



IberAmerican Lithium

IberAmerican Lithium Corp.
Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three and nine months ended September 30, 2023

(Expressed in Canadian dollars)



IberAmerican Lithium

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of IberAmerican Lithium Corp. (the "Company" or "IberAmerican") for the three and nine months ended September 30, 2023 are the responsibility of the Company's management ("Management") and have been prepared by Management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these condensed interim consolidated financial statements (the "Financial Statements") in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using the accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for condensed consolidated interim financial statements.

IberAmerican Lithium Corp.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(expressed in Canadian dollars)

| As at | Notes | September 30, 2023 | December 31, 2022 |
|--|-----------|--------------------|-------------------|
| | | \$ | \$ |
| Assets | | | |
| Current assets: | | | |
| Cash | | 4,394,300 | 304,338 |
| Prepaid expenses | 7 | 830,707 | - |
| Other current assets | | 39,382 | 4,673 |
| Total current assets | | 5,264,389 | 309,011 |
| Non-current assets: | | | |
| Equipment | 8 | 74,080 | - |
| Total assets | | 5,338,469 | 309,011 |
| Liabilities and shareholders' equity (deficiency) | | | |
| Current liabilities: | | | |
| Trade and other payables | | 255,554 | 41,147 |
| Promissory note payable | 6 | - | 1,000,000 |
| Employee benefit obligations - Restricted stock unit liabilities | 11 (d) | 34,808 | - |
| Total current liabilities | | 290,362 | 1,041,147 |
| Total liabilities | | 290,362 | 1,041,147 |
| Shareholders' equity (deficiency): | | | |
| Share capital | 11 (a)(b) | 10,268,920 | 1,331,842 |
| Warrants | 11 (c) | 1,896,615 | - |
| Contributed surplus | 11 (d) | 28,051 | - |
| Accumulated deficit | | (7,145,479) | (2,065,279) |
| Total shareholders' deficiency attributable to equity holders of the Company | | 5,048,107 | (733,437) |
| Non-controlling interest | 6 | - | 1,301 |
| Total shareholders' equity (deficiency) | | 5,048,107 | (732,136) |
| Total liabilities and shareholders' equity (deficiency) | | 5,338,469 | 309,011 |

Nature of Business and Continuing Operations (Note 1)

Commitments and Contingencies (Note 15)

Authorized and approved on behalf of the Board of Directors:

"Eugene McBurney"
Director

"Robert Metcalfe"
Director

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

IberAmerican Lithium Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

(expressed in Canadian dollars)

| | | Three months ended September 30, 2023 | Nine months ended September 30, 2023 |
|---|---------------|--|---|
| Expenses | Notes | \$ | \$ |
| Exploration and evaluation expenses | 6, 10 and 9 | 184,398 | 242,258 |
| Salaries and expenses | | 175,377 | 175,377 |
| Stock-based compensation | 10 and 11 (d) | 62,859 | 62,859 |
| Directors fees | 10 | 47,500 | 47,500 |
| Professional services | | 536,719 | 905,471 |
| General and administrative expenses | | 14,787 | 31,900 |
| Insurance | | 38,403 | 43,630 |
| Regulatory and transfer agent fees | | 135,712 | 172,526 |
| Investor relations and marketing | | 1,224,405 | 1,273,115 |
| Other services | | 2,500 | 7,542 |
| Total expenses | | 2,422,660 | 2,962,177 |
| Other expense (income) | | | |
| Finance income | | (6,743) | (6,743) |
| Transaction costs related to the acquisition | 5 | 1,116,019 | 1,116,019 |
| Total other expense | | 1,109,276 | 1,109,276 |
| Loss on foreign exchange | | 3,955 | 10,047 |
| Net loss and comprehensive loss | | (3,535,892) | (4,081,501) |
| Net loss and comprehensive loss attributable to: | | | |
| Equity holders of the Company | | (3,510,832) | (4,024,647) |
| Non-controlling interest | 6 | (25,060) | (56,854) |
| | | (3,535,892) | (4,081,501) |
| Basic and diluted loss per share | 12 | (0.042) | (0.070) |
| Weighted average number of shares outstanding - Basic and diluted | 12 | 84,306,175 | 58,495,221 |

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

IberAmerican Lithium Corp.

Condensed Interim Consolidated Statements of Shareholders' Equity (Deficiency)

(Unaudited)

(expressed in Canadian dollars)

| | Common Shares | Share Capital | Warrants | Contributed surplus | Deficit | Non controlling interest | Total |
|--|--------------------|-------------------|------------------|------------------------|--------------------|--------------------------------|------------------|
| | # | \$ | \$ | \$ | \$ | \$ | \$ |
| Issued on incorporation (Note 11) | 100 | 1 | - | - | - | - | 1 |
| Shares issued for services (Note 11) | 40,000,000 | 40,000 | - | - | - | - | 40,000 |
| Private Placement - Tranche 1 (Note 11) | 13,000,000 | 1,300,000 | - | - | - | - | 1,300,000 |
| Less share issue cost | - | (8,159) | - | - | - | - | (8,159) |
| Non-controlling interest from acquisition (Note 6) | - | - | - | - | - | 857,143 | 857,143 |
| Net loss for the period | - | - | - | - | (2,065,279) | (855,842) | (2,921,121) |
| Balance at December 31, 2022 | 53,000,100 | 1,331,842 | | | (2,065,279) | 1,301 | (732,136) |
| Private Placement - Tranche 2 (Note 11) | 14,550,000 | 1,455,000 | - | - | - | - | 1,455,000 |
| Private Placement - Tranche 3 (Note 11) | 450,000 | 45,000 | - | - | - | - | 45,000 |
| Less share issue cost | - | (19,420) | - | - | - | - | (19,420) |
| Repurchase of incorporation shares (Note 11) | (100) | (1) | - | - | - | - | (1) |
| Concurrent Financing (Note 5) | 36,450,488 | 9,112,622 | - | - | - | - | 9,112,622 |
| Concurrent Financing issuance cost | - | (821,081) | - | - | - | - | (821,081) |
| Warrants issued (Note 5) | - | (1,629,337) | 1,629,337 | - | - | - | - |
| Broker warrants (Note 5) | - | (267,278) | 267,278 | - | - | - | - |
| Stock based compensation | - | - | - | 28,051 | - | - | 28,051 |
| Issued to acquire 131 (Note 11) | 5,050,000 | 1,062,500 | - | - | - | - | 1,062,500 |
| Less share issue cost | - | (927) | - | - | - | - | (927) |
| Non-controlling interest acquisition (Note 6) | - | - | - | - | (1,055,553) | 55,553 | (1,000,000) |
| Total loss for the period | - | - | - | - | (4,024,647) | (56,854) | (4,081,501) |
| Balance at September 30, 2023 | 109,500,488 | 10,268,920 | 1,896,615 | 28,051 | (7,145,479) | - | 5,048,107 |

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

IberAmerican Lithium Corp.

Condensed Interim Consolidated Statement of Cash Flows

(Unaudited)

(expressed in Canadian dollars)

| | Nine months ended September 30, 2023 |
|--|---|
| Operating activities | \$ |
| Net loss | (4,081,501) |
| Adjustment for: | |
| 131 Amalgamation acquisition cost | 1,116,019 |
| Depreciation and amortization | 6,763 |
| Stock-based compensation | 62,859 |
| Net change in non-cash working capital: | |
| Other current assets | (31,168) |
| Prepaid expenses | (830,707) |
| Trade and other payables | 144,847 |
| Cash flows used in operating activities | (3,612,887) |
| Financing activities | |
| Subscription proceeds (Note 11) | 10,612,621 |
| Cash acquired on 131 Amalgamation | 11,573 |
| Shares issuance cost (Note 11) | (840,501) |
| Cash flows from financing activities | 9,783,693 |
| Investing activities | |
| Additions to equipment (Note 8) | (80,844) |
| Additional Lithium Project participation acquisition (Note 6) | (1,000,000) |
| Promissory note payable (Note 6) | (1,000,000) |
| Net cash used in investing activities | (2,080,844) |
| Change in cash | 4,089,962 |
| Cash-beginning of period | 304,338 |
| Cash-end of period | 4,394,300 |
| Supplemental cash flow information | |
| Shares issued on 131 Amalgamation (Note 5) | 1,061,573 |
| Warrants issued on Concurrent Financing (Broker warrants) (Note 5) | 267,278 |

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

IberAmerican Lithium Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 (unaudited)

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

IberAmerican Lithium Corp. (the “Company” or “IberAmerican”) was formed upon the amalgamation of IberAmerican Lithium Inc. (“ILI”), incorporated on December 19, 2022 under the laws of Ontario, and 1317198 B.C. Ltd. (“131”) on September 1, 2023 under the Canada Business Corporations Act (the “CBCA”) pursuant to the terms of an amended and restated business combination agreement dated August 18, 2023 (the “BCA”). The BCA provided for, among other things, the amalgamation of ILI and 131 and continuation as one corporation under the name IberAmerican Lithium Corp. (the “131 Amalgamation”), in accordance with the provisions of the CBCA. Refer to Note 5 for additional information on the 131 Amalgamation. The Company’s head office and registered office is located at 365 Bay Street, Suite 800, Toronto, Ontario, M5H 2V1.

The Company is engaged in the acquisition and exploration of mineral resource properties in Spain, namely its lithium exploration project beneficially owned and controlled by IberAmerican Lithium Spain, Sociedad Limitada (S.L.U.) (“IberSpain”), which consists of: (i) the investigation permit No 5186 (the “Lithium Alberta Project”); and (ii) the application for investigation permit No 5191 (the “Lithium Carlota Project”), collectively the “Lithium Projects”.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing, as necessary.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company incurred losses of \$4,081,501 during the nine months ended September 30, 2023 and has a working capital surplus of \$4,974,026 as at September 30, 2023. The Company’s ability to continue as a going concern is dependent upon obtaining additional financing. These matters represent material uncertainties that cast significant doubt regarding the ability of the Company 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 these condensed interim consolidated financial statements. Such adjustments could be material.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 14, 2023.

2. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, (“IAS 34”) - Interim Financial Reporting using the accounting policies consistent with IFRS as issued by the IASB. These condensed interim consolidated financial statements do not conform in all respects to the requirements of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements for the period ended December 31, 2022.

IberAmerican Lithium Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 (unaudited)
(Expressed in Canadian dollars)

3. BASIS OF PREPARATION

Basis of consolidation

As described in note 5, on April 25, 2023, the Company, 131 and 131 Subco entered into a definitive business combination agreement (the "Business Combination Agreement"), which was subsequently amended on June 30, 2023. Following the closing of the Transaction, the 131 will carry on the business of the Company under the name "IberAmerican Lithium Corp." (the "Resulting Issuer").

These condensed interim consolidated financial statements comprise the financial results of the Company, including its subsidiaries as follows:

| Entity | Structure | Registered | Functional Currency |
|--|------------|------------|---------------------|
| IberAmerican Lithium Corp. ("IberAmerican") | Parent | Canada | Canadian dollar |
| 1317198 BC Ltd. ("131") | Subsidiary | Canada | Canadian dollar |
| IberAmerican Lithium Spain, S.L.U. ("IberSpain") | Subsidiary | Spain | Canadian dollar |

All significant intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

Subsidiaries are those entities which IberAmerican controls. Control exists when the Company is exposed to or has rights to the variable returns of the subsidiary and has the ability to affect those returns through its power over the subsidiary. Power is defined as existing rights that give the Company the ability to direct the relevant activities of the subsidiary. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars ("CAD" or "\$"). The subsidiaries of the Company determine their own functional currency based on the primary economic environment in which the subsidiary operates and it is disclosed under the basis of consolidation above.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions or revaluation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the condensed interim consolidated statements of operations.

IberAmerican Lithium Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

Use of estimates and judgments

The preparation of these condensed interim consolidated financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying value and fair value, are the same as those described in the Company's most recent annual financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent consolidated financial statements. Accordingly, they should be read in conjunction with the Company's most recent consolidated financial statements as at and for the period ended December 31, 2022 except as disclosed below.

Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The assets' residual values, useful lives and methods of amortization are reviewed at each reporting period and adjusted prospectively if appropriate.

Amortization methods are as follows:

- Transportation equipment – Six years straight line.
- Field equipment – Four years straight line.
- Computer equipment – Four years straight line.

Equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in consolidated statements of loss.

When parts of an item of equipment have different useful lives, the components are accounted for as separate items of equipment. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in consolidated statements of operations.

Impairment of equipment

At each statement of financial position date or whenever there are indications of impairment losses, the Company reviews the carrying amounts of its equipment to determine whether there is any indication that such equipment has suffered an impairment loss. If any such indication exists, the recoverable amount of the equipment is estimated in order to determine the extent of the impairment loss (if any). There were no indications of impairment losses assessed by the Company in the three and nine months ended September 30, 2023 and as a result, no impairment losses were recorded.

Share-based payments

The Company's Share Compensation Plan includes stock options ("Options") and restricted share units ("RSUs"). Each RSU represents a unit with the underlying value equal to the value of one common share of the Company, vests over a specified period of service in accordance with the plan and can be

IberAmerican Lithium Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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equity or cash settled at the discretion of the counterparty. Options and RSUs are granted to employees, directors and non-employees and are accounted for using the fair value method. The compensation cost for Options granted is determined based on the estimated fair value of the Options at the time of the grant using the Black-Scholes option pricing model and is amortized over the vesting period with an offset to the contributed surplus account. When Options are exercised, the contributed surplus and the proceeds received by the Company are credited to share capital. RSUs are valued at the share price prevailing at the time of grant and are amortized as an expense in the consolidated statements of operations over the vesting period. Where it is determined that they are considered equity-settled transactions, they are recorded as an increase to the contributed surplus in the shareholders' equity over the period in which the service conditions are fulfilled. Where the terms of RSU agreements indicate that they are cash-settled transactions, they will be recorded as a liability and remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value being recognized as expenses in the consolidated statements of operations.

Recently adopted accounting pronouncements

Effective January 1, 2023, the Company adopted the following amendments. These new standards and changes did not have any material impact on the Company's condensed interim consolidated financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates.

IAS 12 – In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations.

Future changes in accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the periods commencing January 1, 2024 or later, and have not been applied in preparing these financial statements. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not been adopted and are being evaluated to determine their impact on the Company.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IberAmerican Lithium Corp.

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5. SIGNIFICANT TRANSACTIONS

131 Amalgamation

On February 22, 2023, 131 entered into a Letter of Intent with ILI, pursuant to which the parties intended to complete the 131 Amalgamation and to list the Resulting Issuer Shares on the NEO Exchange concurrently with, or following, the completion of the 131 Amalgamation. On April 25, 2023, a purpose incorporated wholly owned subsidiary of 131 ("131 Subco") and ILI entered into a business combination agreement to, among other things, effect the 131 Amalgamation pursuant to the BCA. On June 30, 2023, 131, 131 Subco and ILI amended the business combination agreement to, among other things, change the closing date of the 131 Amalgamation from June 30, 2023 to August 30, 2023. On August 18, 2023, 131, 131 Subco and ILI further amended the business combination agreement, to among other things, include a concurrent subscription receipt financing (the "131 Concurrent Financing") and a stock split (the "131 Stock Split") as closing conditions.

On September 1, 2023 the 131 Amalgamation was completed, with the resulting entity being the Company. The transaction was completed according to the terms of an amended and restated business combination agreement dated August 18, 2023 (the "BCA"). Pursuant to the BCA, ILI and 131 Subco incorporated under the laws of the Province of Ontario for the purpose of completing the 131 Amalgamation in accordance with the provisions of the *Business Corporations Act* (Ontario) and continued operating under the name IberAmerican Lithium Inc. In connection with the 131 Amalgamation: (i) holders of the 104,450,488 issued and outstanding common shares of ILI (the "**ILI Shares**") received one common share of IberAmerican (each a "**Resulting Issuer Share**") for each ILI Share held; (ii) as consideration for the issuance of the Resulting Issuer Shares to effect the 131 Amalgamation, the Resulting Issuer received one common share of the corporation resulting from the amalgamation of 131 Subco and the Company for each Resulting Issuer Share issued to holders of ILI Shares; and (iii) each common share in 131 Subco issued to the Resulting Issuer on incorporation was cancelled.

Additionally, the Resulting Issuer issued 18,225,244 replacement common share purchase warrants (the "**Resulting Issuer Warrants**") to existing holders of common share purchase warrants in ILI on a 1:1 basis.

Prior to the Amalgamation, 131 split its shares on a 1.29032258065:1 basis (the "**Stock Split**") and completed the 131 Financing (as defined below) for a private placement of 50,000 131 Shares at a price of \$0.25 per 131 Share. Prior to the 131 Amalgamation, 131 received shareholder approval for the Stock Split to result in a total of 5,000,000 131 Shares being held by existing 131 shareholders at a price of \$0.21 per 131 Share. The amount paid for regulatory and legal costs was \$927.

The 131 Amalgamation does not constitute a business combination since 131 does not meet the definition of a business under IFRS 3. As a result, the 131 Amalgamation is accounted for in accordance with IFRS 2 with the Company being identified as the acquirer and 131 being treated as the accounting acquiree. The 131 Amalgamation was measured at the fair value of the common shares issued to the 131 historical shareholders.

The fair values of the identifiable assets and liabilities of 131 acquired on the acquisition date were as follows:

| | |
|---|---------------------------|
| Fair value of the 5,050,000 shares issued | \$1,061,573 |
| Cash balance | \$11,573 |
| Other receivable | \$3,541 |
| Trade and other payables | <u>(\$69,560)</u> |
| Net liabilities assumed | (\$54,446) |
| Transaction costs related to the acquisition | <u>\$1,116,019</u> |
| Total allocation of purchase price | <u>\$1,061,573</u> |

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Concurrent Financing

On August 24, 2023, ILI completed a concurrent best-efforts private placement of 36,450,488 subscription receipts ("ILI Subscription Receipts") at a price of \$0.25 per ILI Subscription Receipt (the "Concurrent Financing") for aggregate gross proceeds of \$9,112,622. Each ILI Subscription Receipt comprised one Resulting Issuer Share and one-half of one Resulting Issuer Warrant. Each Resulting Issuer Warrant is exercisable for one Resulting Issuer Share at an exercise price of \$0.40 per share until September 1, 2026. A value of \$1,629,337 has been assigned to the Resulting Issuer Warrants using the Black-Sholes model with the following assumptions: expected dividend yield of 0%, expected volatility of 88% based on representative entities, a risk-free rate of 4.81%, share price of \$0.21, and an expected life of 3 years.

PowerOne Capital Markets Limited ("PowerOne") and Canaccord Genuity Corp. ("Canaccord" and, together with PowerOne, the "Agents") entered into an agency agreement (the "Agency Agreement") with ILI and 131 and acted as Agents for the Concurrent Financing. Pursuant to the Agency Agreement, IberAmerican paid to the Agents a 6% commission on the brokered portion of the Concurrent Financing, and additionally issued to the Agents an aggregate of 1,838,676 ILI broker warrants (the "ILI Broker Warrants"), representing 6.0% of the aggregate number of ILI Subscription Receipts issued pursuant to the brokered portion of the Concurrent Financing. Upon completion of the Amalgamation, each ILI Broker Warrant was exchanged for one Resulting Issuer broker warrant (a "Resulting Issuer Broker Warrant") exercisable until September 1, 2026 to purchase a Resulting Issuer Broker Warrant Unit, comprising one Resulting Issuer Share and one-half of one Resulting Issuer Warrant, at a purchase price equal to \$0.25 per Resulting Issuer Broker Warrant. Each Resulting Issuer Warrant will be exercisable for one Resulting Issuer Share at an exercise price of \$0.40 until three (3) years from the date on which the Escrow Release Conditions are satisfied. A value of \$267,278 has been assigned to the Broker Warrants using the Black-Sholes model with the following assumptions: expected dividend yield of 0%, expected volatility of 88% based on representative entities, a risk-free rate of 4.44%, unit price of \$0.25, and an expected life of 3 years.

Completion of the transaction was subject to a number of conditions that are customary for a transaction of this nature. Immediately prior to the completion of the transaction, 131 completed a non-brokered private placement of 50,000 131 Shares at a price of \$0.25 per 131 Share for aggregate gross proceeds to 131 of \$12,500 (the "131 Financing"), effected the Stock Split, changed its name to "IberAmerican Lithium Corp.", reconstituted its Board to consist of nominees of ILI, and all existing officers of 131 resigned and were replaced by nominees of ILI.

6. EXPLORATION AND EVALUATION PROPERTIES

The Lithium Alberta Project and the Lithium Carlota Project

On December 28, 2022, Strategic Minerals Europe Corp. ("SMEC"), Strategic Minerals Spain, SLU ("SMS") and the Company entered into a definitive option purchase agreement (the "Purchase Agreement") pursuant to which the Company was granted the exclusive option by SMEC to purchase 70% of the issued and outstanding common shares of IberSpain (the "Option Shares"), thus acquiring beneficial title to the Lithium Projects (the "Lithium Option").

The Lithium Option was exercised by ILI on December 28, 2022. As a condition precedent to the exercise of the Lithium Option, ILI paid SMEC \$1,000,000 on December 28, 2022 and delivered a non-interest bearing promissory note in the amount of \$1,000,000, which was due, payable and paid on February 15, 2023.

Upon the exercise of the Lithium Option, SMEC, SMS, ILI and IberSpain entered into a joint venture agreement dated December 28, 2022 in respect of the exploration, development, exploitation and operation of the Lithium Projects (the "JV Agreement"). Pursuant to the JV Agreement, SMS agreed and SMEC acknowledged that until the transfer of title to the Lithium Projects was legally effected, SMS shall hold the Lithium Projects (including the permits underlying each of the Lithium Projects) in trust on behalf of and for the sole benefit of IberSpain. With the approval of the 5186 Permit extension, the Company

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(Expressed in Canadian dollars)

anticipates obtaining final approvals from the Governing authority to affect the transfer of the IberSpain Shares directly to the Company very shortly.

Under the Lithium Option, 70% of the outstanding shares of IberSpain will be held by ILI and 30% by SMEC, where IberSpain is the owner of the Lithium Projects and ILI will serve as the operator. On September 28, 2023, ILI acquired the remaining 30% of the outstanding shares of IberSpain from SMEC for \$1,000,000 paid in cash, following which ILI now beneficially holds 100% of IberSpain (the "IberSpain Shares").

Pursuant to the terms of the collective Purchase Agreements to acquire 100% of the shares of IberSpain, the parties agreed that notwithstanding the exercise of the Lithium Option on December 28, 2022 and the acquisition on September 28, 2023, SMEC and SMS were to: (i) hold the IberSpain Shares in trust for, and on behalf of the Company until the transfer of IberSpain Shares has been approved by the governing authority; and (ii) hold the Lithium Projects in trust for and on behalf of IberSpain until the Lithium Projects have been legally transferred to IberSpain.

As at September 30, 2023, SMS controls legally granted mineral rights for Lithium and Tin on the Lithium Alberta Project under a contract with the Spanish Government. The contract is filed as ALBERTA II, contract number OU/C/05186 (the "5186 Permit"). The 5186 Permit expired on December 28, 2020. However, on October 7, 2021, the Xunta de Galicia, through the Council of Economy and Industry issued a certification confirming that SMS is the current holder of the 5186 Permit and that an additional extension request was under review by the Xunta de Galicia.

The fair value of IberSpain at the acquisition date was \$2,857,143 and the value of the 30% non-controlling interest held by SMEC was \$857,143. For the period from January 1, 2023 to September 28, 2023, \$56,854 had been recognized as net loss attributable to non-controlling interest and as at September 30, 2023, the Company does not attribute any net loss or gain to non-controlling interest.

7. PREPAID EXPENSES

The Company engaged Gold Standard Media, LLC, ("GSM") for financial publishing and digital marketing services. GSM will provide its services for one year and the Company paid in advanced an advertising marketing fee of \$676,000 (US\$500,000), which were recorded as prepaid expenses and will be amortized during the 12 months term of the contract by \$56,333 monthly.

The Company engaged Yabucoa Partners Corp, ("Yabucoa") for assist the Company with management consulting and marketing insight. Yabucoa will provide its services for one year and the Company paid in advanced a service fee of \$202,800 (US\$150,000), and six months of consultant fee of \$12,168 (US\$9,000) which were recorded as prepaid expenses and will be amortized during 12 months (\$16,900 monthly) and 6 months (\$2,028 monthly), respectively.

8. EQUIPMENT

As at September 30, 2023, a summary of the net book value is as follows:

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| <i>Figures in Canadian dollars</i> | Transportation equipment | Field equipment | Computer equipment | Total equipment |
|------------------------------------|--------------------------|-----------------|--------------------|------------------|
| Historical Cost | | | | |
| As at December 31, 2022 | \$ - | \$ - | \$ - | \$ - |
| Additions | \$ 78,500 | \$ 829 | \$ 1,514 | \$ 80,844 |
| At September 30, 2023 | \$ 78,500 | \$ 829 | \$ 1,514 | \$ 80,844 |
| Accumulated depreciation | | | | |
| As at December 31, 2022 | \$ - | \$ - | \$ - | \$ - |
| Additions | \$ 6,537 | \$ 96 | \$ 130 | \$ 6,763 |
| At September 30, 2023 | \$ 6,537 | \$ 96 | \$ 130 | \$ 6,763 |
| Net book value | | | | |
| As at December 31, 2022 | \$ - | \$ - | \$ - | \$ - |
| At September 30, 2023 | \$ 71,964 | \$ 732 | \$ 1,384 | \$ 74,080 |

9. EXPLORATION AND EVALUATION EXPENSE

As at September 30, 2023, a summary of the Exploration and Evaluation Expense is as follows:

| | Three months ended September 30, 2023 | Nine months ended September 30, 2023 |
|--|--|---|
| Exploration and Evaluation Expenses | \$ | \$ |
| Exploration professional services | 174,543 | 232,403 |
| Depreciation and amortization expense | 6,892 | 6,892 |
| Supplies and consumables used | 2,964 | 2,964 |
| Total exploration and evaluation expenses | 184,398 | 242,258 |

10. RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company has identified its directors and certain senior officers as its key management personnel.

During the three and nine months ended September 30, 2023, the compensation for directors and key management of the Company was as follows:

| Key Management Compensation | Three months ended September 30, 2023 | Nine months ended September 30, 2023 |
|-----------------------------------|--|---|
| | \$ | \$ |
| Management salaries | 113,000 | 113,000 |
| Director fees | 47,500 | 47,500 |
| Exploration professional services | 144,000 | 144,000 |
| Share-based compensation | 62,859 | 62,859 |
| Total | 367,359 | 367,359 |

11. SHARE CAPITAL

a) Authorized

An unlimited amount of common shares with no par value.

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b) Shares - Issued and outstanding

| | Nine months Ended September 30, 2023 | | Year Ended December 31, 2022 | |
|--|---|--------------------|---------------------------------|------------|
| | Number of Shares (#) | Value (\$) | Number of Shares (#) | Value (\$) |
| Balance, beginning of period | 53,000,100 | 1,331,842 | - | - |
| Issued on incorporation | - | - | 100 | 1 |
| Issued pursuant to founders round financing | - | - | 40,000,000 | 40,000 |
| Issued pursuant to private placement financing (tranche 1) | - | - | 13,000,000 | 1,300,000 |
| Issued pursuant to private placement financing (tranche 2) | 14,550,000 | 1,455,000 | - | - |
| Issued pursuant to private placement financing (tranche 3) | 450,000 | 45,000 | - | - |
| Shares purchased for cancellation | (100) | (1) | - | - |
| Issued pursuant to Subscription Receipt Financing (Notes 1, 5) | 36,450,488 | 7,483,285 | - | - |
| Issued pursuant to 131 Amalgamation (Note 5) | 5,000,000 | 1,050,000 | - | - |
| Issued pursuant to 131 Amalgamation (Note 5) | 50,000 | 12,500 | - | - |
| Share issue costs | - | (1,108,706) | - | (8,159) |
| Balance, end of period | 109,500,488 | 10,268,920 | 53,000,100 | 1,331,842 |

On incorporation, 100 common shares of the Company were issued at a price per share of \$0.01. These shares were purchased for cancellation on April 18, 2023.

On December 23, 2022, an aggregate of 40,000,000 founders' shares were issued for gross proceeds of \$40,000 received as services rendered related to the incorporation, organization and financing of the Company. The amount paid for regulatory and legal costs was \$1,214.

On December 28, 2022, the Company closed the first tranche of a non-brokered private placement of 13,000,000 common shares of the Company at a price of \$0.10 per common share (the "Private Placement") for gross proceeds of \$1,300,000. The amount paid for regulatory and legal costs was \$6,945. All subscribers of the Private Placement were existing shareholders of the Company holding founders' shares.

On February 13, 2023, the Company closed the second tranche of the Private Placement for gross proceeds of \$1,455,000 through issuance of an aggregate of 14,550,000 shares at a price per share of \$0.10. The amount paid for regulatory and legal costs was \$10,923.

On March 1, 2023, the Company closed the third tranche of the Private Placement for gross proceeds of \$45,000 through issuance of an aggregate of 450,000 shares at a price per share of \$0.10. The amount paid for regulatory and legal costs was \$8,497.

On August 24, 2023, the Company closed the Concurrent Financing as described in Note 5 for aggregate gross proceeds of \$9,112,622 through the issuance of 36,450,488 shares and 18,225,244 Resulting Issuer Warrants at a price of \$0.25 per ILI Subscription Receipt. The amount paid for regulatory and legal costs was \$616,135. Additionally, the Company issued an aggregate of 1,838,676 ILI Broker Warrants to the Agents, representing 6.0% of the aggregate number of ILI Subscription Receipts issued pursuant to the brokered portion of the Concurrent Financing.

On September 1, 2023, the Company issued 5,000,000 shares for existing 131 shareholders at a price of \$0.21 per share for a total value of \$1,050,000, and, as a precedent condition of the Transaction, 131 completed the 131 Financing of 50,000 131 Shares at a price of \$0.25 per 131 Share for aggregate gross proceeds to 131 of \$12,500 and effected the Stock Split. The amount paid for regulatory and legal costs was \$927.

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As of September 30, 2023, the Company had 109,500,488 common shares outstanding (December 31, 2022 – 53,000,100).

c) Warrants

As at September 30, 2023, the following warrants were outstanding:

| Warrants | Grant Date | Expiry Date | Outstanding (#) | Exercise Price (\$) | Remaining Life (years) |
|---------------------------|-------------------|-------------------|-------------------|---------------------|------------------------|
| Resulting Issuer Warrants | September 1, 2023 | September 1, 2026 | 18,225,244 | 0.40 | 2.92 |
| ILI Broker Warrants* | September 1, 2023 | September 1, 2026 | 1,838,676 | 0.25 | 2.92 |
| | | | <u>20,063,920</u> | <u>0.39</u> | <u>2.92</u> |

* Exercisable into a Broker Warrant Unit, which is comprised of one share and one-half warrant of which the whole warrant is exercisable at \$0.40 until September 1, 2026.

d) Share-based compensation

Stock Options

The Company has a stock option plan in place under which it is authorized to grant options to directors, executive officers, management, employees, and consultants. The maximum number of common shares reserved for issuance with respect to the stock option plan cannot exceed 10% of the issued and outstanding common shares of the Company at the date of grant.

On September 12, 2023, the Company granted a total of 3,950,000 stock options to directors, advisors and management of the Company. Each stock option entitles the holder to acquire one common share of the Company at an exercise price of \$0.25. All the options will vest on September 12, 2024 and will expire in five years.

The stock option fair value of \$568,800 was determined using a Black-Scholes pricing model which included an expected volatility of 87.95% based on the volatility of comparable companies, a risk-free interest rate of 4.81%, share price of \$0.21, an estimated life of 5 years and an expected dividend yield of 0%. As at September 30, 2023 a total of \$28,050 have been recognized as stock-based compensation expense.

The table summarizes information about the stock options outstanding as at September 30, 2023.

| Grant date | Expiry Date | Issued Number of Options | Exercisable Number of Options | Exercise Price (\$) | Remaining life (years) |
|--------------------|--------------------|--------------------------|-------------------------------|---------------------|------------------------|
| September 12, 2023 | September 12, 2028 | 3,950,000 | - | 0.25 | 4.96 |

Restricted Stock Units ("RSUs")

RSUs are granted to encourage employee retention. The RSUs award is not subject to the attainment of performance objectives and vest over three years in equal instalments. There is a cash option at the election of the holder of the RSU's.

On September 30, 2023, the Company granted 5,500,000 RSUs to officers and directors of the Company vesting over three years in equal instalments. As at September 30, 2023 a total of \$34,808 have been recognized as stock-based compensation expense and recognized as a liability and there are no vested RSUs.

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12. BASIC AND DILUTED LOSS PER SHARE

For the three and nine months periods ended September 30, 2023, the outstanding 20,063,920 warrants and 3,950,000 stock options and 5,500,000 RSUs were excluded from the computation of diluted loss per share, since the effect of conversion of these warrants, stock options and RSUs would have been anti-dilutive.

13. MANAGEMENT OF CAPITAL

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company is reasonable. There were no significant changes in the Company's approach to capital management during the period.

14. FINANCIAL INSTRUMENTS AND RISK FACTORS

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the reporting date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company carried RSU liabilities at fair market value using Level 2 inputs.

As at September 30, 2023, carrying amounts of cash, other current assets, and trade and other payables on the statement of financial position approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 13 – Management of capital.

The Company monitors its ability to meet its short-term administrative expenditures by raising additional funds through share issuances when required.

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Market risk

The Company is exposed to the following market risks:

Interest rate risk

The Company's treasury is exposed to interest rate risk, which could have an adverse effect on financial results and cash flows. Management considers the interest rate risk is not significant.

Foreign exchange risk

The Company's functional currency is the Canadian dollar. As at September 30, 2023, the Company holds a foreign currency balance of €41,279 euros (€3,000 as at December 31, 2022) included in cash which is subject to foreign currency risk.

15. COMMITMENTS AND CONTINGENCIES***Title***

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has a 100% interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, and non-compliance with regulatory, environmental and social requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

Environmental

The Company's exploration and evaluation activities and projects are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.