

AMERICAN LITHIUM CORP.
(formerly Menika Mining Ltd.)

Condensed Consolidated Interim Financial Statements

For the Three Months Ended May 31, 2016

(Unaudited – Expressed in Canadian Dollars)

Notice of No Auditor Review

These unaudited interim financial statements of American Lithium Corp. (formerly Menika Mining Ltd.) (the “Company”) have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

AMERICAN LITHIUM CORP.**(formerly Menika Mining Ltd.)**

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	May 31 2016	February 29 2016
ASSETS		
Current assets		
Cash	\$ 2,340,457	\$ 153,371
Amounts receivable	16,306	670
Prepaid expenses	157,759	1,050
Total Current Assets	2,514,522	155,091
Reclamation deposits (note 4)	10,000	10,000
Office furniture	20,020	-
Exploration and evaluation assets (note 5)	5,909,533	1
Total Assets	\$ 8,454,075	\$ 165,092
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 116,590	\$ 12,047
Total Current Liabilities	116,590	12,047
SHAREHOLDERS' EQUITY		
Share capital (note 8)	14,659,142	5,518,697
Share option reserve	1,266,082	283,406
Share warrant reserve	121,377	99,958
Deficit	(7,709,116)	(5,749,016)
Total Equity	8,337,485	153,045
Total Liabilities and Equity	\$ 8,454,075	\$ 165,092

Nature and continuance of operations (note 1)

Events after the reporting period (note 13)

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

Approved on behalf of the Board

Director "signed"
Anita Algie

Director "signed"
Mike Kobler

AMERICAN LITHIUM CORP.**(formerly Menika Mining Ltd.)**

Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended	
	May 31	
	2016	2015
EXPENSES		
Consulting and management fees (note 6)	\$ 107,800	\$ 3,000
General and administrative	23,373	374
Filing and listing fees	94,400	5,518
Investor relations	33,214	-
Marketing and promotion	610,333	-
Professional fees	25,409	-
Registrar and transfer agent fees	7,534	-
Rent	24,900	-
Share-based compensation	982,676	-
Travel	50,461	-
Net and comprehensive loss for the period	\$ 1,960,100	\$ 8,892
Basic and diluted loss per share	\$ 0.10	\$ 0.00
Weighted average number of common shares outstanding	18,786,184	11,009,948

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

AMERICAN LITHIUM CORP.**(formerly Menika Mining Ltd.)**

Condensed Consolidated Interim Statements of Changes in Deficiency

(Unaudited - Expressed in Canadian Dollars)

	Note	Number of Shares	Share capital	Share Warrant Reserve	Share Option Reserve	Deficit	Total Equity (Deficiency)
Balance at March 1, 2015		11,009,948	5,277,793	129,437	189,701	(5,611,078)	\$ (14,147)
Net and comprehensive loss		-	-	-	-	(8,892)	(8,892)
Balance at May 31, 2015		11,009,948	\$ 5,277,793	\$ 129,437	\$ 189,701	\$ (5,619,970)	\$ (23,039)
Balance at March 1, 2016		13,937,448	5,518,697	99,958	283,406	(5,749,016)	153,045
Shares issued upon exercise of warrants	8	2,352,500	164,675	-	-	-	164,675
Exercise of warrants	8	-	30,450	(30,450)	-	-	-
Shares issued on private placement	8	9,333,333	3,500,000	-	-	-	3,500,000
Shares and warrants issued to acquire exploration and evaluation assets	8	8,983,334	5,694,500	-	-	-	5,694,500
Share issue costs	8	-	(249,180)	51,869	-	-	(197,311)
Share-based compensation	8	-	-	-	982,676	-	982,676
Net and comprehensive loss		-	-	-	-	(1,960,100)	(1,960,100)
Balance at May 31, 2016		34,606,615	\$ 14,659,142	\$ 121,377	\$ 1,266,082	\$ (7,709,116)	\$ 8,337,485

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

AMERICAN LITHIUM CORP.**(formerly Menika Mining Ltd.)**

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended	
	May 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (1,960,100)	\$ (8,892)
Add items not involving cash:		
Share-based compensation	982,676	-
Working capital adjustments:		
Amounts receivable	(15,637)	(65)
Prepaid expenses	(156,709)	-
Trade and other payables	104,543	1,846
Net cash flows used in operating activities	(1,045,227)	(7,111)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to office furniture	(20,020)	-
Additions to exploration and evaluation assets	(215,031)	-
Net cash flows used in investing activities	(235,051)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	-	15,475
Proceeds from issuance of shares - gross	3,500,000	-
Proceeds from exercise of warrants	164,675	-
Share issue costs	(197,311)	-
Net cash flows from financing activities	3,467,364	15,475
Change in cash during the period	2,187,086	8,364
Cash, beginning of the period	153,371	2,573
Cash, end of the period	\$ 2,340,457	\$ 10,937

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AMERICAN LITHIUM CORP.

(formerly Menika Mining Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the periods ended May 31, 2016 and 2015

(Unaudited - Expressed in Canadian Dollars)

1) NATURE AND CONTINUANCE OF OPERATIONS

American Lithium Corp. (formerly Menika Mining Ltd.) (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 principal office and registered and records office is located at 2200 HSBC Building, 885 West Georgia Street, Vancouver, BC, V6C 3E8, Canada.

These condensed consolidated interim financial statements were authorized for issue on August 2, 2016 by the directors of the Company.

At the date of the condensed consolidated interim 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.

Management is targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. 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, 2016, 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 has incurred operating losses and at May 31, 2016, had a cumulative deficit of \$7,709,116 and working capital of \$2,397,932. Operations have been funded primarily by the issuance of equity. 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.

These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Further discussion of liquidity risk is included in notes 7 and 10.

2) BASIS OF PRESENTATION

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's unaudited interim financial statements for the three months ended May 31, 2015 which have been prepared in accordance with IFRS.

These financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

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3) SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed consolidated interim 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 consolidated interim 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.

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 consolidated interim financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable.

b) Impairment

At each reporting period, management reviews all assets for indicators of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

c) Recent accounting pronouncements

New accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

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4) RECLAMATION DEPOSITS

Reclamation deposits are term deposits recorded at cost and held as security by the Provincial Government of British Columbia with regards to certain exploration properties described in Note 5.

5) EXPLORATION AND EVALUATION ASSETS

	Balance Feb 29, 2016 \$	Additions \$	Balance May 31, 2016 \$
Reliance property - British Columbia, Canada	1	-	1
Ava property - British Columbia, Canada	-	-	-
Fish Lake Valley project - Nevada, USA	-	938,476	938,476
Atlantis property - Nevada, USA	-	4,971,056	4,971,056
	1	5,909,532	5,909,533

	Balance Mar 1, 2015 \$	Additions \$	Balance Feb 29, 2016 \$
Reliance property - British Columbia, Canada	1	-	1
Ava property - British Columbia, Canada	-	-	-
	1	-	1

Reliance Property

The Company holds a 100% interest in 977.749 hectares known as the Reliance group of claims in the Lillooet Mining Division, British Columbia. During the year ended February 29, 2012, the Company wrote the Reliance Mining Group claims down to \$1 to reflect the uncertainty related to its economic value.

Ava Property

The Company holds a 100% interest in 1,320.539 hectares known as the AVA Property, located at and to the east of the village of Criss Creek, which is 37 kilometers north-northeast of Savona, located at the west end of Kamloops Lake, British Columbia. During the year ended February 29, 2016, the Company let three mineral claims lapse on the AVA Property (AVA 9, AVA 10 and MOW 3). On January 19, 2016, the Company re-staked these claims, with a new expiry date of January 19, 2017.

Fish Lake Valley Project - Nevada, USA

The "Fish Lake Valley Project" consists of a series of 98 placer claims comprising a total of 7,840 acres in Esmeralda County, Nevada, USA. Under an earn-in option agreement, the Company has the right to acquire a 100% undivided interest in the Fish Lake Valley Project by fulfilling the commitments outlined below:

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5) EXPLORATION AND EVALUATION ASSETS *(continued)***Fish Lake Valley Project - Nevada, USA** *(continued)*

- i. Initial Earn-in option: the Company may acquire the initial 80% undivided interest in the Fish Lake Valley Project should the following conditions be met:

	Common Shares	Cash	Exploration Expenditures
	#	USD \$	USD \$
Upon closing (issued and paid) ⁽¹⁾	200,000	130,000	-
On or before the first anniversary of the closing	100,000	100,000	200,000
On or before the second anniversary of the closing	100,000	100,000	300,000
On or before the third anniversary of the closing	-	-	600,000
Total	400,000	330,000	1,100,000

⁽¹⁾ These shares are subject to a four month plus a day statutory hold period.

- ii. Subsequent Earn-in option: The Company may acquire an additional 20% of the Fish Lake Valley Project by paying to the Optionor an aggregate amount of US \$1,000,000 on or before the date that is 12 months after the exercise of the initial Earn-in Option.

The Optionor retains a 2.5% net smelter royalty (NSR), one half of which can be purchased for \$1,000,000 cash.

Atlantis Property - Nevada, USA

The Atlantis property consists of a series of 69 placer claims and 19 association placer claims, comprising a total of 2,882 acres, located in Esmeralda County, Nevada, USA. Under an earn-in option agreement, the Company has the right to acquire a 100% undivided interest in the Atlantis Property by fulfilling the commitments outlined below:

	Common Shares	Cash	Exploration Expenditures
	#	USD\$	USD\$
Upon closing date (paid)	-	48,050	-
Within 30 days of entering into the option (paid)	-	78,000	-
Within 60 days of closing of acquisition ⁽¹⁾ (issued)	250,000	-	-
On or before the first anniversary of the closing	-	-	100,000
On or before the second anniversary of the closing	500,000	-	250,000
On or before the third anniversary of the closing	500,000	-	650,000
Total	1,250,000	126,050	1,000,000

⁽¹⁾ These shares are subject to a four month plus a day statutory hold period.

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6) RELATED PARTY TRANSACTIONS

Key management personnel comprise the Company's Board of Directors and executive officers. During the three months ended May 31, 2016, the Company paid \$15,200 (2015 - \$Nil) in consulting fees and office services paid to a former director and a company where a former director is principal. The Company paid \$10,000 (2015 - \$Nil) in consulting fees to an officer of the Company. The Company incurred \$4,000 (2015 - \$Nil) in consulting services to a former officer of the Company.

7) 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.

8) SHARE CAPITAL

Authorized

Unlimited number of common shares, without par value.

Issued

During the year ended February 28, 2015: no common shares were issued.

During the year ended February 29, 2016:

The Company completed a non-brokered private placement of 650,000 units at a price of \$0.08 per unit for gross proceeds of \$52,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into an additional common share at an exercise price of \$0.10 per share, has a grant date of September 15, 2015 and expires September 15, 2020.

2,277,500 common shares were issued on the exercise of warrants at a purchase price of \$0.07 per common share for gross proceeds of \$159,425. In connection with the exercise of the warrants, the company transferred \$29,479 from share warrant reserves to share capital.

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8) SHARE CAPITAL *(continued)*

Issued *(continued)*

During the three months ended May 31, 2016:

On April 1 and 6, 2016, the Company completed a non-brokered private placement of 6,000,000 units at a price of \$0.25 per unit for gross proceeds of \$1,500,000. Each unit consists of one common share and one-half share purchase warrant. Each warrant is exercisable to acquire an additional common share at an exercise price of \$0.50 per share until April 6, 2020.

On April 1, 2016, the Company issued 4,000,000 common shares to acquire all of the outstanding share capital of 1032701 BC Ltd.

On April 1, 2016, the Company issued 200,000 common shares in consideration for an option on the Fish Lake Valley project with a fair value of \$32,000 (note 5).

On May 4, 2016, the Company completed a non-brokered private placement of 3,333,333 units at a price of \$0.60 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one-half share purchase warrant. Each warrant is exercisable to acquire an additional common share at an exercise price of \$1.00 per share until May 4, 2019.

On May 16, 2016, the Company issued 4,533,334 common shares to acquire all of the outstanding share capital of 1065604 BC Ltd.

On May 16, 2016, the Company issued 250,000 common shares in consideration for an option on the Atlantis property with a fair value of \$262,500 (note 5).

2,352,500 common shares were issued on the exercise of warrants at a purchase price of \$0.07 per common share for gross proceeds of \$164,675. In connection with the exercise of the warrants, the company transferred \$30,450 from share warrant reserves to share capital.

In connection with the private placements, the Company issued 66,667 share purchase warrants as finder's fees at a price of \$1.00 per share until three years after the issue date with a fair value of \$51,869. The Company paid \$197,311 in share issue costs related to the private placements.

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8) SHARE CAPITAL (continued)**Warrants**

Details of common share purchase warrants outstanding at May 31, 2016 are as follows:

	Number of Warrants	Exercise price	Expiry date	Weighted average Remaining contractual life (years)
Issued in private placement	5,370,000	\$ 0.07	December 20, 2018	2.58
Issued in private placement	650,000	0.10	September 17, 2020	4.29
Issued in private placement	3,000,000	0.50	April 6, 2020	3.83
Issued in private placement	1,666,667	1.00	May 4, 2019	2.92
Broker warrants	66,667	1.00	May 4, 2019	2.92
	10,753,334	\$ 0.34		

Common share purchase warrant transactions during the periods ended May 31, 2016 and 2015 are as follows:

	May 31, 2016		May 31, 2015	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding - beginning of period	8,372,500	\$ 0.07	10,000,000	\$ 0.07
Exercised	(2,352,500)	0.07	-	-
Issued April 1 & 6, 2016	3,000,000	0.50	-	-
Issued May 4, 2016	1,733,334	1.00	-	-
Outstanding - end of period	10,753,334	\$ 0.34	10,000,000	\$ 0.07

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8) SHARE CAPITAL *(continued)*

Warrants *(continued)*

The fair value of the 66,667 finder's warrants issued in connection with the private placements that closed in the period ended May 31, 2016 was estimated using the Black-Scholes option-pricing model at \$51,869. The following weighted average assumptions were used: Risk-free interest rate – 0.66%; Expected volatility – 174%; Expected dividend yield – nil; Expected life – 3 years; forfeiture rate – 20%.

The holders of the warrants granted on December 20, 2013 can only exercise the number of warrants which will result, when the shares are issued, in the holder's shareholding not exceeding 10% of the Company's issued and outstanding shares as at the date of the exercise.

9) 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 September 14, 2015, the Board of Directors of the Company approved the issuance 1,100,000 stock options to various consultants at an exercise price of \$0.10. These options were granted for a period of five years and vest upon issuance. The estimated fair value, \$93,705, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.77%, no annual dividends, expected volatility of 174% and a market price of shares at grant date \$0.09.

On April 4, 2016, the Board of Directors of the Company approved the issuance 150,000 stock options to various consultants at an exercise price of \$0.45. These options were granted for a period of three years and vest upon issuance. The estimated fair value, \$58,671, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.53%, no annual dividends, expected volatility of 174% and a market price of shares at grant date \$0.45.

On May 2, 2016, the Board of Directors of the Company approved the issuance 75,000 stock options to a consultant at an exercise price of \$1.70. These options were granted for a period of five years and vest upon issuance. The estimated fair value, \$65,921, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.75%, no annual dividends, expected volatility of 174% and a market price of shares at grant date \$1.17.

On May 5, 2016, the Board of Directors of the Company approved the issuance 1,000,000 stock options to certain directors, officers and consultants at an exercise price of \$1.13. These options were granted for a period of five years and vest upon issuance. The estimated fair value, \$858,084, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.68%, no annual dividends, expected volatility of 174% and a market price of shares at grant date \$1.13.

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9) STOCK OPTIONS *(continued)*

As at May 31, 2016, the Company had stock options issued to officers, directors and consultants of the Company outstanding as follows:

Date of grant	Number of options issued	Exercisable	Exercise price	Expiry date	Weighted average remaining contractual life
September 14, 2015	1,100,000	1,100,000	\$ 0.10	September 14, 2020	4.29 years
April 4, 2016	150,000	150,000	\$ 0.45	April 4, 2019	2.92 years
May 2, 2016	75,000	75,000	\$ 1.70	May 2, 2021	4.92 years
May 5, 2016	1,000,000	1,000,000	\$ 1.13	May 5, 2021	4.92 years

10) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at May 31, 2016, the Company's financial instruments consist of cash and accounts payable. The Company classifies its cash as fair value through profit and loss, and its accounts payable as other financial liabilities. 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 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 are classified under Level 3.

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.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at May 31, 2016 relating to cash of \$2,339,757. All cash is held at a Canadian chartered bank and the Company considers the credit risk to be minimal.

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10) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet accounts payable requirements. The Company maintained sufficient cash balances to meet its needs at May 31, 2016.

Foreign Exchange Risk

The Company is not exposed to foreign exchange risk.

Interest Rate Risk

The Company has cash balances and only fixed interest-bearing debt. 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 palladium, nickel, and gold. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

During the periods ended May 31, 2016 and February 29, 2016, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

11) SEGMENTED INFORMATION

As of May 31, 2016, the Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The Company's interests in mineral properties are located in British Columbia, Canada and Nevada, USA.

12) COMMITMENTS

The Company rents premises under an operating lease at a cost of \$8,200 per month. The lease expires on April 30, 2017.

On April 20, 2016, the Company entered into an agreement for marketing services. In consideration for the services, the Company paid \$63,935 (\$50,000 US) and will pay USD \$6,000 per month starting on May 15, 2016 for 6 months.

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(Unaudited - Expressed in Canadian Dollars)

13) EVENTS AFTER THE REPORTING PERIOD

- a. On June 1, 2016, the Company finalized an option agreement with TY & Sons Explorations (Nevada) Ltd. ("the Optionor"), who has the right to acquire a 100% interest in a series of mineral claims located in Esmeralda County, Nevada, USA ("the Fish South Property"). Under an earn-in option agreement, the Company has the right to acquire a 80% undivided interest in the Fish South property by fulfilling the commitments outlined below:

	Common Shares #	Warrants #	Cash USD\$
Within 60 days of closing to the Property owner	-	-	78,800 ⁽³⁾
Upon closing to the Optionor	700,000 ⁽²⁾	300,000 ⁽¹⁾	100,000 ⁽³⁾
Within 4 months after closing to the Property Owner	300,000	-	-
On or before the first anniversary of the closing to the Optionor	500,000	-	-
On or before the second anniversary of the closing to the Optionor	500,000	-	-
Total	2,000,000	300,000	178,800

⁽¹⁾The common share purchase warrants were issued on June 1, 2016 at an exercise price of \$0.98(CDN) and expire three years from the grant date.

⁽²⁾ These shares were issued June 16, 2016 and are subject to a four month plus a day statutory hold period.

⁽³⁾The cash payments were made in June, 2016.

- b. On June 7, 2016, the Company finalized an agreement to acquire all the outstanding share capital of 1067323 B.C. Ltd. ("1067323"), a privately-held British Columbia based mineral exploration company with a common Director. In consideration, the Company issued 6,000,000 common shares to acquire all of the outstanding share capital of 1067323 B.C. Ltd.

1067323 B.C. Ltd. is a party to an Earn-in Option agreement with Colorado Exploration Inc. ("the Optionor") to acquire a series of 193 placer and 44 lode claims, over 4,870 acres (1971 hectares) in Fish Lake Valley, Nevada, USA (the "Colorado Property"). Under an earn-in option agreement, the Company has the right to acquire a 100% interest in the Colorado property, subject to a one percent (1.0%) net smelter returns royalty, by fulfilling the commitments outlined below:

- An initial cash payment of CDN \$200,000 (paid).
- Issuing 400,000 common shares to the Optionor (issued).
These shares are subject to a four month plus a day statutory hold period.

AMERICAN LITHIUM CORP.**(formerly Menika Mining Ltd.)**

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the periods ended May 31, 2016 and 2015

(Unaudited - Expressed in Canadian Dollars)

13) EVENTS AFTER THE REPORTING PERIOD *(continued)*b. *(continued)*

Additionally, pursuant to the Earn-in Option agreement between the Lithium Corp. ("the Optionor") and 1067323 B.C. Ltd. ("the Optionee"), the Company holds the rights to acquire the San Emidio property ("San Emidio Property"), representing a series of twenty-eight (28) placer claims, over 2,240 acres (907 hectares) in Nevada, USA.

- i. Initial Earn-in option: the Company may acquire an initial 80% undivided interest in the San Emidio property if the following conditions are met:

	Common Shares	Cash	Exploration Expenditures
	#	USD \$	USD \$
Within 30 days following the effective date (issued and paid in June, 2016) ⁽¹⁾	100,000	100,000	-
On or before the first anniversary of the closing	100,000	-	100,000
On or before the second anniversary of the closing	100,000	-	200,000
On or before the third anniversary of the closing	-	-	300,000
Total	300,000	100,000	600,000

⁽¹⁾ These shares are subject to a four month plus a day statutory hold period.

- ii. Subsequent Earn-in option: The Company may acquire an additional 20% of the San Emidio property by paying to the Optionor, subject to a two-and-one-half (2.5%) percent net smelter returns royalty, an aggregate amount of US \$1,000,000 on or before the date that is 6 months after the exercise of the initial Earn-in Option.

- c. On June 8, 2016, 185,000 stock options were exercised for total proceeds of \$18,500.
- d. On June 13, 2016, the Company granted 250,000 stock options to a consultant of the Company. The options are exercisable at a price of \$1.57 per share for a period of two years and vest immediately.
- e. On July 5, 2016, the Company entered into an agreement to acquire all of the outstanding share capital of 1074654 B.C. Ltd. ("1074654"), a privately held British Columbia mineral exploration company that holds a right to acquire a 70% interest in a series of 77 placer claims comprising 1,540 acres, located in Esmeralda County, Nevada and known as "Clayton Valley BFF-1". The Company received TSX approval and closed the transaction on July 12, 2016. In consideration of all the outstanding share capital of 1074654, the Company assumed 1074654's obligations in respect of Clayton Valley BFF-1.

Under an earn-in option agreement, the Company has the right to acquire a 70% undivided interest in the Clayton Valley BFF-1 Property by fulfilling the commitments outlined below:

	Common Shares	Cash	Exploration Expenditures
	#	USD \$	USD \$
Upon closing (issued and paid) ⁽¹⁾	400,000	75,000	-
On or before the first anniversary of the closing	400,000	100,000	100,000
On or before the second anniversary of the closing	400,000	100,000	300,000
On or before the third anniversary of the closing	-	-	600,000
Total	1,200,000	275,000	\$1,000,000

⁽¹⁾ These shares were issued July 14, 2016 and are subject to a four month plus a day statutory hold period.