FMS Lithium Corporation

Annual Report

For the period from 7 March 2021 (date of incorporation) to 31 December 2021

Contents

General Information

The financial statements cover FMS Lithium Corporation as an individual entity. The financial statements are presented in US dollars, which is FMS Lithium Corporation's functional and presentation currency.

FMS Lithium Corporation is a company limited by shares, incorporated and domiciled in the United States of America.

Corporate Directory

Directors
Shanthar Pathmanathan
Edward Max Baker
Frederick Peter Forni

Company Secretary
Joseph P. Galda

Registered office
Suite 210,
241 Ridge Street
Reno, NV 89501

Auditor
Moore Australia Audit (WA)
Level 15, Exchange Tower,
2 The Esplanade,
Perth, WA 6000

Directors' Report

The directors present their report, together with the financial statements of FMS Lithium Corporation (**the Company**), for the period 7 March 2021 to 31 December 2021 and the auditor's report thereon. All dollar amounts are United States' dollars unless specifically noted otherwise.

1. DIRECTORS

The names of directors who held office during the period from the incorporation date on 7 March 2021 to the date of this report are set out below. The directors were in office for this entire period unless otherwise stated.

Name	Status	Appointed	Resigned/Ceased
Shanthar Pathmanathan	President, Treasurer and Director	7 March 2021	-
Edward Max Baker	Director	7 March 2021	-
Frederick Peter Forni	Director	2 March 2022	-

President, Treasurer & Director	Shanthar Pathmanathan
Qualifications	Bachelor of Laws – University of Western Australia
Experience	Mr Pathmanathan was most recently the CEO and Managing Director of Lithium Consolidated Ltd, an ASX-listed company, which had one of the largest portfolios of Hardrock lithium exploration assets, globally. Mr Pathmanathan also has 14 years of investment banking experience in the metals and mining, oil and gas and chemicals sectors. He was with Deutsche Bank's investment banking division and prior to that he has held investment banking and principal investment roles with the Macquarie Group's investment banking division in Australia and New York.
Director	Edwards Max Baker
Qualifications	Ph.D Geology
Experience	Dr Baker is a PhD Geologist and a fellow of AusIMM. Dr Baker has over 40 years of experience and has made several discoveries. Dr Baker previously acted as Chief Geologist for Rennison Goldfields, Inc., Newcrest Mining Limited and Mount Isa Mines, as well as VP Exploration at several mining companies. Dr Baker is currently a VP Exploration at New York Stock Exchange listed Integra Development Corp. (NYSE: ITGR).
Director	Frederick Peter Forni
Qualifications	B.A in Economics from Connecticut College, J.D., awarded cum laude, from Georgetown University Law Center and an LL.M. in taxation from New York University Law School
Experience	Mr Forni was a senior finance professional with Macquarie Holdings (USA) Inc., a US affiliate of Macquarie Group Limited from October 1997 to October 2012 (and a Senior Managing Director from and after July 2004) where he was involved in (i) developing, marketing, executing and managing structured and conventional financial products transactions for the Macquarie Group, including the establishment of an NYSE listed USD 425m closed-end fund (Macquarie Global Infrastructure Fund; ticker: MGU) and the formation and management of specialized investment portfolios of CLO and CMBS securities aggregating in excess of USD 1 billion and (ii) structuring principal and advisory transactions principally from an income taxation perspective. Mr Forni acted as a non-executive director for numerous Macquarie Group entities, including an investment adviser under the Investment Company Act of 1940 and a fund incubation joint venture with M.D. Sass. From 1995 to 1997 Mr Forni was employed as a tax associate with Morgan, Lewis & Bockius LLP. Mr Forni held Series 24, Series 7 and Series 63 FINRA licenses and is admitted to practice law in both New York and Connecticut.

2. COMPANY SECRETARY

The names of persons who held the position of Company Secretary at any time during the period from the date of incorporation to the date of this report are set out below.

Name	Appointed	Resigned/Ceased
Shanthar Pathmanathan	7 March 2021	11 March 2021
Edward Max Baker	11 March 2021	20 July 2021
Joseph P. Galda	20 July 2021	-

Directors' Report

3. PRINCIPAL ACTIVITIES

The Company was established on 7 March 2021 for the primary purpose of acquiring, exploring and developing lithium deposits.

4. DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or declared during the financial period.

5. REVIEW OF OPERATIONS

Review of operations and activities

The Company owns the Resurgent Lithium Project which comprises 1,412 claims located in the McDermitt Caldera in the states of Oregon and Nevada, USA. The McDermitt Caldera is considered the largest and highest-grade lithium play in North America and hosts the two largest known lithium resources in the USA: the Thacker Pass project owned by Lithium Americas Corporation and the McDermitt Lithium project owned by Jindalee Resources Ltd. Clay-hosted lithium mineralisation is in the lake sediments deposited within the closed-basin caldera which serves as an ideal geological host for trapping and enriching the lithium mineralisation. The source for the lithium, the McDermitt Tuff, contained very high-grade pre-eruptive lithium content, as measured via melt-inclusion analysis at 1,646 +/- 194 ppm Li.

Subscriptions and Convertible Notes

On 18 June 2021, the Company entered into a subscription agreement with Chariot Corporation Ltd (**Chariot**) under which the Company issued 800 shares of common stock at an issue price of $800 per share, representing proceeds to the Company of $640,000.

Subsequent to shareholder approval received at Chariot's General meeting on 11 October 2021, the Company issued 725 shares of common stock at an issue price of $800, representing proceeds to the Company of $580,000 of which $120,000 was received by the Company subsequent to the financial year end.

During the months of August and September, the Company issued seven convertible notes to various investors. The convertible notes were unsecured, had a term of two months and paid an amount of interest equal to 20% of their principal amount.

Two of the notes were denominated in United States' dollars with an aggregate principal amount of $40,000. Neither of these notes were converted into shares of the Company and were repaid in cash.

The remaining five notes were denominated in Australian dollars with an aggregate principal amount of AUD226,000. Principal and interest on these notes was convertible into shares of the Company's common stock at a conversion price of AUD1,000 per share. In aggregate, AUD127,000 of principal and interest on the notes was converted into 127 shares of the Company's common stock and the balance of principal and interest was repaid by the Company in cash.

Financial Review

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Company incurred a loss for the year of $1,236,467 and had net assets of $159,709 as of 31 December 2021. The loss for the current year is consistent with the principal activities of the Company as it had no revenue-generating activities during the 2021 financial year.

As of 31 December 2021, the Company had a cash and cash equivalents balance of $177,756 and the Company had working capital of $159,709.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial period, other than those described in the "Review of Operations" above and disclosed elsewhere in this report.

7. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company will continue to pursue its principal activities of acquiring, exploring for and developing lithium deposits. The Company will also continue to leverage off the experience of its directors to evaluate and assess other business opportunities in respect of assets it has acquired and in the U.S. resources sector generally.

Information on other likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

8. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subscriptions and Convertible Notes

On 7 February 2022, the Company issued 25 additional shares of common stock to Chariot at an issue price of $800 per share under a subscription agreement entered into on 11 October 2021, representing total proceeds to the Company of $20,000.

On 11 February 2022, the Company entered into a subscription agreement with Chariot pursuant to which the Company issued 375 shares of common stock at an issue price of $800 per share, representing total proceeds to the Company of $300,000.

On 15 May 2022, the Company entered into a subscription agreement with Chariot pursuant to which the Company issued 125 shares of common stock to Chariot at an issue price of $800 per share, representing total proceeds to the Company of $100,000.

On 18 May 2022, pursuant to a convertible note agreement entered into by the Company and M. Haroon Rashid, the Company issued a convertible note with a term of three months to Mr. Rashid for the sum of $25,000 and agreed to pay Mr. Rashid an amount of interest equal to 10% of the proceeds ($2,500) at the expiry of the term along with the repayment of the principal ($25,000). Under the terms of the convertible note agreement, the principal and interest were convertible into shares of the Company's common stock at a conversion price of $1,000 per share. The total of $27,000 was fully converted into shares of common stock at maturity and remaining $500 to be paid in cash.

On 27 July 2022, pursuant to a convertible note agreement entered into between Mr. Jasveer Singh Jessy and the Company, the Company issued a convertible note to Mr. Jessy with a term of three months for the sum of AUD$750,000 (equivalent to US$517,000) and agreed to pay Mr. Jessy an amount of interest equal to 15.77% of the proceeds (AUD118,275 equivalent to US$82,000) at the expiry of the term along with the repayment of the principal. Under the terms of the convertible note agreement, the principal and interest were convertible into shares of the Company's common stock at a conversion price of $1,600 per share of common stock. In September 2022, the Company and Mr. Jessy agreed to extend the maturity date to 12 October 2022 and in exchange for agreeing to extend the maturity Mr. Jessy the interest payable to him at maturity would be increased to AUD 138,363 (equivalent to US$89,000). Mr. Jessy elected to convert the interest due under the loan into shares of common stock but opted to receive repayment of the principal in cash. Mr. Jessy received the return of the principal at the expiry of the extension, but the issuance of the shares to Mr. Jessy remains pending as of the date of this report.

On 18 August 2022, pursuant to a convertible note agreement entered into between the Company and PSNHO Pty Ltd, the Company issued a convertible note to PSNHO Pty Ltd with a term of three months for the sum of $50,000 and agreed to pay PSNHO Pty Ltd an amount of interest equal to 10% of the proceeds ($5,000) at the expiry of the term along with the repayment of the principal ($50,000). Under the terms of the convertible note agreement, the principal and interest are convertible into shares of the Company's common stock at a conversion price of $1,000 per share of common stock.

On 5 October 2022, pursuant to a convertible note agreement entered into by the Company and IDEVELOP WA Pty Ltd, the Company issued a convertible note to IDEVELOP WA Pty Ltd with a term of three months for the sum of $100,000 and agreed to pay an amount of interest equal to 15% of the proceeds ($15,000) at the expiry of the term along with the repayment of the principal ($100,000). Under the terms of the convertible note agreement, the principal and interest are convertible into shares of the Company's common stock at a conversion price of $1,600 per share of common stock.

Incorporation of subsidiaries

Lithic Lithium LLC and Mustang Lithium LLC, wholly-owned subsidiaries of the Company, were established under the laws of the state of Delaware, USA on 21 April 2022. Lithic Lithium LLC and Mustang Lithium LLC have no directors or officers.

Horizon Lithium LLC was established under the laws of the state of Delaware, USA as a wholly-owned subsidiary of the Company on 21 April 2022. Horizon Lithium LLC owns 839 mineral claims which were transferred by the Company to Horizon Lithium LLC by a deed dated 6 September 2022 in exchange for $10. Horizon Lithium LLC has no directors or officers.

Halo Lithium LLC was established under the laws the state of Delaware, USA on 21 April 2022 as a wholly-owned subsidiary of the Company. Halo Lithium LLC owns 98 mineral claims which were transferred by the Company to Halo Lithium LLC by a deed dated 26 July 2022 in exchange for $10. Halo Lithium LLC has no directors or officers.

Disposal of Certain Lithium Properties

On 5 August 2022 Halo Lithium LLC entered into a Property Option Agreement with Clear Sky Lithium Corp. ("Clear Sky"), granting Clear Sky the right to acquire all of Halo Lithium LLC's mineral claims in consideration for completing a series of cash payments of $1.07 million and issuing 3,615,269 payment shares to Halo Lithium LLC, subject to the reservation of a 1.0% net smelter royalty.

8. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

On 27 September 2022 Horizon Lithium LLC entered into a Property Option Agreement with Pan American Energy Corp. ("Pan American"), granting Pan American the right to acquire a 100% interest in Horizon Lithium LLC's mineral claims in consideration for completing a series of cash payments totalling $1 million and common share issuances of $9 million. Horizon Lithium LLC may receive additional common share issuances of $5 million upon Pan American achieving certain exploration milestones.

Other than the matters discussed above, no matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operation of the Company, the result of those operations or the state of affairs of the Company in the future financial years.

9. INDEMNIFYING OFFICERS AND AUDITOR

Indemnification

The Company's Articles of Incorporation include indemnities in favour of persons who are or who have been officers of the Company as that term is defined below. To the extent permitted by law, the Company indemnities every person who has been an officer against:

- Any liability to any person (other than to the Company or related parties) incurred while acting in their official capacity and in good faith.
- Costs and expenses incurred by the Officer in successfully defending legal proceedings and ancillary matters.

For this purpose, "officer" means any director or secretary of the Company. The Company has given indemnities by deed of indemnification in favour of certain such officers in respect of liabilities incurred by them whilst acting as an officer of the Company. No claims under the above-mentioned indemnities have been made against the Company during or since the end of the financial period.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their provision of audit services.

Insurance Premium

During the financial period, the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting on behalf of the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against, and the premium paid, cannot be disclosed.

10. ENVIRONMENTAL REGULATIONS

The Company's operations are subject to the environmental risk inherent in the mining industry. The Company aims to comply with the regulatory requirements in each jurisdiction in which it operates. There have been no known material breaches of any such regulatory requirements.

11. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

12. AUDITOR

Moore Australia Audit (WA) was appointed to the office as the Company's independent auditor.

Each of the directors who were members of the Board at the time of approving this report confirms that:

- To the best of his knowledge and belief, there is no information relevant to the preparation of their report of which Moore Australia Audit (WA) is unaware; and
- He has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditor is aware of that information.

Directors' Report

This report is made in accordance with a resolution of the board of directors.

On behalf of the directors

Shanthar Pathmanathan
Director
14 day of November 2022

Moore Australia Audit (WA)

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AUDITOR'S INDEPENDENCE DECLARATION UNDER APES 110 CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS TO THE DIRECTORS OF FMS LITHIUM CORPORATION

I declare that, to the best of my knowledge and belief, during the financial period from 07 March 2021 (date of incorporation) to 31 December 2021, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Neil Pace

Moore Australia

NEIL PACE
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 14th day of November 2022.

Statement of Profit or Loss and Other Comprehensive Income

For the period from 7 March 2021 (date of incorporation) to 31 December 2021

	Note	7 March 2021 to 31 December 2021 US$
Accounting and company secretary fees		(3,813)
Audit fees	3	(3,644)
Director management fees and bonus		(44,000)
Exploration expenses		(1,010,717)
Legal and consulting fees		(125,768)
Other expenses		(8,240)
Finance costs		(40,285)
(Loss) before income tax		(1,236,467)
Income tax expense	2	-
(Loss) for the period after income tax		(1,236,467)
Total comprehensive loss for the period		(1,236,467)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes that form part of these financial statements.

Statement of Financial Position

As at 31 December 2021

	Note	7 March 2021 to 31 December 2021 US$
CURRENT ASSETS		
Cash and cash equivalent	4	177,756
Trade and other receivables	5	119,886
Other assets		2,500
TOTAL CURRENT ASSETS		**300,142**
TOTAL ASSETS		**300,142**
CURRENT LIABILITIES		
Trade and other payables	6	140,433
TOTAL CURRENT LIABILITIES		**140,433**
TOTAL LIABILITIES		**140,433**
NET ASSETS		**159,709**
EQUITY		
Issued capital	7	1,396,176
Accumulated losses		(1,236,467)
TOTAL EQUITY		**159,709**

The above statement financial position should be read in conjunction with the accompanying notes that form part of these financial statements.

Statement of Changes in Equity

For the period from 7 March 2021 (date of incorporation) to 31 December 2021

	Issued Capital	Share based payment reserve	Accumulated Losses	Total
	US$	US$	US$	US$
Balance at 7 March 2021				
Loss for the period	-	-	(1,236,467)	(1,236,467)
Other Comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(1,236,467)	(1,236,467)
Transactions with owners, recognised directly in equity				
Issue of common stocks	1,305,319	-	-	1,305,319
Conversion of convertible notes	90,857	-	-	90,857
Balance at 31 December 2021	**1,396,176**	**-**	**(1,236,467)**	**159,709**

The above statement of changes in equity should be read in conjunction with the accompanying notes that form part of these financial statements.

Statement of Cash Flows

For the period from 7 March 2021 (date of incorporation) to 31 December 2021

	Note	7 March 2021 to 31 December 2021 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers		(21,180)
Payments for staff costs		(144,590)
Payments for exploration expenses		(885,838)
Net cash used in operating activities	4	**(1,051,608)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of common stocks		1,185,433
Proceeds from convertible note		201,429
Repayments of convertible note loans and interest		(157,498)
Net cash provided by financing activities		**1,229,364**
Net increase in cash and cash equivalents		177,756
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	4	**177,756**

The above statement of cash flows should be read in conjunction with the accompanying notes that form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2021

These financial statements cover FMS Lithium Corporation (**the Company**). The Company is a company limited by shares, incorporated and domiciled in the United States of America (USA). The Company is a for-profit entity. The Company's financial statements are presented in US dollars, which is also the Company's functional currency.

The Company owns the Resurgent Lithium Project which comprises 1,412 claims located in Oregon and Nevada, USA.

The following is a summary of the material accounting policies adopted by the Company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards (**IFRS**) and interpretations issued by the IFRS Interpretations Committee, applicable to companies reporting under IFRS, as appropriate for profit-oriented entity.

Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Historical cost convention

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Going Concern

At balance date, the company reported a net loss of $1,236,467 and has net equity of $159,709.

The financial statements have been prepared on the basis of going concern which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company continues to incur operating losses, experiencing net cash outflows from operating activities, and has limited financial resources, and has no assurances that sufficient funding, including adequate financing, will be available to enable it to continue its operations. These material uncertainties may cast a significant doubt on the validity of the going concern assumption.

The Company's ability to continue as a going concern is dependent upon its ability to obtain funding or financing necessary, from either shareholders or new investors, so as to continue operations. If the going concern assumption was to no longer be appropriate then adjustments may be necessary to the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications adopted in this financial report.

b) New or amended Accounting Standards and Interpretations adopted

The Company has adopted all the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board (**IASB**) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

c) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustments recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Income tax (Continued)

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

e) Cash and Cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

f) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

g) Exploration and evaluation expenditure

Accounting for exploration and evaluation expenditure is assessed separately for each area of interest. Each area of interest is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

The Company has adopted the 'successful efforts' method of accounting whereby only those costs that lead directly to the discovery, acquisition, or development of specific discrete mineral reserves within an area of interest are capitalised. Costs that are known to fail to meet this criterion (at the time of occurrence) are generally expensed to profit or loss in the period they are incurred.

License costs paid in connection with a right to explore an existing area of interest are capitalised and reviewed at each reporting period to confirm that there is no indication that the carrying amount exceeds the recoverable amount.

Notes to the Financial Statements
For the year ended 31 December 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Exploration and evaluation expenditure (Continued)
Acquisition costs are carried forward where the right to explore an area of interest is current and they are expected to be recouped through the sale or successful development of an area of interest.

Exploration and evaluation expenditure is carried forward on the basis that the exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation, to the area of interest is continuing. The future recoverability of the carrying amount of capitalised exploration and evaluation expenditure is dependent on successful development and commercial exploitation or, alternatively, the sale of an area of interest.

h) Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

i) Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

j) Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

k) Segment Information
Identification of reportable segments
The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

In respect to the Company's current operations, the financial information presented to the chief operating decision maker is consistent with that presented in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

During the current period, the Company only having one segment being the exploration assessment of Resurgent Lithium Project. Accordingly, all significant operating disclosures are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

l) Foreign Currencies
The Company's financial statements are presented in US dollars, which is also the Company's functional currency. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Notes to the Financial Statements
For the year ended 31 December 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leaves not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

n) Issued capital

Common stocks are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

o) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Financial assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Fair value measurement (Continued)
Classification and initial measurement

Financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 *Revenue from Contracts with Customers*, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (**FVOCI**) comprise of equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments, and the Company considers this classification to be most relevant.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost using effective interest method. Interest expense is recognised in profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured based on the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

p) Critical accounting estimates, judgements and assumption
The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liabilities affected in future periods.

Key Judgement
Following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

COVID19
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information.

As the date of this report, the Company's operations have not been materially impacted by the COVID-19 crisis during the period from 7 March 2021 (date of incorporation) to 31 December 2021. The Company has taken action to minimise the risk that COVID19 presents and as a result of this action, the Company has continued to maintain its operations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Critical accounting estimates, judgements and assumption (Continued)

The challenges presented by COVID19 are fluid and continue to change. The Company will continue to assess and update the Company's response.

Key Estimates

Income Tax

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

NOTE 2: INCOME TAX	7 March 2021 to 31 December 2021 US$
Income tax expense	
Current tax	-
Deferred tax – origination and reversal of temporary differences	-
Aggregate income tax expense	**-**
Deferred tax included in income tax expense comprises:	
Increase in deferred tax assets	-
Increase in deferred tax liabilities	-
Deferred tax – origination and reversal of temporary differences	-
Numerical reconciliation of income tax expense and tax at the statutory rate	
(Loss) before income tax expense	(1,236,467)
Tax at the statutory tax rate of 21%	(259,658)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Entertainment expenses	50
Income tax benefit	(259,608)

NOTE 3: AUDITOR'S REMUNERATION	7 March 2021 to 31 December 2021 US$
Remuneration of the auditor of the Company Moore Australia Audit (WA) for:	
- Audit or review of the financial reports	3,644
	3,644

Notes to the Financial Statements

For the year ended 31 December 2021

NOTE 4: CASH AND CASH EQUIVALENTS	7 March 2021 to 31 December 2021 US$
Cash at bank	177,756
Total cash and cash equivalents in the statement of cash flows	177,756
CASH FLOW INFORMATION	
Loss after income tax	(1,236,467)
Non-cash flows in loss after income tax	
Foreign exchange gain	6,641
Borrowing Cost	40,285
Changes in assets and liabilities	
Increase in current assets	(2,500)
Increase in payables	140,433
Cash flows used in operating activities	**(1,051,608)**

Credit Standby Facilities

There were no credit facilities offered by a related party.

NOTE 5: TRADE AND OTHER RECEIVABLES	7 March 2021 to 31 December 2021 US$
CURRENT	
Other receivables	119,886
	119,886

All amounts are short-term and related to funds yet to receive for common stocks issued. The carrying values of trade receivables are considered to approximate fair value.

NOTE 6: TRADE AND OTHER PAYABLES	7 March 2021 to 31 December 2021 US$
CURRENT	
Trade payables	136,789
Other payables	3,644
	140,433

All amounts are short-term. The carrying values of trade payables and other payables are considered to approximate fair value.

Notes to the Financial Statements

For the year ended 31 December 2021

NOTE 7: ISSUED CAPITAL	7 March 2021 to 31 December 2021 US$
(a) Share Capital	
11,502 fully paid common stock and 150 unpaid common stock	**1,396,176**

(b) Movements in common stock	**Date**	**Number**	**US$**
Balance at the beginning of the reporting period	**7 March 2021**	-	-
Issues of common stock	15 April 2021	10,000	85,319
Issues of common stock	8 June 2021	800	640,000
Issues of common Stock	27 December 2021	575	460,000
Issues of unpaid common stock	27 December 2021	150	120,000
Issues of common stock from conversion of convertible notes	27 December 2021	127	90,857
Balance at the end of the reporting period	**31 December 2021**	**11,652**	**1,396,176**

Common Stock

Common stock entitles the holder to participate in liquidating and non-liquidating distributions made by the Company and to vote on matters determined by the shareholders of the Company. The fully paid shares of common stock have a par value of $0.001.

Capital Management

Due to the nature of the Company's activities, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet due diligence programs and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

NOTE 8: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The financial information presented to the chief operating decision maker is consistent with that presented in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

NOTE 9: CONVERTIBLE NOTES	7 March 2021 to 31 December 2021 US$
Opening Balance	
Issue of convertible notes at face value	201,429
Interest	40,286
Repayment of convertible notes	(157,498)
Foreign currency exchange	6,640
Conversion to equity	(90,857)
Closing Balance	-

NOTE 9: CONVERTIBLE NOTES (CONTINUED)

During the reporting period, the Company issued 127 shares of common stock for an issue price of AUD1,000 (equivalent to US$714) per share to the convertible noteholders.

The terms the convertible notes were as follows:

- The convertible notes were unsecured, had a term of two months and paid an amount of interest equal to 20% of their principal amount
- The principal and interest were convertible into common stock in whole or in part at the election of the noteholder at a conversion price at any time before the redemption date.
- Only the AUD denominated convertible notes were converted into common stock and the conversion price of these notes was AUD1,000 (equivalent to US$714) per share of common stock.

As of 31 December 2021, there were no outstanding convertible notes. All convertible notes and interest have been repaid in full or converted into shares of common stock.

NOTE 10: FINANCIAL INSTRUMENTS

Financial Risk Management Policies
Other than investments held at a fair value, the Company's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables and borrowings.

The main purpose of non-derivative financial instruments is to raise finance for the Company's operations. The Company does not speculate in the trading of derivative instruments.

Specific Financial Risk Exposures and Management

The main risk the Company is exposed to through its financial instruments are market risk (including fair value and interest rate risk) and cash flow interest rate risk, credit risk, liquidity risk and foreign currency risk. The Company has determined that its exposure to commodity price risk would not have a material impact on its operating results.

(a) Credit Risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk exposures
The maximum exposure to credit risk is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Company in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	7 March 2021 to 31 December 2021 US$
Cash and cash equivalents – AA Rated	177,756
	177,756

NOTE 10: FINANCIAL INSTRUMENTS (Continued)

(b) Interest rate risk

From time to time the Company has significant interest-bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Company's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is limited to the cash and cash equivalents balances. The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is below:

2021	Floating interest rate US$	Fixed interest rate maturing in: 1 year or less US$	Non-interest Bearing US$	Total US$	Weighted average effective interest rate
Financial Assets					
Cash and Cash equivalents	177,756	-	-	177,756	0.00%
Other receivables	-	-	119,886	119,886	-
Total financial assets	177,756	-	119,886	297,642	
Financial Liabilities					
Trade and other payables	-	-	(140,433)	(140,433)	-
Convertible note	-	-	-	-	20%
Total financial liabilities	-	-	(140,433)	(140,433)	

(c) Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The financial liabilities of the Company are confined to trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are gross and undiscounted and include contractual interest payments.

2021	Interest rate	Less than 12 months $	1-2 years $	2-5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount assets/ (liabilities) $
Financial liabilities at amortised cost							
Trade and other payables	-	(140,433)	-	-	-	(140,433)	(140,433)
Convertible note	20%	(201,429)				(157,498)	-
		(341,862)				(297,931)	(140,433)

(d) Financial arrangements

The Company has no other financial arrangements in place.

Notes to the Financial Statements
For the year ended 31 December 2021

NOTE 11: RELATED PARTY TRANSACTIONS

Loans to KMP and their related parties
There were no loans to KMP during the financial period.

Other transactions and balances with KMP and their related parties
Chariot Corporation Ltd

Chariot Corporation was established on 19 November 2019, to advance and develop a portfolio of lithium exploration assets, with a focus on the United States of America, Africa and Western Australia.

Shanthar Pathmanathan, Jasveer Singh Jessy and Fredrick Peter Forni are directors of Chariot Corporation Ltd and Shanthar Pathmanathan is the sole director of Rosepoint Holdings Pty Ltd. Chariot Corporation Ltd has a 12% interest in the common stock of FMS Lithium. Rosepoint Holdings Pty Ltd has a 43% in the common stock of FMS Lithium. Rosepoint Holdings Pty Ltd is controlled by Shanthar Pathmanathan and Jasveer Singh Jessy.

Bonus and Management Fees
During the financial period, the following fees were paid to the directors and shareholder in consideration for their services.

Director	Management fees	Bonus	Total
Shanthar Pathmanathan	$11,000	$15,000	$26,000
Edward Max Baker	$3,000	$15,000	$18,000

Shareholder	Consultant fees	Bonus	Total
Foster Wilson	$95,000	$15,000	$110,000

Convertible Notes issued by the Company to KMP and their Related Parties

During the financial period, the following convertible notes were issued by the Company for working capital purposes:

Director	Loan Amount	Interest
Edward Max Baker	$20,000	The convertible notes were unsecured, had a term of two months and paid an amount of interest equal to 20% of their principal amount. The principal and interest were fully repaid in cash during the period.

NOTE 12: COMMITMENTS

There are no commitments at the end of the reporting period.

NOTE 13: CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the reporting period.

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

On 7 February 2022, the Company issued 25 additional shares of common stock to Chariot at an issue price of $800 per share under a subscription agreement entered into on 11 October 2021, representing total proceeds to the Company of $20,000.

On 11 February 2022, the Company entered into a subscription agreement with Chariot pursuant to which the Company issued 375 shares of common stock at an issue price of $800 per share, representing total proceeds to the Company of $300,000.

On 15 May 2022, the Company entered into a subscription agreement with Chariot pursuant to which the Company issued 125 shares of common stock to Chariot at an issue price of $800 per share, representing total proceeds to the Company of $100,000.

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

On 18 May 2022, pursuant to a convertible note agreement entered into by the Company and M. Haroon Rashid, the Company issued a convertible note with a term of three months to Mr. Rashid for the sum of $25,000 and agreed to pay Mr. Rashid an amount of interest equal to 10% of the proceeds ($2,500) at the expiry of the term along with the repayment of the principal ($25,000). Under the terms of the convertible note agreement, the principal and interest were convertible into shares of the Company's common stock at a conversion price of $1,000 per share. The total of $27,000 was fully converted into shares of common stock at maturity and remaining $500 to be paid in cash.

On 27 July 2022, pursuant to a convertible note agreement entered into between Mr. Jasveer Singh Jessy and the Company, the Company issued a convertible note to Mr. Jessy with a term of three months for the sum of AUD$750,000 (equivalent to US$517,000) and agreed to pay Mr. Jessy an amount of interest equal to 15.77% of the proceeds (AUD118,275 equivalent to US$82,000) at the expiry of the term along with the repayment of the principal. Under the terms of the convertible note agreement, the principal and interest were convertible into shares of the Company's common stock at a conversion price of $1,600 per share of common stock. In September 2022, the Company and Mr. Jessy agreed to extend the maturity date to 12 October 2022 and in exchange for agreeing to extend the maturity Mr. Jessy the interest payable to him at maturity would be increased to AUD 138,363 (equivalent to US$89,000). Mr. Jessy elected to convert the interest due under the loan into shares of common stock but opted to receive repayment of the principal in cash. Mr. Jessy received the return of the principal at the expiry of the extension, but the issuance of the shares to Mr. Jessy remains pending as of the date of this report.

On 18 August 2022, pursuant to a convertible note agreement entered into between the Company and PSNHO Pty Ltd, the Company issued a convertible note to PSNHO Pty Ltd with a term of three months for the sum of $50,000 and agreed to pay PSNHO Pty Ltd an amount of interest equal to 10% of the proceeds ($5,000) at the expiry of the term along with the repayment of the principal ($50,000). Under the terms of the convertible note agreement, the principal and interest are convertible into shares of the Company's common stock at a conversion price of $1,000 per share of common stock.

On 5 October 2022, pursuant to a convertible note agreement entered into by the Company and IDEVELOP WA Pty Ltd, the Company issued a convertible note to IDEVELOP WA Pty Ltd with a term of three months for the sum of $100,000 and agreed to pay an amount of interest equal to 15% of the proceeds ($15,000) at the expiry of the term along with the repayment of the principal ($100,000). Under the terms of the convertible note agreement, the principal and interest are convertible into shares of the Company's common stock at a conversion price of $1,600 per share of common stock.

Incorporation of subsidiaries

Lithic Lithium LLC and Mustang Lithium LLC, wholly-owned subsidiaries of the Company, were established under the laws of the state of Delaware, USA on 21 April 2022. Lithic Lithium LLC and Mustang Lithium LLC have no directors or officers.

Horizon Lithium LLC was established under the laws of the state of Delaware, USA as a wholly-owned subsidiary of the Company on 21 April 2022. Horizon Lithium LLC owns 839 mineral claims which were transferred by the Company to Horizon Lithium LLC by a deed dated 6 September 2022 in exchange for $10. Horizon Lithium LLC has no directors or officers.

Halo Lithium LLC was established under the laws the state of Delaware, USA on 21 April 2022 as a wholly-owned subsidiary of the Company. Halo Lithium LLC owns 98 mineral claims which were transferred by the Company to Halo Lithium LLC by a deed dated 26 July 2022 in exchange for $10. Halo Lithium LLC has no directors or officers.

Disposal of Certain Lithium Properties

On 5 August 2022 Halo Lithium LLC entered into a Property Option Agreement with Clear Sky Lithium Corp. ("Clear Sky"), granting Clear Sky the right to acquire all of Halo Lithium LLC's mineral claims in consideration for completing a series of cash payments of $1.07 million and issuing 3,615,269 payment shares to Halo Lithium LLC, subject to the reservation of a 1.0% net smelter royalty.

On 27 September 2022 Horizon Lithium LLC entered into a Property Option Agreement with Pan American Energy Corp. ("Pan American"), granting Pan American the right to acquire a 100% interest in Horizon Lithium LLC's mineral claims in consideration for completing a series of cash payments totalling $1 million and common share issuances of $9 million. Horizon Lithium LLC may receive additional common share issuances of $5 million upon Pan American achieving certain exploration milestones.

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

Other than the matters discussed above, no matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operation of the Company, the result of those operations or the state of affairs of the Company in the future financial years.

Directors' Declaration

In accordance with a resolution of the directors of FMS Lithium Corporation, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 25, comply with International Financial Reporting Standards so as to present fairly the financial position of the Company as at 31 December 2021 and its performance as represented by the results of its operations, for the financial year ended on that date; and

2. In the directors 'opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the directors

____
Shanthar Pathmanathan
Dated this 14 day of November 2022

Moore Australia Audit (WA)

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FMS LITHIUM CORPORATION

Opinion

We have audited the financial report of FMS Lithium Corporation (the Company) which comprises the statement of financial position as at 31 December 2021, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 07 March 2021 (date of incorporation) to 31 December 2021, and notes to the financial report, including a summary of significant accounting policies and directors' declaration.

In our opinion the accompanying financial report of the Company, in material respects:

i. gives a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the period then ended; and

ii. complying with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

In addition, we draw attention to Note 1(a) of the financial report, which indicates that the Company is dependent upon its ability to obtain funding or financing necessary, from either shareholders or new investors, so as to continue operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our audit opinion is not modified in this regard.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FMS LITHIUM CORPORATION (CONTINUED)

Responsibility of the Directors for the Financial Report

in accordance with International Financial Reporting Standards as described in Note 1 of the financial report. The directors' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian 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 include the economic decisions of the users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 14th day of November 2022.