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## **American Lithium Corp.**

### **Condensed Interim Consolidated Financial Statements**

For the three months ended May 31, 2020 and 2019

(Expressed in Canadian Dollars)

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# American Lithium Corp.

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(Expressed in Canadian Dollars – Unaudited)

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### **NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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 Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# American Lithium Corp.

(Expressed in Canadian Dollars – unaudited)

## Condensed Interim Consolidated Statements of Financial Position

	May 31, 2020	February 29, 2020
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	954,704	804,628
Term deposit (Note 4)	25,137	25,061
Amounts receivable	21,284	12,953
Prepaid expenses and deposits	9,001	125,826
	<b>1,010,126</b>	<b>968,468</b>
<b>Non-current assets</b>		
Exploration and evaluation assets (Note 5)	606,613	606,613
Reclamation deposits (Note 6)	83,866	81,948
	<b>1,700,605</b>	<b>1,657,029</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	280,179	376,712
Notes payable (Note 8)	35,000	35,000
Due to related parties (Note 8)	364,337	239,603
	<b>679,516</b>	<b>651,315</b>
<b>EQUITY</b>	<b>44,780,589</b>	
Share capital (Note 10)	71,250	43,805,526
Equity reserves (Note 10)	1,843,553	2,018,333
Deficit	(45,674,303)	(44,818,145)
	<b>1,021,089</b>	<b>1,005,714</b>
	<b>1,700,605</b>	<b>1,657,029</b>

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

Approved on behalf of the Board of Directors on July 30, 2020:

/s/ Michael Kobler  
Michael Kobler, Director

/s/ Andrew Squires  
Andrew Squires, Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements

## American Lithium Corp.

(Expressed in Canadian Dollars – unaudited)

### Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

	For the three months ended	
	May 31,	
	2020	2019
	\$	\$
<b>Operating Expenses</b>		
Consulting fees	19,417	30,000
Exploration and evaluation expenditures	159,906	317,305
Filing and listing fees	4,545	5,295
Foreign exchange loss (gain)	10,251	(262)
General and administrative	18,317	17,415
Insurance	7,523	4,030
Management fees (Note 8)	147,881	99,130
Marketing	450,288	178,855
Professional fees	16,409	13,797
Registrar and transfer agent fees	7,925	6,369
Rent	12,000	10,233
Travel	1,696	36,491
<b>Net loss and comprehensive loss for the period</b>	<b>(856,158)</b>	<b>(718,658)</b>
<b>Basic and diluted loss per share</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>81,223,278</b>	<b>62,513,894</b>

The accompanying notes form an integral part of these condensed interim consolidated financial statements

# American Lithium Corp.

(Expressed in Canadian Dollars – unaudited)

## Condensed Interim Consolidated Statements of Cash Flows

	For the three months ended	
	May 31,	
	2020	2019
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(856,158)	(718,658)
Items not affecting cash:		
Foreign exchange	(1,918)	(1,778)
Accrued interest receivable	(76)	(127)
Changes in non-cash working capital items:		
Amounts receivable	(8,331)	14,538
Prepaid expenses and deposits	116,825	120,852
Accounts payable and accrued liabilities	(96,533)	(421,126)
Due to related parties	124,734	31,665
<b>Cash used in operating activities</b>	<b>(721,457)</b>	<b>(974,634)</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation asset expenditures	-	(27,674)
Reclamation bonds	-	(3,381)
<b>Cash used in investing activities</b>	<b>-</b>	<b>(31,055)</b>
<b>FINANCING ACTIVITIES</b>		
Stock options exercised	186,000	-
Warrants exercised	614,283	168,750
<b>Cash provided by financing activities</b>	<b>871,533</b>	<b>168,750</b>
<b>Change in cash during the period</b>	<b>150,076</b>	<b>(836,939)</b>
<b>Cash, beginning of period</b>	<b>804,628</b>	<b>1,040,477</b>
<b>Cash, end of period</b>	<b>954,704</b>	<b>203,538</b>

Supplementary cash flow disclosures (Note 13)

## American Lithium Corp.

(Expressed in Canadian Dollars – unaudited)

### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

	Number of shares	Share capital \$	Share subscriptions received \$	Reserves			Deficit \$	Total \$
				Warrants \$	Share Options \$	Total \$		
<b>Balance at February 28, 2019</b>	<b>62,155,742</b>	<b>41,190,052</b>	-	<b>567,765</b>	<b>1,375,500</b>	<b>1,943,265</b>	<b>(32,837,365)</b>	<b>10,295,952</b>
Warrants exercised	450,000	220,619	-	(51,869)	-	(51,869)	-	168,750
Loss for the period	-	-	-	-	-	-	(718,658)	(718,658)
<b>Balance at May 31, 2019</b>	<b>62,155,742</b>	<b>41,190,052</b>	-	<b>515,896</b>	<b>1,375,500</b>	<b>1,891,396</b>	<b>(33,556,023)</b>	<b>9,746,044</b>
Private placement	15,952,861	1,885,103	-	-	-	-	-	1,885,103
Share issue costs	-	(22,962)	-	-	-	-	-	(22,962)
Stock options granted	-	-	-	-	563,420	563,420	-	563,420
Warrants exercised	2,393,332	532,714	-	-	-	-	-	532,714
Warrants expired	-	-	-	(436,483)	-	(436,483)	488,352	51,869
Loss for the period	-	-	-	-	-	-	(11,750,474)	(11,750,474)
<b>Balance at February 29, 2020</b>	<b>80,951,935</b>	<b>43,805,526</b>	-	<b>79,413</b>	<b>1,938,920</b>	<b>2,018,333</b>	<b>(44,818,145)</b>	<b>1,005,714</b>
Subscriptions received	-	-	71,250	-	-	-	-	71,250
Stock options exercised	600,000	360,780	-	-	(174,780)	(174,780)	-	186,000
Warrants exercised	3,847,333	614,283	-	-	-	-	-	614,283
Loss for the period	-	-	-	-	-	-	(856,158)	(856,158)
<b>Balance at May 31, 2020</b>	<b>85,399,868</b>	<b>44,780,589</b>	<b>71,250</b>	<b>79,413</b>	<b>1,764,140</b>	<b>1,843,553</b>	<b>(45,674,303)</b>	<b>1,021,089</b>

The accompanying notes form an integral part of these condensed interim consolidated financial statements

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# American Lithium Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

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### 1. NATURE AND CONTINUANCE OF OPERATIONS

American Lithium Corp. (the “Company”) was incorporated in the Province of British Columbia. The Company is engaged in the business of identification, acquisition and exploration of mineral interests. The Company’s head office is located at 1507 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3, Canada, and registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, BC, V6C 3E8, Canada.

At the date of these condensed interim consolidated financial statements, the Company has not identified a known body of commercial grade minerals on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

A number of alternatives are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. In addition, management closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

As at May 31, 2020, the Company was in the process of exploring its principal mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

The Company incurred a loss of \$856,158 (May 31, 2019 - \$718,658) for the three months ended May 31, 2020. As at May 31, 2020, the Company had an accumulated deficit of \$45,674,303 (February 29, 2020 - \$44,818,145), which has been funded primarily by the issuance of equity. The Company’s ability to continue as a going concern and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors give rise to a material uncertainty which casts significant doubt about the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim consolidated financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company’s. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.



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# American Lithium Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

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### 2. BASIS OF PREPARATION

#### Statement of compliance

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

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. Therefore, it is recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended February 29, 2020.

#### Basis of presentation

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable.

#### Principles of consolidation

The condensed interim consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Name	Jurisdiction
1032701 B.C. Ltd.	British Columbia, Canada
1032701 Nevada Ltd.	Nevada, USA
1065604 B.C. Ltd.	British Columbia, Canada
1065604 Nevada Ltd.	Nevada, USA
1067323 B.C. Ltd.	British Columbia, Canada
1067323 Nevada Ltd.	Nevada, USA
1074654 B.C. Ltd.	British Columbia, Canada
1074654 Nevada Ltd.	Nevada, USA
1134989 B.C. Ltd.	British Columbia, Canada
1134989 Nevada Ltd.	Nevada, USA

All intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

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# American Lithium Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES

#### a) Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The more significant areas are as follows:

- the estimates and assumptions used in the share-based payments;
- the determination that the Company has no decommissioning liabilities; and
- the determination of recoverability on exploration and evaluation assets.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the assessment of the deferred income tax assets and liabilities are probable to be recovered from future income.

#### b) Exploration and evaluation assets

The cost of acquiring and maintaining the Company's interest in its exploration and evaluation assets are capitalized on a property-by-property basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately.

Exploration and evaluation costs are expensed as incurred. Costs directly related to the acquisition are capitalized once the legal rights to explore the exploration and evaluation assets are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

Management reviews the carrying value of capitalized exploration and evaluation assets at least annually. The review is based on the Company's intentions for development of an undeveloped property. If a project does not prove viable, all unrecoverable costs associated with the project net of any previous impairment provisions are written off. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped property. Amounts shown for exploration and evaluation assets, net of write-downs and recoveries, are not intended to represent present or future values.

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# American Lithium Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Exploration and evaluation assets (continued)

Title to exploration and evaluation assets 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 exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties are in good standing.

#### c) Functional currency

The majority of transactions are in Canadian dollars and therefore the reporting and functional currency of the Company and its subsidiaries is the Canadian dollar.

#### d) Financial instruments

##### Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Reclamation deposits are measured at amortized cost with subsequent impairments recognized in profit or loss and cash and term deposit are classified as FVTPL.

##### Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

# American Lithium Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Accounts payable, notes payable and due to related parties are classified as amortized cost.

As at February 29, 2020 and May 31, 2020, the Company did not have any derivative financial liabilities.

### 4. TERM DEPOSIT

The Company has a \$25,000 term deposit which earns interest at 1.20% per annum and matures on December 18, 2020. The term deposit has been assigned as security to the Bank of Nova Scotia. As at May 31, 2020, the Company accrued \$137 in interest receivable.

### 5. EXPLORATION AND EVALUATION ASSETS

	Colorado Property	Gap Lode Claim Block Property	TLC Property	Extinction Ridge Property	Total
	\$	\$	\$	\$	\$
Balance, February 28, 2019	4,880,309	4,191,357	276,524	238,615	9,586,805
Additions:					
Maintenance fees	-	-	78,956	12,518	91,474
Write-off	(4,880,309)	(4,191,357)	-	-	(9,071,666)
<b>Balance, February 29 and May 31, 2020</b>	<b>-</b>	<b>-</b>	<b>355,480</b>	<b>251,133</b>	<b>606,613</b>

#### Colorado Property - Nevada, USA

On May 24, 2016, the Company entered into an agreement to acquire all the outstanding share capital of 1067323 B.C. Ltd. ("1067323 BC"), a privately-held British Columbia based mineral exploration company, by issuing 1,200,000 common shares with a fair value of \$8,340,000. 1067323 BC has a wholly-owned subsidiary, 1067323 Nevada Ltd. For accounting purposes, this transaction was considered to be outside the scope of IFRS 3 *Business Combinations* since 1067323 BC was inactive prior to the transaction and was limited to the holding of the Colorado Property and accordingly did not constitute a business. The transaction was accounted for in accordance with IFRS 2 *Share-based Payment* whereby the Company was deemed to issue shares in exchange for the net assets of 1067323 BC together with its right to earn a 100% interest in mineral claims of the Colorado Property.

1067323 BC is a party to an earn-in option agreement with Colorado Exploration Inc. ("Colorado Optionor") to acquire a series of 193 placer and 44 lode claims, over 4,870 acres (1,971 hectares) in Fish Lake Valley, Nevada, USA (the "Colorado Property"). As at August 29, 2019, the Company decided not to extend the lease with the county's BLM. The Company wrote-off the related costs it had incurred resulting in a write-off of \$4,880,309 being recognized during the year ended February 29, 2020.

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## American Lithium Corp.

### Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

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#### 5. EXPLORATION AND EVALUATION ASSETS (continued)

##### Gap Lode Claim Block Property - Nevada, USA

On March 6, 2018, the Company entered into a share purchase agreement to acquire 100% of 1134989 B.C. Ltd. (“1134989 BC”), an arm’s length party to the Company, by issuing 12,000,000 common shares at a fair value of \$4,140,000. 1134989 BC has a wholly-owned subsidiary, 1134989 Nevada Ltd. (“1134989 Nevada”). For accounting purposes, this transaction was considered to be outside the scope of IFRS 3 *Business Combinations* since 1134989 BC was inactive prior to the transaction and was limited to the holding of the Gap Lode Claim Block properties and accordingly did not constitute a business. The transaction was accounted for in accordance with IFRS 2 *Share-based Payment* whereby the Company was deemed to issue shares in exchange for the net assets of 1134989 BC together with its right to earn an 100% interest in the mineral claims of the Gap Lode Claim Block Property. The Gap Lode Claim Block Property consists of a series of 54 unpatented lode claims located in Esmeralda County, Nevada, USA.

Prior to the above noted acquisition, 1134989 BC entered into a mineral property option agreement with David Mough to acquire a 100% undivided interest in the Gap Lode Claim Block Property. The required cash payment of \$13,295 (US\$10,000) was paid by 1134989 BC prior to the acquisition. During the year ended February 29, 2020, the Company decided not to proceed with the acquisition of the property, resulting in a write-off of \$4,191,357 being recognized.

##### Tonopah Claystone Claims (“TLC”) Property - Nevada, USA

On August 13, 2018, the Company finalized a purchase/royalty agreement with Nevada Alaska Mining Co., Inc. (“TLC Royalty Holder”), who has the claims and title to a series of unpatented lode mining claims located in Nye County, Nevada, USA (the “TLC Property”), subject to an overriding 2.5% gross royalty, of which 1.25% can be purchased within 3 years for \$1 million. Under the agreement, the terms of the purchase is outlined below:

	Common Shares	Cash
	#	US\$
On or before three business days following receipt of the approval of the TSX-V to the transaction (“TLC Closing Date”) (issued and paid)	250,000	50,000
Within 90 days of the TLC Closing Date (paid)	-	50,000
<b>Total</b>	<b>250,000</b>	<b>100,000</b>

In addition, if the Company calculates a mineral resource on the TLC Property exceeding 500,000 tons of Lithium Carbonate Equivalent (“LCE”) in all reserve categories, the Company will issue a bonus payment of 250,000 shares (issued subsequently) to TLC Royalty Holder. An additional 250,000 shares (issued subsequently) will be issued to TLC Royalty Holder if the calculation exceeds 1,500,000 tons of LCE on the TLC Property. As at November 21, 2018, the Company fulfilled its commitments and acquired a 100% undivided interest in the TLC property. During the year ended February 28, 2019, the Company issued 250,000 common shares at a fair value of \$130,000 and paid \$131,785 (US\$100,000) to TLC Royalty Holder.

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## American Lithium Corp.

### Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

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#### 5. EXPLORATION AND EVALUATION ASSETS (continued)

##### Extinction Ridge Property - Nevada, USA

On November 5, 2018, the Company finalized a purchase/royalty agreement with Nevada Alaska Mining Co., Inc. (“Extinction Ridge Royalty Holder”), who has the claims and title to a series of unpatented lode mining claims located in Eureka County, Nevada, USA (the “Extinction Ridge Property”), subject to an overriding 2% gross royalty, of which 1% can be purchased within 6 years for \$1 million. Under the agreement, the terms of the purchase is outlined below:

	<b>Common Shares</b>	<b>Cash</b>
	<b>#</b>	<b>US\$</b>
On or before five business days following receipt of the approval of the TSX-V to the transaction (“Extinction Ridge Closing Date”) (issued and paid)	250,000	50,000
Within 90 days of the Extinction Ridge Closing Date (paid)	-	50,000
<b>Total</b>	<b>250,000</b>	<b>100,000</b>

In addition, if the Company calculates a mineral resource on the Extinction Ridge Property exceeding 50,000,000 pounds of Vanadium Pentoxide (“V<sub>2</sub>O<sub>5</sub>”) in all reserve categories, the Company will issue a bonus payment of 250,000 shares to Extinction Ridge Royalty Holder. An additional 250,000 shares will be issued to Extinction Ridge Royalty Holder if the calculation exceeds 150,000,000 pounds of V<sub>2</sub>O<sub>5</sub> on the Extinction Ridge Property. As at February 4, 2019, the Company fulfilled its commitments and acquired a 100% undivided interest in the Extinction Ridge Property. During the year ended February 28, 2019, the Company issued 250,000 common shares at a fair value of \$107,500 and paid \$131,115 (US\$100,000) to Extinction Ridge Royalty Holder.

#### 6. RECLAMATION DEPOSITS

Reclamation deposits consist of a term deposit and bonds recorded at cost and held as security by the Provincial Government of British Columbia and the State of Nevada respectively, with regards to certain exploration properties described in Note 5.

#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<b>May 31, 2020</b>	<b>February 29, 2020</b>
	<b>\$</b>	<b>\$</b>
Accounts payable	<b>227,576</b>	307,053
Accrued liabilities	<b>52,603</b>	69,659
	<b>280,179</b>	376,712

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## American Lithium Corp.

### Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

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#### 8. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

	For the three months ended	
	May 31,	
	2020	2019
	\$	\$
Management fees	147,881	99,130

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All related party transactions are recorded at the amount agreed to by the Company and the related party. During the three months ended May 31, 2020, the Company entered into the following transactions with key management personnel:

- (a) Paid or accrued management fees of \$117,881 (May 31, 2019 – \$69,130) to the Chief Executive Officer of the Company (“CEO”) and to a company controlled by the CEO. As at May 31, 2020, notes payable includes a non-interest bearing demand loan of \$35,000 (February 29, 2020 - \$35,000) payable to the CEO of the Company. As at May 31, 2020, the Company owed \$206,805 (February 29, 2020 - \$100,717) to the CEO and a company controlled by the CEO for unpaid fees.
- (b) Paid or accrued management fees of \$30,000 (May 31, 2019 – \$30,000) to a director of the Company and a company controlled by the director. As at May 31, 2020, the Company owed \$157,532 (February 29, 2020 – \$138,885) to a company controlled by a director of the Company for unpaid fees and expense reimbursements.

#### 9. 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 of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. The Company includes the components of shareholders' equity in its management of capital.

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 to raise cash and obtain bridging loans from related parties. The Company's investment policy is to invest its cash in investment instruments in financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

There were no changes in the Company's management of capital during the three months ended May 31, 2020.

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# American Lithium Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

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### 10. SHARE CAPITAL

#### Authorized

Unlimited number of common shares, without par value.

#### Issued

*During the three months ended May 31, 2020:*

The Company issued 3,847,933 common shares in connection with the exercise of 3,847,933 warrants with a weighted average exercise price of \$0.16 for total proceeds of \$614,283. In addition, the Company also issued 600,000 common shares in connection with the exercise of 600,000 stock options with an exercise price of \$0.31 for total proceeds of \$186,000.

*During the year ended February 29, 2020:*

On September 30, 2019, the Company completed a private placement of 5,796,331 units at a price of \$0.15 per unit for gross proceeds of \$869,450. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant is exercisable to acquire one additional common share at an exercise price of \$0.25 per share for a period of two years.

On January 21, 2020, the Company completed a private placement of 10,156,530 units at a price of \$0.10 per unit for gross proceeds of \$1,015,653. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant is exercisable to acquire one additional common share at an exercise price of \$0.125 per share for a period of two years.

The Company issued 2,843,332 common shares in connection with the exercise of 2,843,332 warrants with a weighted average exercise price of \$0.265 for total proceeds of \$753,333.

#### Warrants

During the year ended February 29, 2020, the Company issued the following warrants:

- In connection with the September 2019 private placement, 5,796,331 warrants with an exercise price of \$0.25 per warrant.
- In connection with the January 2020 private placement, 10,156,530 warrants with an exercise price of \$0.125 per warrant.

In January 2020, the Company amended the terms of an aggregate of 21,411,430 outstanding warrants previously issued by the Company with an exercise price of \$0.375 and expiry date of February 1, 2020. Under the amendment, the term of these warrants will be extended by an additional twenty-four months such that they will be now exercisable until February 1, 2022.



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## American Lithium Corp.

### Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

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#### 10. SHARE CAPITAL (continued)

##### Warrants (continued)

Details of common share purchase warrants outstanding at May 31, 2020 are as follows:

Number of warrants	Exercise price	Remaining life	Expiry date
	\$	(years)	
130,000	0.50	0.30	September 15, 2020
5,978,705	0.75	0.32	September 20, 2020
2,846,666	0.25	1.34	September 30, 2021
7,064,930	0.125	1.65	January 21, 2021
21,211,430	0.375	1.68	February 1, 2022
<b>37,231,731</b>			

A summary of changes of warrants outstanding is as follows:

	Warrants	Weighted average exercise price
		\$
Balance, February 28, 2019	31,008,033	0.61
Issued	15,952,861	0.17
Exercised	(2,843,332)	0.26
Expired	(2,442,898)	1.88
Balance, February 29, 2020	41,674,664	0.39
Exercised	(3,847,933)	0.16
Expired	(595,000)	2.50
<b>Balance, May 31, 2020</b>	<b>37,231,731</b>	<b>0.38</b>

##### Stock Options

The Company has established a stock option plan for directors, employees, and consultants. Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the Discounted Market Price policies of the TSX Venture Exchange. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The aggregate number of options granted to any one optionee in a 12 month period is limited to 5% of the issued shares of the Company. The options vest on the date of grant.

On February 4, 2020, the Company issued 2,200,000 stock options to certain officers, directors, and employees of the Company at an exercise price of \$0.25. These options were granted for a period of five years and vest upon issuance. The estimated fair value, \$563,420, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 1.21%, forfeiture rate of 0%, no annual dividends, expected volatility of 124% and a market price of shares at grant date \$0.30.

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## American Lithium Corp.

### Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

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#### 10. SHARE CAPITAL (continued)

##### Stock Options (continued)

As at May 31, 2020, the following options were outstanding and exercisable:

Number of options	Exercise price	Remaining life	Expiry date
	\$	(years)	
2,800,000	0.31	2.70	February 9, 2023
1,200,000	0.35	3.08	June 29, 2023
2,200,000	0.25	4.69	February 4, 2025
<b>6,200,000</b>			

A summary of changes of stock options outstanding is as follows:

	Options	Weighted average exercise price
		\$
Balance, February 28, 2019	4,600,000	0.32
Granted	2,200,000	0.25
Balance, February 29, 2020	6,800,000	0.30
Exercised	(600,000)	0.31
<b>Balance, May 31, 2020</b>	<b>6,200,000</b>	<b>0.30</b>

#### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, term deposit, accounts payable, notes payable, and due to related parties. As at May 31, 2020, the Company classifies its cash and term deposit as fair value through profit and loss, its accounts payable, notes payable, and due to related parties at amortized cost. The fair values of these financial instruments approximate their carrying values because of their current nature.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash and term deposit is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. Accounts payable and accrued liabilities are classified under Level 3.

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# American Lithium Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

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### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company's financial instruments are exposed to the following risks:

#### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and term deposit. The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at May 31, 2020 relating to cash and term deposit of \$979,841. The cash and term deposit is held at a Canadian chartered bank and the Company considers the credit risk to be minimal.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. As at May 31, 2020, the Company had a cash balance of \$954,704 to settle liabilities of \$679,516. Liquidity risk is assessed as low.

#### Foreign Exchange Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable that are denominated in a foreign currency. As at May 31, 2020, the Company had a net liability of US\$34,618. A 10% fluctuation in the foreign exchange rate of the United States dollar against the Canadian dollar would affect the Company's cash and accounts payable and accrued liabilities by approximately \$4,800.

#### Interest Rate Risk

The Company has cash balances and term deposits with interest based on the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

#### Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of lithium. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

During the three months ended May 31, 2020, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

### 12. SEGMENTED INFORMATION

As of May 31, 2020, the Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. All of the Company's interests in mineral properties are located in Nevada, USA.

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## American Lithium Corp.

### Notes to Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

(Expressed in Canadian Dollars – unaudited)

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#### 13. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the three months ended May 31,	
	2020	2019
	\$	\$
<b>Supplemental cash-flow disclosure:</b>		
Interest	-	-
Income taxes	-	-
<b>Supplemental non-cash disclosure:</b>		
Reclassification of exercised stock options	<b>174,780</b>	-

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#### 14. SUBSEQUENT EVENTS

- a) Subsequent to May 31, 2020, the Company issued 24,182,822 common shares in connection with the exercise of 24,182,822 warrants for total proceeds of \$8,205,421. In addition, the Company also issued 1,660,000 common shares in connection with the exercise of 1,660,000 stock options for total proceeds of \$344,600.
- b) In June 2020, 500,000 common shares were issued to the TLC Royalty Holder in connection with the TLC Property purchase/royalty agreement, see Note 5 for details.
- c) In July 2020, the Company entered into a royalty buyback agreement with TLC Royalty Holder under which the Company will buyback (the "Buyback") one-and-one-half percent (1.5%) of the existing gross overriding royalty pertaining to the TLC Property. Under the terms of the Buyback, the Company paid cash of US\$150,000 and issued 843,750 common shares based upon a deemed exchange rate of \$1.35 for US\$1.00 and a deemed price of \$1.36 per share.
- d) In July 2020, the Company closed a share purchase agreement with the shareholders of 4286128 Nevada Corp. ("4286128 Nevada") whereby the Company purchased 100% of the outstanding shares of 4286128 Nevada for 4,000,000 common shares (issued) of the Company at a deemed price of \$1.36 per share. 4286128 Nevada holds the title to a series of lode mining claims totalling approximately 2,000 acres located in Nye County, Nevada, contiguous to and north and northwest of the TLC Property.
- e) In July 2020, the Company entered into a letter of intent ("LOI") to acquire a 100% interest in certain privately held lands and the accompanying 1,176 acre-feet of water rights. Pursuant to the LOI, the Company paid a deposit to an arm's length vendor of \$15,000, to allow for a due diligence period until August 31, 2020. On completion of satisfactory due diligence, the Company will complete a definitive purchase agreement wherein transfer of the property interest and the water rights will be finalized through payment of US\$1.3 million, over a four year period.