

Form 45-106F1
Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

Issuer information

Item 1: State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report. ***FIRST LITHIUM RESOURCES INC., Suite 3102, 788 Richards Street, Vancouver, BC, V6B 0C7***

Item 2: State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting. ***THE ISSUER IS A REPORTING ISSUER IN BRITISH COLUMBIA AND ALBERTA.***

Item 3: Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

- | | |
|---|---|
| <input type="checkbox"/> Bio-tech | Mining |
| <input type="checkbox"/> Financial Services | <input checked="" type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Other (describe) |

Details of distribution

Item 4: Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.

Item 5: State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

December 31, 2010 & January 4, 2011

Item 6: For each security distributed:

- (a) describe the type of security.

Comprised of Common Shares and Warrants

- (b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date.

Flow-Through Private Placement Financing – December 31, 2010

466,666 Flow-Through Units at a price of \$0.15 per Unit, each Unit consisting of one Flow-Through common share and one-half share purchase warrant with each whole warrant entitling the holder to purchase one non-Flow-Through common share for a period of two years following the Closing Date with an exercise price of \$0.25 per warrant share until 4:30 pm (PST) on or before December 30, 2011 and thereafter at an exercise price of \$0.35 per warrant share until 4:30 pm (PST) on or before December 30, 2012.

After four months have elapsed from closing, if the Company's shares trade above \$0.40 for 20 consecutive trading days, the Company has the option to provide notice to the warrant holders that their warrants will expire if they are not exercised within 30 days.

Straight Private Placement Financing – January 4, 2011

1,851,852 Units at a price of \$0.135 per Unit, each Unit consisting of one common share and one share purchase warrant with each warrant entitling the holder to purchase one common share for a period of two years following the Closing Date at an exercise price of \$0.20 per warrant share until 4:30 pm (PST) on or before January 3, 2013.

(c) state the exemption(s) relied on.

The exemptions relied on are sections 2.3 of NI 45-106.

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security ¹	Total dollar value raised from purchasers in the jurisdiction (Cdn \$)
Alberta	1	\$0.15	\$ 25,000
British Columbia	1	\$0.15	\$ 15,000
Ontario	2	\$0.135 / \$0.15	\$ 280,000
Total number of Purchasers	4		
Total dollar value of distribution in all jurisdictions			\$ 320,000

Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

Item 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible

security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
		Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
NBCN Inc., 1410-1010 de la gauchetiere St. West, Montreal, QC, H3B 2N2	\$ 3,000	20,000 ⁽¹⁾ <i>Broker Warrants</i>	n/a	Sec. 2.3 of NI 45-106	\$ 3,000
Union Securities Ltd., 900-700 West Georgia Street, PO Box 10341-Pacific Centre, Vancouver, BC, V7Y 1H4	\$ 2,500	16,666 ⁽¹⁾ <i>Broker Warrants</i>	n/a	Sec. 2.3 of NI 45-106	\$ 2,500
Raymond James Ltd., 400-925 W. Georgia Street, Vancouver, BC, V6C 3L2	\$ 1,500	10,000 ⁽¹⁾ <i>Broker Warrants</i>	n/a	Sec. 2.3 of NI 45-106	\$ 1,500
Totals	\$ 7,000	46,666 ⁽¹⁾ <i>Broker Warrants</i>			\$ 7,000

⁽¹⁾ Each warrant is exercisable for a period of two years following the Closing Date at an exercise price of \$0.25 per warrant share in the first year until the close of business on December 30, 2011 and thereafter at an exercise price of \$0.35 per warrant share until the close of business on December 30, 2012

Item 9: If a distribution is made in Ontario, please include the attached “Authorization of Indirect Collection of Personal Information for Distributions in Ontario”. The “Authorization of Indirect Collection of Personal Information for Distributions in Ontario” is only required to be filed with the Ontario Securities Commission.

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: January 10, 2011

FIRST LITHIUM RESOURCES INC.

Name of issuer (please print)

CRAIG NAUGHTY, PRESIDENT, 604 669-0401

Print name, title and telephone number of person signing



“Craig Naughty”

Signature

Item 10: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice - Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities or, where applicable, the regulators under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or, where applicable, the regulator in the jurisdiction(s) where the form is filed, at the address (es) listed at the end of this report.

Authorization of Indirect Collection of Personal Information for Distributions in Ontario

The attached Schedule I contains personal information of purchasers and details of the distribution(s). The issuer hereby confirms that each purchaser listed in Schedule I of this report

- (a) has been notified by the issuer
 - (i) of the delivery to the Ontario Securities Commission of the information pertaining to the person as set out in Schedule I,
 - (ii) that this information is being collected indirectly by the Ontario Securities Commission under the authority granted to it in securities legislation,
 - (iii) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and
 - (iv) of the title, business address and business telephone number of the public official in Ontario, as set out in this report, who can answer questions about the Ontario Securities Commission's indirect collection of the information, and
- (b) has authorized the indirect collection of the information by the Ontario Securities Commission.