111	1,611	1,111
Directors' fees	11	84,481	52,653	490,237	387,384
Foreign exchange (gain) loss		(43,559)	(317,814)	29,308	(424,864)
Interest and bank charges	10	883	374,260	4,213	1,270,767
Professional fees		36,939	40,783	153,985	177,874
Property investigation		42,403	-	71,689	-
Office and miscellaneous		18,490	11,472	63,949	53,691
Shareholder communications		83,903	87,619	176,725	208,538
Share-based payments	11 & 12	-	148,074	255,002	439,395
Transfer agent and filing fees		11,864	2,179	49,183	59,161
Travel and Promotion		43,660	11,833	110,572	18,684
<b>Total operating expenses</b>		<u>(474,331)</u>	<u>(581,625)</u>	<u>(2,001,325)</u>	<u>(2,763,484)</u>
Loss on equity investment	7	(13,807)	(9,374)	(56,385)	(19,137)
Gain / (Loss) on marketable securities	5	(19,797)	176,053	(60,504)	1,254,544
Interest income	4	6,815	-	20,091	-
Project milestone payment income	8	-	-	661,050	-
Gain on sale of exploration and evaluation asset	8	-	-	-	1,268,348
		<u>(26,789)</u>	<u>166,679</u>	<u>564,252</u>	<u>2,503,755</u>
<b>Loss for the period</b>		(501,120)	(414,946)	(1,437,073)	(259,729)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
<b>Items that will be reclassified subsequently to profit or loss</b>					
Foreign currency translation	7	<u>(27,497)</u>	<u>(12,477)</u>	<u>(34,517)</u>	<u>(150,132)</u>
<b>Comprehensive loss for the period</b>		<u>\$ (528,617)</u>	<u>\$ (427,423)</u>	<u>\$ (1,471,590)</u>	<u>\$ (409,861)</u>
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
<b>Weighted average number of common shares outstanding – basic and diluted</b>		248,586,588	248,461,588	248,523,401	246,815,934

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

**INTERNATIONAL LITHIUM CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited - Expressed in Canadian Dollars)  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (1,437,073)	\$ (259,729)
Items not affecting cash:		
Accrued interest expense	-	1,266,710
Accrued interest income	(20,091)	-
Depreciation	1,611	1,111
Foreign exchange	4,149	-
Loss on equity investment	56,385	19,137
Gain on sale of exploration and evaluation assets	-	(1,268,348)
Project milestone payment income	(661,050)	-
Share-based payments	255,002	439,395
Realized gain on marketable securities	-	(1,144,401)
Unrealized loss (gain) on marketable securities	60,503	(110,142)
Changes in non-cash working capital items:		
Receivables	75,370	(369,871)
Prepaid expenses	3,681	(279,102)
Accounts payable and accrued liabilities	<u>(116,503)</u>	<u>76,580</u>
Net change from operating activities	<u>(1,778,016)</u>	<u>(1,628,660)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation expenditures	(961,247)	(2,884,400)
Sale of Marketable Securities	-	2,253,648
Advances	(42,027)	-
Proceeds from sale of exploration and evaluation asset	-	838,035
Purchase of fixed assets	-	(5,386)
Project milestone payment received	656,715	-
Grants received	140,000	-
Property option payments made	<u>(20,000)</u>	<u>(10,000)</u>
Net change from investing activities	<u>(226,559)</u>	<u>191,897</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Warrants exercised	-	218,378
Share subscriptions received	53,000	-
Loans repaid	-	(1,508,550)
Interest paid	<u>-</u>	<u>(107,486)</u>
Net change from financing activities	<u>53,000</u>	<u>(1,397,658)</u>
<b>Change in cash for the period</b>	<b>(1,951,575)</b>	<b>(2,834,421)</b>
<b>Cash, beginning of period</b>	<b><u>6,079,566</u></b>	<b><u>10,961,936</u></b>
<b>Cash, end of period</b>	<b>\$ 4,127,991</b>	<b>\$ 8,127,515</b>

Supplemental disclosure with respect to cash flows (Note 13)

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

**INTERNATIONAL LITHIUM CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Unaudited - Expressed in Canadian Dollars)

	<u>Share capital</u>		Share subscriptions	Equity reserves	Accumulated other comprehensive income (loss)	Deficit	Total
	Number	Amount					
<b>Balance at December 31, 2021</b>	235,857,043	\$ 17,722,596	\$ -	\$ 5,002,996	\$ (172,712)	\$ (8,131,465)	\$ 14,421,415
Warrants exercised	12,504,545	1,460,099	-	(786,735)	-	-	673,364
Shares issued for property acquisition	100,000	10,000	-	-	-	-	10,000
Share based payments	-	-	-	439,395	-	-	439,395
Other comprehensive loss	-	-	-	-	(150,132)	-	(150,132)
Loss for the period	-	-	-	-	-	(259,729)	(259,729)
<b>Balance at September 30, 2022</b>	<b>248,461,588</b>	<b>19,192,695</b>	<b>-</b>	<b>4,655,656</b>	<b>(322,844)</b>	<b>(8,391,194)</b>	<b>15,134,313</b>
<b>Balance at December 31, 2022</b>	248,461,588	19,192,695	-	4,711,989	(159,565)	(9,376,574)	14,368,545
Shares issued for property acquisition	125,000	7,500	-	-	-	-	7,500
Share subscriptions received	-	-	53,000	-	-	-	53,000
Equity gain on carried interest	-	-	-	-	-	639,528	639,528
Share based payments	-	-	-	255,002	-	-	255,002
Other comprehensive income	-	-	-	-	(34,517)	-	(34,517)
Loss for the period	-	-	-	-	-	(1,437,073)	(1,437,073)
<b>Balance at September 30, 2023</b>	<b>248,586,588</b>	<b>\$ 19,200,195</b>	<b>\$ 53,000</b>	<b>\$ 4,966,991</b>	<b>\$ (194,082)</b>	<b>\$ (10,174,119)</b>	<b>\$ 13,851,985</b>

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

**INTERNATIONAL LITHIUM CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

**1. NATURE AND CONTINUANCE OF OPERATIONS**

International Lithium Corp. (the “Company”) was incorporated under the Business Corporations Act, British Columbia on March 26, 2009 and is considered to be in the exploration stage with respect to its mineral properties. The Company’s records office address is 550 Burrard Street, Suite 1008, Vancouver, British Columbia, Canada, V6C 2B5 and head office address is 789 West Pender Street, Suite 1120, Vancouver, British Columbia, Canada, V6C 1H2. The Company is listed on the TSX Venture Exchange and trades under the stock symbol “ILC”.

The Company is in the process of exploring and investing in mineral properties located in Canada and Ireland and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed interim consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and expects to incur further losses in the development of its business. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to sell mineral assets from time to time, and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The Company estimates that it has adequate resources for the next twelve months. The following table provides information regarding the Company’s working capital and accumulated deficit as at September 30, 2023 and December 31, 2022.

	September 30, 2023	December 31, 2022
Working capital	\$ 4,978,672	\$ 6,961,072
Accumulated deficit	\$ (10,174,119)	\$ (9,376,574)

**2. BASIS OF PREPARATION****Statement of Compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2022.

**Basis of Presentation**

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed interim consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

**INTERNATIONAL LITHIUM CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

**2. BASIS OF PREPARATION (cont'd...)****Consolidation**

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated. The Company's subsidiaries are as follows:

	Country of Incorporation	Ownership
International Lithium UK Ltd.	United Kingdom	100%
International Lithium Canada Ltd.	Canada	100%

The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. When the Company ceases to control a subsidiary, assets, liabilities and non-controlling interests of the subsidiary are derecognized at their carrying amounts at the date when control is lost. Investment retained in the former subsidiary is recognized at its fair value and any gain or loss resulting from deconsolidation is recorded through profit or loss.

**Significant accounting judgments and estimates**

The preparation of these condensed interim consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant judgments relate to the functional currency of the Company and significant influence over associates.

*Functional currency*

Judgment is involved in the assessment of the functional currency of the Company, its equity investment, and its subsidiaries.

*Significant influence over associates*

Management deems the Company to have significant influence over an associate when the Company is able to influence the financial and operating decisions of the associate. The Company has determined that its investment in Blackstairs Lithium Limited is an investment in associate.

The most significant estimates relate to the recognition of deferred tax assets and liabilities, calculation of share-based payments, and recoverability of exploration and evaluation assets.

*Deferred tax assets and liabilities*

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry forwards. Changes in these assumptions could significantly affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.



**2. BASIS OF PREPARATION (cont'd...)**

**Significant accounting judgments and estimates (cont'd...)**

*Share-based payments*

Share-based payments, as measured with respect to stock options granted and re-priced, have been estimated by reference to the Black-Scholes pricing model in discussion with auditors; a detailed discussion of management's estimates with respect to the pricing model is found in Note 12. Management are reviewing whether the Black-Scholes model is in fact the most appropriate model for contingent options (e.g. options or warrants whose latest exercise date could be accelerated for various reasons) and will be reviewing the appropriate model to use during 2023.

*Recoverability of exploration and evaluation assets*

Recorded costs of exploration and evaluation assets and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its exploration and evaluation assets for signs of impairment. This is a highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgements based on information available, but there is no certainty that a property is or is not impaired. 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.

**3. RECEIVABLES**

As at September 30, 2023, receivables are comprised of input tax credits of \$92,571 (December 31, 2022 – input tax credits of \$167,941).

**4. LOAN RECEIVABLE**

On November 2, 2022, the Company entered into a loan agreement with a director and officer of the Company. The Company advanced US\$200,000 (\$270,340) for a term of six months, since extended. The loan is unsecured and bears interest at the rate of 10% per annum.

During the three and nine months ended September 30, 2023, the Company recorded \$6,815 and \$20,091 interest income on the loan (2022 – \$nil and \$nil). As at September 30, 2023, the carrying value of the loan receivable is US\$218,192 (\$294,996). (*Note 11*)

**5. MARKETABLE SECURITIES**

During the period ended September 30, 2023, and December 31, 2022, marketable securities consisted of shares of a publicly traded company, Critical Resources Limited ("Critical Resources"). The Critical Resources shares were received as part of the Asset Purchase Agreement for the Mavis Lake Lithium Project (*Note 8*). Marketable securities are measured at fair value by reference to quoted stock prices on established exchanges.

**INTERNATIONAL LITHIUM CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

**5. MARKETABLE SECURITIES (cont'd...)**

The following transactions occurred during the period:

	Period ended September 30, 2023		Year ended December 31, 2022	
	Shares		Shares	
<b>Critical Resources shares</b>				
Opening balance	9,460,498	\$ 374,094	-	\$ -
Received from Mavis Lake asset purchase agreement	-	-	34,000,000	1,536,885
Sale of marketable securities	-	-	(24,539,502)	(2,253,648)
Realized gain	-	-	-	1,144,401
Unrealized gain (loss)	-	(60,503)	-	(53,544)
Ending balance	9,460,498	\$ 313,591	9,460,498	\$ 374,094

**6. EQUIPMENT**

Computer hardware	Cost	Accumulated Depreciation	Net Book Value
Balance as at December 31, 2021	\$ -	\$ -	\$ -
Additions	5,386	(1,481)	3,905
Balance as at December 31, 2022	5,386	(1,481)	3,905
Additions	-	(1,611)	(1,611)
Balance as at September 30, 2023	\$ 5,386	\$ (3,092)	\$ 2,294

**7. EQUITY INVESTMENT****Avalonia Lithium Joint Venture**

The Avalonia Lithium Project is comprised of certain licenses in the Carlow and Wicklow counties, Ireland. The exploration rights for the project are held by Blackstairs Lithium Limited ("BLL"), a company owned jointly by the Company and GFL.

BLL is recognized as an equity investment of the Company. The management committee of the joint venture is comprised of one representative of each of the Company and GFL. Voting is proportionate to each party's participating interest which is, as at September 30, 2023, and December 31, 2022, 55% to GFL and 45% to the Company.

In order to earn an additional 24% interest in the Avalonia Lithium Project, GFL must incur \$10,000,000 in exploration expenditures or produce a bankable feasibility study within 10 years of the effective date of the agreement (extended to 12 years). The Company will have a carried interest through to the completion of these exploration expenditures.

Once GFL has incurred a total of \$10,000,000 in exploration expenditures within the agreed timeframe, or once a positive feasibility study has been produced, the Company's participating interest will be reduced to 21% without incurring additional costs. A participating interest that is subsequently diluted to less than 10% will be converted to a 1% net smelter royalty ("NSR").

**INTERNATIONAL LITHIUM CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

**7. EQUITY INVESTMENT (cont'd...)****Avalonia Lithium Joint Venture (cont'd...)**

The Company accounts for its interest in BLL on an equity basis. As at September 30, 2023, and December 31, 2022, the Company holds a 45% interest in BLL. The functional currency of BLL is the Euro. Supplementary financial information regarding the Company's investment in BLL is presented below, after adjustments to align accounting policies to those of the Company and to translate to Canadian dollars in accordance with the Company's accounting policies.

*Blackstairs Lithium Limited*

	September 30, 2023	December 31, 2022
Current assets	\$ 706,407	\$ 178,753
Non-current assets	5,594,759	4,882,495
Current liabilities	<u>(152,119)</u>	<u>(131,369)</u>
Net assets	6,149,046	4,929,879
The Company's share of the net assets – 45% (2022 - 45%)	<u>\$ 2,767,071</u>	<u>\$ 2,218,445</u>

	Period ended September 30, 2023	Period ended September 30, 2022
Loss for the period	\$ (125,300)	\$ (42,527)
Other comprehensive income (loss) – foreign currency translation	<u>(76,704)</u>	<u>(333,627)</u>
Total comprehensive income (loss)	(202,004)	(376,154)
The Company's share of comprehensive income (loss) – 45% (2022 - 45%)	<u>\$ (90,902)</u>	<u>\$ (169,269)</u>

	Period ended September 30, 2023	Year ended December 31, 2022
Investment in associate – Blackstairs Lithium Limited		
Balance, beginning of period	\$ 2,218,445	\$ 2,148,623
Equity gain on carried interest	639,528	86,267
Loss on equity investment	(56,385)	(29,592)
Equity – other comprehensive income (loss)	<u>(34,517)</u>	<u>13,147</u>
Ending balance, investment in associate – Blackstairs Lithium Limited	<u>\$ 2,767,071</u>	<u>\$ 2,218,445</u>

**INTERNATIONAL LITHIUM CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

**8. EXPLORATION AND EVALUATION ASSETS**

	Mavis Lake / Fairservice Project	Raleigh Lake Project	Wolf Ridge Project	Total
<b>Exploration and Evaluation Assets</b>				
Balance, December 31, 2021	\$ 1,106,576	\$ 821,736	\$ -	\$ 1,928,312
Exploration expenditures	-	3,881,795	93,018	3,974,813
Option payments made	-	-	20,000	20,000
Option payments received	(1,106,576)	-	-	(1,106,576)
Government grant received	-	(60,000)	-	(60,000)
Balance, December 31, 2022	-	4,643,531	113,018	4,756,549
Exploration expenditures	-	989,298	-	989,298
Option payments made	-	-	27,500	27,500
Government grant received	-	(140,000)	-	(140,000)
<b>Balance, September 30, 2023</b>	<b>\$ -</b>	<b>\$ 5,492,829</b>	<b>\$ 140,518</b>	<b>\$ 5,633,347</b>

Deferred exploration costs were as follows:

	Raleigh Lake Project	Wolf Ridge Project	Total
<b>Period ended September 30, 2023</b>			
Assays and laboratory	\$ 56,305	\$ -	\$ 56,305
Drilling	475,546	-	475,546
Exploration expense	77,017	-	77,017
Geology and geophysics	380,430	-	380,430
<b>Total</b>	<b>\$ 989,298</b>	<b>\$ -</b>	<b>\$ 989,298</b>

	Raleigh Lake Project	Wolf Ridge Project	Total
<b>Year ended December 31, 2022</b>			
Assays and laboratory	\$ 150,410	\$ -	\$ 150,410
Drilling	2,183,535	-	2,183,535
Exploration expense	207,977	-	207,977
Geology and geophysics	1,263,581	85,668	1,349,249
Staking fees	16,600	7,350	23,950
Travel and accommodation	59,692	-	59,692
<b>Total</b>	<b>\$ 3,881,795</b>	<b>\$ 93,018</b>	<b>\$ 3,974,813</b>

**INTERNATIONAL LITHIUM CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

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**8. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Title to mineral property interests**

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects. As of September 30, 2023, USD\$361,125 (\$470,601) (December 31, 2022 - USD\$330,250 (\$428,574)) were advanced to a consultant for the application and acquisition of mineral claims in Africa. A subsidiary will be set up locally to hold such mineral claims and conduct exploration activities in Africa.

**Raleigh Lake Lithium and Rubidium Project (Ontario)**

The Raleigh Lake Project is wholly owned by the Company and consists of a total of 48,500 hectares of mineral claims in the Kenora Mining District of Ontario, Canada. It is the Company's most strategic project in Canada. A Maiden Resource Estimate was declared in March 2023.

**Mavis Lake Lithium Project (Ontario)**

The Mavis Lake Lithium Project (or "Mavis Lake - Fairservice") has now been sold, although as at the date hereof a second milestone payment of AU\$ 750,000 creates possible further upside for the Company.

As at December 31, 2021, Mavis Lake was 49%-owned by the Company and 51% owned by Essential Metals. The project consists of a package of certain unpatented mining claims (the Mavis Lake claims) and certain patented mining leases (the Fairservice property) located in Dryden, Ontario, Canada.

On October 22, 2021, the Company entered into an Asset Purchase Agreement (the "APA") with Critical Resources Limited ("Critical Resources") granting Critical Resources an option to acquire the Company's whole 49% interest in the Mavis Lake Lithium Project. Critical Resources paid AU\$100,000 for an option period which ended on January 4, 2022. Under the terms of the APA, Critical Resources acquired the Company's interest in Mavis Lake - Fairservice for a consideration comprising of AU\$750,000 cash (received) and 34 million shares of Critical Resources (received). In addition, Critical Resources will make the milestone payments as follows:

- AU\$750,000 (received) on definition of a mineral resource estimate exceeding 5 million tonnes of which at least 50,000 tonnes of lithium oxide (Li<sub>2</sub>O); and
- A further AU\$750,000 on definition of a resource exceeding 10 million tonnes of which at least 100,000 tonnes of lithium oxide (Li<sub>2</sub>O) or, in case both milestones are defined at the same time, AU\$1,500,000 in total.

On January 5, 2022, the Company completed the sale of its 49% interest in the Mavis Lake Lithium Project. The Company received AU\$750,000 cash and 34 million shares of Critical Resources valued at AU\$1,666,000 (\$1,536,885). The Company realized a gain on sale of exploration and evaluation asset of \$1,118,348.

Upon exercise of the option by Critical Resources, the Company relinquished its right to 1.5% NSR on the Mavis Lake Lithium Project and Essential Metals relinquished its right to acquire 29% of the project from the Company.

During the period ended September 30, 2023, the Company received the first project milestone payment of AU\$750,000 (\$656,715).

**Forgan Lake Lithium Project (Ontario)**

This project has now been sold, although as at the date hereof a 1.5% Net Smelter Royalty creates possible further upside for the Company.

**INTERNATIONAL LITHIUM CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

**8. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

The Forgan Lake property consists of certain claims located in the Thunder Bay Mining District in Northwestern Ontario, Canada. In accordance with the terms of the sale and royalty agreement, Ultra Lithium Inc. ("Ultra") was entitled to earn a 100% interest in the Forgan Lake property by spending \$500,000 on exploration expenditures and paying the Company a total of \$191,000 (paid), divided in cash and shares, over the period of three years from the date of underlying sale and royalty agreement.

On April 6, 2022, the Company entered into an amended agreement with Ultra for the sale of Forgan Lake property. Pursuant to the terms of the amendment agreement, Ultra earned 100% interest in the property by paying \$150,000 to the Company in lieu of the requirement of \$500,000 exploration expenditures on the property. The Company retains a 1.5% NSR on the Forgan Lake and Lucky Lake projects. The Company realized a gain on sale of exploration and evaluation asset of \$150,000.

**Wolf Ridge Project**

On April 20, 2022, the Company entered into an option agreement to acquire 100% interest in the Wolf Ridge Property located in Ontario. In accordance with the terms of the agreement, the Company may earn a 100% interest in the property by spending \$350,000 on exploration expenditures and paying a consideration comprised of \$210,000 cash (\$30,000 paid) and 775,000 shares of the Company (225,000 issued) over the period of four years. The property is subject to NSR as follows:

- i) 1.0% NSR for all minerals that are not Nickel, Copper, Lead, Zinc, Molybdenum, Cobalt, Platinum, Palladium, Gold and Silver (the "Original Royalty"). The Company has a right to purchase at any time the entirety of the 1.0% of the Original Royalty by paying a consideration comprised of \$1,000,000 cash and 225,000 shares of the Company.
- ii) 2.0% NSR for all minerals that are Nickel, Copper, Lead, Zinc, Molybdenum, Cobalt, Platinum, Palladium, Gold and Silver (the "Nickel Royalty"). The Company may purchase at any time 1.0% of the Nickel Royalty (half of the Nickel Royalty) by paying a consideration comprised of \$1,000,000 cash and 225,000 shares of the Company.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are as follows:

	September 30, 2023	December 31, 2022
Accounts payable ( <i>Note 11</i> )	\$ 58,810	\$ 109,812
Accrued liabilities	-	37,450
<b>Total</b>	<b>\$ 58,810</b>	<b>\$ 147,262</b>

All payables and accrued liabilities of the Company fall due within the next 12 months.

**10. LOANS PAYABLE**

*Loans payable on September 30, 2023*

On January 21, 2021, the Company entered into the Loan Agreements with directors and related parties of the Company to settle certain convertible debentures, accrued fees and interest into non-convertible loans with an aggregate principal of \$1,957,750. The loans (all now repaid) bore interest of 12.5% per annum payable semi-annually and were due on September 30, 2023. The loans were secured by a general security agreement against the Company's assets.

**INTERNATIONAL LITHIUM CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

**10. LOANS PAYABLE (cont'd...)**

During the year ended December 31, 2021, the Company settled \$100,000 principal of the loans payable on September 30, 2023 in lieu of cash payment upon exercise of 2,000,000 bonus warrants. Consequently, 2,000,000 bonus warrants were subject to their term reduced to January 26, 2022 pursuant to the terms of the Loan Agreements.

During the year ended December 31, 2022, the Company settled \$1,857,750 principal of the loans payable on September 30, 2023. As at September 30, 2023, and December 31, 2022, the face value of the loans payable is \$nil.

Pursuant to the Loan Agreements, the Company issued 39,155,000 bonus share purchase warrants with expiry date of September 30, 2023. Each bonus warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$0.05 per share. The loans may be repaid prior to their maturity without penalty; however, if a loan is reduced or repaid during the first year of its term, a pro rata number of the total bonus warrants will have their term reduced to the later of one year from issuance of the bonus warrants and 30 days from the reduction or repayment of the loan. The fair value of the bonus warrants of \$1,982,001 was calculated using the Black-Scholes option-pricing model assuming an expected life of 2.68 years, expected annualized volatility of 101.80%, share price of \$0.075 at grant date, and a risk-free interest rate of 0.21%. The fair value of the bonus warrants to the extent of the face value of the debt was recorded against the face value of the debt. The residual fair value of the bonus warrants of \$24,251 was recorded as interest expense. Using the effective interest rate method, the loans will be accreted up to their face value over the term.

The following table summarizes the Company's loans payable as at September 30, 2023:

Balance, December 31, 2021	\$ 709,312
Loans settled	(1,857,750)
Interest expense	1,266,710
Interest paid	(118,272)
<u>Balance, September 30, 2023 and December 31, 2022</u>	<u>\$ -</u>

**11. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties during the period ended:

Transaction	Relationship	September 30, 2023	September 30, 2022
IT Support Services	Officer, company controlled by an officer	\$ -	\$ 9,319
Professional fees	Officer, company controlled by an officer	104,600	103,500
Consulting fees	Directors and officers and related companies	454,094	515,347
Directors' fees	Directors	490,237	387,384
Share-based payments	Directors and officers	212,176	439,395
		<u>\$ 1,261,107</u>	<u>\$ 1,454,945</u>

During the period ended September 30, 2023, the Company awarded a bonus of \$252,623 to four directors of the Company (2022 - \$225,000 to three directors) recorded as directors' fees.

At September 30, 2023, due to related parties consisted of \$1,453 paid to a director (December 31, 2022 - \$7,381 to a director and officer) for expenses and is included in accounts payable and accrued liabilities.

**INTERNATIONAL LITHIUM CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

**11. RELATED PARTY TRANSACTIONS (cont'd...)**

At September 30, 2023, loan receivable with accrued interest of US\$218,192 (\$294,996) was receivable from a director and officer of the Company (December 31, 2022 - US\$203,233 (\$274,719)) (*Note 4*).

*Commitments - Consulting agreements*

The Company entered into consulting agreements with two officers, who are also directors, of the Company for the provision of consulting services at a cost of CHF288,000 and \$132,000 per annum respectively. If either of the agreements are terminated without cause, the Company is required to pay a lump sum equal to twelve months' worth of fees. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to the prior twelve months gross pay.

The Company entered into a consulting agreement with an officer and director of the Company for the provision of consulting services at a cost of \$200,000 per annum. If the agreement is terminated without cause, the Company is required to pay the greater of a lump sum equal to twelve months' base compensation and one month's base compensation for each year engaged with the Company. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to the prior twelve months gross pay.

**12. SHARE CAPITAL AND EQUITY RESERVES****Authorized share capital**

As at September 30, 2023, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

**Issued share capital**

On May 18, 2023, the Company issued 125,000 shares with fair value of \$7,500 pursuant to the Wolf Ridge Property option agreement. (*Note 8*)

On May 18, 2022, the Company issued 100,000 shares with fair value of \$10,000 pursuant to the Wolf Ridge Property option agreement. (*Note 8*)

During the year ended December 31, 2022, the Company issued 12,504,545 common shares on the exercise of warrants for gross proceeds of \$673,364, of which, \$218,378 in cash was received and the remainder was applied as loan repayment of \$349,200, settlement of accrued interest of \$10,786 and settlement of account payable of \$95,000.

**Warrants**

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance outstanding and exercisable, December 31, 2021	103,325,672	\$ 0.07
Warrants issued	(300,000)	0.05
Warrants exercised	<u>(12,504,545)</u>	<u>0.05</u>
Balance outstanding and exercisable, December 31, 2022	90,521,127	0.07
Warrants expired	(55,955,000)	0.067
Warrants exercised	<u>-</u>	<u>-</u>
Balance outstanding and exercisable, September 30, 2023	<u>34,566,127</u>	<u>\$ 0.08</u>



**INTERNATIONAL LITHIUM CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

**12. SHARE CAPITAL AND EQUITY RESERVES (cont'd...)**

At September 30, 2023, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
1,857,875	\$ 0.075	December 31, 2023
25,121,583	\$ 0.08	February 29, 2024
<u>7,586,669</u>	\$ 0.08	June 30, 2024
<u>34,566,127</u>		

**Stock options**

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, employees and consultants to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

The changes in options were as follows:

	Number of options	Weighted Average Exercise Price
Balance outstanding, December 31, 2021	16,680,000	\$ 0.11
Options expired/cancelled	<u>(4,150,000)</u>	<u>0.17</u>
Balance outstanding, December 31, 2022	12,530,000	0.10
Options granted	5,091,000	0.075
Options expired/cancelled	<u>(1,930,000)</u>	<u>0.02</u>
<u>Balance outstanding, September 30, 2023</u>	<u>15,691,000</u>	<u>\$ 0.09</u>
Vested and exercisable	15,691,000	\$ 0.09

At September 30, 2023, options were outstanding enabling holders to acquire common shares as follows:

Number of Options	Exercise Price	Expiry Date
3,945,000	\$ 0.065	May 31, 2024
6,655,000	\$ 0.12	November 4, 2026
<u>5,091,000</u>	\$ 0.075	February 9, 2028
<u>15,691,000</u>		

During the period ended September 30, 2023, the Company recognized a total of \$255,002 (2022 - \$439,395) in share-based compensation for the options vested during the period.

**INTERNATIONAL LITHIUM CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

**12. SHARE CAPITAL AND EQUITY RESERVES (cont'd...)**

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the year:

	2023	2022
Risk-free interest rate	3.07%	-
Expected life of options in years	5	-
Expected annualized volatility	93.31%	-
Dividend yield	Nil	-

**13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The significant non-cash financing and investing activities during the period ended September 30, 2023 consisted of:

- Exploration and evaluation expenditures of \$28,051 in accounts payable.
- Shares issued pursuant to property option agreements of \$7,500.

The significant non-cash financing and investing activities during the period ended September 30, 2022 consisted of:

- Marketable securities valued at \$1,536,885 received for the sale of the exploration and evaluation asset.
- Accrued directors and consulting fees of \$95,000 settled against subscriptions for warrant exercise.
- Loans payable of \$359,986 and accrued interest of \$10,786 settled against subscriptions for warrants exercise.
- Exploration and evaluation expenditures of \$140,730 in accounts payable.
- Shares issued pursuant to property option agreements of \$10,000.

**14. SEGMENT INFORMATION**

The Company operates in one business segment which is the exploration of mineral properties. The geographic distribution of exploration and evaluation assets is disclosed in Notes 7 and 8.

**15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****Financial instruments**

Financial assets and liabilities measured at fair value are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is 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).

The Company's cash and marketable securities are classified as level 1. The fair value of loan receivable and accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of the financial instruments.

**Risk management**

In the mining industry there is always a risk over contractual interpretation of royalty rights and obligations, and it is possible that the Company's interpretation of its rights and obligations could be different from other parties' interpretation of them. The Company is exposed to varying degrees of financial instrument related risks:

**INTERNATIONAL LITHIUM CORP.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

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**15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

**Risk management (cont'd...)**

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and loan receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The loan advanced to a director is approved by the remuneration and audit committees of the board. The Company considers that credit risk with respect to the receivables (*Note 3*) and loans receivable (*Note 4*) is minimal.

*Liquidity risk*

Liquidity risk, in particular funding risk, has historically been seen by the Board as a key risk issue. Liquidity risk is the risk that the Company will not have sufficient liquidity to be able to meet its obligations associated with its financial liabilities. The Company currently has appreciable cash resources and no borrowings outstanding, so does not consider this a major risk at present. The Company will in the medium term endeavor to raise funds from equity or debt financings, sales of mineral assets and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing and asset disposal activities.

*Market risk*

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's policy is to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value. The Company has no interest-bearing liabilities with variable interest rate.

b) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly lithium. The lithium price has seen considerable volatility over the past two years. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company, especially as an input into economic decisions on whether to invest further in projects. As time goes on and if the Company's lithium resources become reserves and are closer to production, the company may wish to introduce hedging programmes to mitigate its price risk. Quite sophisticated hedging programmes are possible for much more heavily traded commodities such as copper, iron or gold, but there is less liquidity at present in lithium markets, and there may be practical issues for some time with executing such hedging programmes.

c) Foreign currency risk

The Company's operations are in Canada and Ireland. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The Company's operating expenses are incurred primarily in Canadian dollars. Exploration programs are in Canadian dollars. Activity in associates occurs in Ireland and is denominated in the Euro. The Company compensates certain consultants and directors in US dollars, Swiss francs, and British pounds. A portion of the Company's cash is reserved in US dollars and marketable securities are denominated in Australian dollars. Consequently, the Company's investments and expenditures are subject to currency transaction risk and currency translation risk. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. A 10% change in foreign exchange rates would increase/decrease loss for the period by approximately \$326,000.

**INTERNATIONAL LITHIUM CORP.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

September 30, 2023

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**16. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

**17. SUBSEQUENT EVENTS**

- The Company continued to make progress towards delivering a Preliminary Economic Assessment on Zone 1 of the Raleigh Lake property, expected to be published very shortly.
- On October 24, 2023, the Company announce a non-brokered private placement (the "Offering") of up to 40,000,000 units (each, a "Unit") at \$0.05 per Unit to raise gross proceeds of up to \$2,000,000. Each Unit will be comprised of one common share and one-half of one share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to acquire one additional common share at an exercise price of \$0.10 per common share for a period of three years from the date of issue. Proceeds of the private placement will be used for exploration on the Company's Raleigh Lake Project in Ontario and other projects and for general corporate and administrative costs. The private placement has not closed as of the date of the financial statements' approval.