ADVANTAGE LITHIUM CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JULY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Advantage Lithium Corp.

Opinion
We have audited the consolidated financial statements of Advantage Lithium Corp. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2019 and July 31, 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2019 and July 31, 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company recorded a net loss of $ 3,870,529 and, as at July 31, 2019, the Company had an accumulated deficit of $ 27,221,072 and a working capital of $ 1,281,003. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Gordon Cummings.

"D&H Group LLP"

Vancouver, B.C.
November 28, 2019

Chartered Professional Accountants

ADVANTAGE LITHIUM CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes	July 31, 2019	July 31, 2018
ASSETS			
Current assets			
Cash		$ 1,497,709	$ 17,413,386
Receivable from joint venture partner		239,296	339,316
GST receivables		64,706	56,397
Prepaids		53,703	237,850
Total current assets		1,855,414	18,046,949
Non-current assets			
Investments	5	394,000	627,284
Property, plant and equipment	6	236,257	175,799
Exploration and evaluation assets	7	61,004,627	48,651,693
Total non-current assets		61,634,884	49,454,776
TOTAL ASSETS		$ 63,490,298	$ 67,501,725
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	$ 574,411	$ 1,745,713
TOTAL LIABILITIES		574,411	1,745,713
SHAREHOLDERS' EQUITY			
Share capital	8	83,744,756	83,113,416
Share-based payment reserve		6,392,203	5,993,139
Accumulated other comprehensive loss		-	(1,693,916)
Deficit		(27,221,072)	(21,656,627)
TOTAL SHAREHOLDERS' EQUITY		62,915,887	65,756,012
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 63,490,298	$ 67,501,725

Nature of operations and going concern (Note 1)
Subsequent event (Note 14)

These consolidated financial statements were approved for issue by the Board of Directors on November 28, 2019 and are signed on its behalf by:

On behalf of the Board:

"*Callum Grant*" Director "*Rick Anthon*" Director

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

ADVANTAGE LITHIUM CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Notes	Year ended July 31, 2019	2018
EXPENSES			
Accounting and administrative	9	$ 42,398	$ 97,108
Advertising and promotion		193,489	244,926
Audit		100,681	50,930
Charitable donations		5,000	20,000
Conferences		35,274	72,941
Depreciation	6	54,720	41,009
Directors and officer compensation	9	396,503	702,939
General exploration		200,428	23,667
Insurance		22,699	12,857
Legal		178,172	138,375
Office	9	318,068	279,478
Professional fees		278,284	255,435
Public relations		704,165	1,886,795
Regulatory fees		73,089	70,698
Rent	9	78,780	29,346
Salaries and benefits		133,085	79,461
Share-based compensation	9	866,758	923,492
Shareholder costs		17,327	16,518
Transfer agent		13,832	22,500
Travel, meals and accommodation		231,612	357,947
Loss before other items		(3,944,364)	(5,326,422)
Other items			
Gain on sale of exploration and evaluation assets	7	127,500	31,447
Loss on sale of investments	5	(99,574)	(328,563)
Interest income		72,533	180,624
Foreign exchange gain (loss)		129,710	(688,939)
Unrealized loss on investment		(156,334)	-
		73,835	(805,431)
Net loss for the year		(3,870,529)	(6,131,853)
Other comprehensive loss	5	-	(1,706,742)
Net loss and comprehensive loss for the year		$ (3,870,529)	$ (7,838,595)
Basic and diluted loss per common share		$ (0.02)	$ (0.06)
Weighted average number of common shares outstanding		158,204,463	139,476,758

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

ADVANTAGE LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Number of shares	Share capital	Share-based payment reserve	Accumulated other comprehensive income (loss)	Deficit	Total equity
July 31, 2018	157,533,209	$ 83,113,416	$ 5,993,139	$ (1,693,916)	$ (21,656,627)	$ 65,756,012
Adjustment on initial application of IFRS 9 (Note 4)	-	-	-	1,693,916	(1,693,916)	-
Common shares issued for:						
Share options exercised	150,000	75,000	-	-	-	75,000
Warrants exercised	83,334	62,500	-	-	-	62,500
Finders' warrants exercised	86,346	26,146	-	-	-	26,146
Transfer on exercise of:						
Share options	-	49,500	(49,500)	-	-	-
Finders' warrants exercised	-	42,194	(42,194)	-	-	-
Restricted share units redeemed	800,000	376,000	(376,000)	-	-	-
Share-based compensation on:						-
Share options	-	-	402,633	-	-	402,633
Restricted share units	-	-	464,125	-	-	464,125
Net loss for the year	-	-	-	-	(3,870,529)	(3,870,529)
July 31, 2019	158,652,889	$ 83,744,756	$ 6,392,203	$ -	$ (27,221,072)	$ 62,915,887

	Number of shares	Share capital	Share-based payment reserve	Accumulated other comprehensive income (loss)	Deficit	Total equity
July 31, 2017	135,061,471	$ 65,279,861	$ 6,088,912	$ 12,826	$ (15,524,774)	$ 55,856,825
Common shares issued for:						
Private placements	15,585,956	12,001,186	-	-	-	12,001,186
Share options exercised	892,000	400,000	-	-	-	400,000
Warrants exercised	3,378,151	3,067,576	-	-	-	3,067,576
Finders' warrants exercised	767,870	269,532	-	-	-	269,532
Compensation warrants exercised	866,230	649,673	-	-	-	649,673
Exploration and evaluation assets	981,531	930,919	-	-	-	930,919
Share issue cost	-	(504,596)	-	-	-	(504,596)
Transfer on exercise of:						
Share options	-	403,049	(403,049)	-	-	-
Finder's warrants	-	395,327	(395,327)	-	-	-
Compensation warrants	-	220,889	(220,889)	-	-	-
Share-based compensation	-	-	923,492	-	-	923,492
Unrealized loss on investment	-	-	-	(1,706,742)	-	(1,706,742)
Net loss for the year	-	-	-	-	(6,131,853)	(6,131,853)
July 31, 2018	157,533,209	$ 83,113,416	$ 5,993,139	$ (1,693,916)	$ (21,656,627)	$ 65,756,012

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

ADVANTAGE LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended July 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (3,870,529)	$ (6,131,853)
Items not involving cash:		
Depreciation	54,720	41,009
Gain on sale of exploration and evaluation assets	(127,500)	(31,447)
Loss on sale of investment	99,574	328,563
Share-based compensation	866,758	923,492
Unrealized loss on investment	156,334	-
Change in non-cash operating working capital:		
Amounts receivable	-	4,358
GST receivable	(8,309)	112,478
Prepaid expenses	184,147	(71,048)
Accounts payable and accrued liabilities	(2,319,603)	132,921
Net cash used in operating activities	(4,964,408)	(4,691,527)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(11,204,633)	(10,524,708)
Additions to property, plant and equipment	(115,178)	(123,116)
Proceeds from sale of investments	104,876	738,517
Receivable from joint venture partner	100,020	(339,316)
Net cash used in investing activities	(11,114,915)	(10,248,623)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares	-	16,387,967
Share issue costs	-	(504,596)
Proceeds from warrants exercised	88,646	-
Proceeds from options exercised	75,000	-
Net cash provided by financing activities	163,646	15,883,371
Change in cash during the year	(15,915,677)	943,221
Cash, beginning of year	17,413,386	16,470,165
Cash, end of year	$ 1,497,709	$ 17,413,386
Supplemental cash flow information – Note 12		

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

1. Nature of Operations and Going Concern

The Company was incorporated under the laws of the Province of British Columbia on March 1, 2007. The Company's common shares currently trade on the TSX Venture Exchange ("TSXV") under the symbol "AAL" and on the OTCQB under the symbol "AVLIF". The Company's head office is located at Suite 789, 999 West Hastings Street, Vancouver, British Columbia V6C 2W2 Canada.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of lithium properties. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations and conduct planned exploration programs on its existing exploration and evaluation assets for the next twelve months, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future. If the Company is unable to raise the necessary capital and generate sufficient cash flows to meet obligations as they come due, the Company may have to reduce or curtail its operations or obtain financing at unfavourable terms. The material uncertainty may cast a significant doubt about the Company's ability to continue as a going concern. Furthermore, failure to continue as a going concern would require the Company's assets and liabilities to be restated on a liquidation basis which would differ significantly from the going concern basis. These consolidated financial statements do not reflect any adjustments related to conditions that occurred subsequent to July 31, 2019.

2. Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The Company's significant accounting policies are described in Note 4. These consolidated financial statements were authorized for issue by the Board of Directors on November 28, 2019.

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise stated.

3. Subsidiaries

In addition to the Company, these consolidated financial statements include all subsidiaries. Subsidiaries are all entities over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

3. Subsidiaries (continued)

As at July 31, 2019 the subsidiaries of the Company are as follows:

Company	Location of Incorporation	Ownership Interest
Advantage Lithium Inc.	USA	100%
South American Salars Minerals Pty. Ltd. ("SAS Australia") (inactive)	Australia	100%
South American Salars S.A. ("SAS Argentina")	Argentina	100%
AAL Argentina S.A.	Argentina	97%

4. Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

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 consolidated financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

(iii) Management is required to assess whether there is evidence of impairment in respect of exploration and evaluation assets. The triggering events for an impairment test are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

(iv) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

4. Significant Accounting Policies (continued)

(v) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 10.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Depreciation expense is allocated based on assumed useful life of property, plant and equipment. Should the useful life differ from the initial estimate, an adjustment would be made in the statement of operations and comprehensive loss.

(ii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

(iii) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

(iv) The assessment of any impairment of non-current assets is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions, recoverability of value added taxes and the useful lives of assets. As a result of this assessment, in fiscal 2019 management recorded an impairment charge of $nil (2018 - $nil) on its exploration and evaluation assets. See Note 7.

Cash

Cash includes cash on hand and demand deposits. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution.

4. Significant Accounting Policies (continued)

Amounts Receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as loans and receivable. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income, costs recovered on mineral properties when amounts received, or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that an exploration expenditure is not expected to be recovered, it is charged to the results of operations.

4. Significant Accounting Policies (continued)

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets, at a rate of 20% - 33% for office and field equipment.

An item of property, plant and equipment is derecognized upon disposal 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 profit or loss in the consolidated statements of loss and comprehensive loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Impairment of Long-Lived Assets

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be 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 the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4. Significant Accounting Policies (continued)

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate and amount or timing of the underlying cash flows needed to settle the obligation. As at July 31, 2019 and July 31, 2018, the Company does not have any decommissioning obligations.

Financial Instruments

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification include cash.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Financial instruments under this classification include accounts payable and accrued liabilities, and loans payable.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and accrued liabilities, and loans payable are classified as other financial liabilities. The Company does not currently have any FVTPL financial liabilities.

4. Significant Accounting Policies (continued)

Financial Instruments (continued)

(iii) *Impairment of financial assets*

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets.

IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the closing date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

Stock based compensation expense relates to stock options as well as cash and equity settled restricted share units ("RSUs"). The grant date fair values of stock option and equity settled RSUs granted are recognized as an expense, with a corresponding increase in contributed surplus in equity, over the vesting period. The amount recognized as an expense is based on the estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. Upon exercise of stock options, the consideration paid by the holder is included in share capital and the related contributed surplus associated with the stock options exercised is reclassed into share capital. Upon settlement of equity settled RSUs, the related contributed surplus associated with the RSU is reclassified into share capital.

For cash settled RSUs, the fair value of the RSUs is recognized as stock based compensation expense, with a corresponding increase in accrued liabilities over the vesting period. The amount recognized as an expense is based on the estimate of the number of RSUs expected to vest. Cash settled RSUs are measured at their fair value at each reporting period on a mark-to-market basis. Upon vesting of the cash settled RSUs, the liability is reduced by the cash payout.

4. Significant Accounting Policies (continued)

Taxation

Income tax expense comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive income (loss), except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity. In this case the income tax is also recognized in other comprehensive income (loss) or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences. Deferred income tax assets and liabilities are offset when here is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value added tax ("VAT")

VAT may be paid in countries where recoverability is uncertain. In these cases, VAT payments are either deferred within exploration and evaluation assets, or expensed if related to exploration and evaluation costs. If we ultimately recover the amounts that have been deferred, the amount received will be applied to reduce any associated asset. If the amounts were previously expensed, the recovery will be recognized in the consolidated statement of income.

Loss Per Share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in dilutive earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share.

4. Significant Accounting Policies (continued)

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive income (loss) presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. 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 comprehensive loss.

Comparative Figures

Certain of the prior fiscal year's comparative figures have been reclassified to conform with the current fiscal period's presentation.

Adoption of New Accounting Standards

(i) IFRS 9 – Financial Instruments ("IFRS 9')

The Company adopted all of the requirements of IFRS 9 as of February 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward looking "expected loss" impairment model. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The table below summarizes the classification and carrying amount changes upon transition from IAS 39 to IFRS 9 as at August 1, 2018.

		Original under IAS 39		**New under IFRS 9**
	Classification	Carrying amount	Classification	Carrying amount
Cash	FVTPL	$ 17,413,386	FVTPL	$ 17,413,386
Receivable from joint venture	Loan and receivables	399,316	Amortized cost	339,316
Investments	Available for sale	627,284	FVTPL	627,284
Accounts payable and accrued liabilities	Other financial liabilities	1,745,713	Amortized cost	1,745,713

As the standard permits on transition to IFRS 9, the Company has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements.

On transition, the Company's investments previously classified as available-for-sale, have been re-designated fair-value through profit and loss financial instruments. Associated revaluation adjustments will be recorded through the statement of loss instead of through other comprehensive income. The Company has recorded an adjustment to opening deficit and accumulated other comprehensive loss on transition for cumulative gains/losses on these instruments of $1,693,916.

(Expressed in Canadian Dollars)

4. Significant Accounting Policies (continued)

Accounting Standards and Interpretations Issued but Not Yet Effective

In January 2016 the IASB issued IFRS 16 - Leases, which replaces IAS 17 - Leases and its associated interpretative guidance. Leases will be recorded in the consolidated statement of financial position in the form of a right-of-use assets and a lease liability. This standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted.

The Company is currently evaluating the impact of IFRS 16 on the Company's accounting policies and consolidated financial statement presentation.

5. Investments

	As at July 31, 2019			
	Number	**Cost**	**Accumulated Unrealized loss**	**Carrying Value**
Common shares				
Pure Energy Minerals Limited ("Pure") (b)	4,900,000	$ 2,180,500	$ (1,837,500)	$ 343,000
Nevada Sunrise Gold Corporation ("Nevada Sunrise") (a and c)	850,000	63,750	(12,750)	51,000
		$ 2,244,250	$ (1,850,250)	$ 394,000

	As at July 31, 2018			
	Number	**Cost**	**Accumulated Unrealized loss**	**Carrying Value**
Common shares				
LSC Lithium Corporation ("LSC") (a)	93,800	$ 140,700	$ (76,916)	$ 63,784
Pure Energy Minerals Limited ("Pure") (b)	4,900,000	2,180,500	(1,617,000)	563,500
		$ 2,321,200	$ (1,693,916)	$ 627,284

(a) During fiscal 2018, the Company sold 750,720 LSC shares for proceeds of $738,517 recognizing a realized loss of $328,563.

During fiscal 2019, the Company:

i) sold 93,800 LSC shares for proceeds of $62,020 recognizing a realized loss of $78,792.

ii) sold 850,000 Nevada Sunrise shares for proceeds of $42,855 recognizing a realized loss of $20,895.

(b) On December 5, 2017, the Company received 4,900,000 Pure common shares from the sale of the Company's interest in the Clayton Northeast Property. See also Note 7(b)(i).

(c) On September 11, 2018, the Company received 1,700,000 Nevada Sunrise common shares as compensation for the termination of the Water Permit Option Agreement. See also Note 7(b)(ii).

(Expressed in Canadian Dollars)

6. Property, Plant and Equipment

	Office Equipment	Field Equipment	Total
Cost			
Balance, July 31, 2017	$ 10,709	$ 82,234	$ 92,943
Additions	32,037	91,078	123,115
Balance, July 31, 2018	42,746	173,312	216,058
Additions	19,080	96,098	115,178
Balance, July 31, 2019	$ 61,826	$ 269,410	$ 331,236
Accumulated depreciation			
Balance, July 31, 2017	$ (232)	$ (9,442)	$ (9,674)
Additions	(8,544)	(22,041)	(30,585)
Balance, July 31, 2018	(8,776)	(31,483)	(40,259)
Additions	(18,292)	(36,428)	(54,720)
Balance, July 31, 2019	$ (27,068)	$ (67,911)	$ (94,979)
Carrying amounts			
Balance, July 31, 2018	$ 33,970	$ 141,829	$ 175,799
Balance, July 31, 2019	$ 34,758	$ 201,499	$ 236,257

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets

	As at July 31, 2019		
	Acquisition Costs	**Deferred Exploration Costs**	**Total**
Argentina			
Cauchari Project	$ 31,595,335	$ 23,322,540	$ 54,917,875
Argentine Properties	6,051,231	35,521	6,086,752
	$ 37,646,566	$ 23,358,061	$ 61,004,627

	As at July 31, 2018		
	Acquisition Costs	**Deferred Exploration Costs**	**Total**
Argentina			
Cauchari Project	$ 30,887,827	$ 11,773,120	$ 42,660,947
Argentine Properties	5,990,746	-	5,990,746
	$ 36,878,573	$ 11,773,120	$ 48,651,693

7. Exploration and Evaluation Assets (continued)

(a) **Argentina**

Cauchari Project and Argentine Properties

On March 28, 2017 the Company acquired an initial 50% interest in the Cauchari Project and a 100% interest in the Argentine Properties. In December 2017 the Company completed its US $5,000,000 spending amount and earned the additional 25% interest in the Cauchari Project. All subsequent costs incurred have been funded by the Company and La Frontera S.A. ("La Frontera") based on their respective interests. La Frontera is owned by Orocobre, as to 85%, and Peral, as to 15%. As at July 31, 2019, $245,544 (July 31, 2018 - $339,316) remained receivable and has been included in receivable from joint venture partner.

La Frontera retains a 1% gross revenue royalty on the Cauchari Project and Argentine Properties, and has a right of first refusal on brine production (and may enter into an offtake agreement in respect of such production).

Stella Marys Project

On September 8, 2016 the Company entered into a letter of intent (the "Santa Rita LOI") with Minera Santa Rita S.R.L. ("Minera Santa Rita") over the Stella Marys Project, located in Salta Province, Argentina. On October 28, 2016 the Company and Minera Santa Rita signed a definitive agreement (the "Santa Rita Option") under which the Company could acquire a 100% interest in the Stella Marys Project by making total cash payments of US $1,250,000 and issuance of a total of 1,500,000 common shares of the Company. During fiscal 2017 the Company had made cash payments totalling US $600,000 and issued 600,000 common shares at a fair value of $498,000.

The Company also agreed to pay a finder's fee, calculated at a maximum of up to approximately $176,500, the actual amounts payable only upon cash payments and share issuances made. During fiscal 2017 the Company paid $64,858.

On June 2, 2017 the Company completed an assignment of the Santa Rita Option to LSC and the Company received cash payments totalling $930,593 for reimbursement of all option payments and related costs previously paid by the Company in connection with the Santa Rita Option. In addition the Company also received 256,520 common shares of LSC, at a fair value of $325,780, and a 2% royalty (the "Stella Marys Royalty") on the brine concentrate produced from the Stella Marys Project and has reached an agreement in principal with Orocobre to reduce the Stella Marys Royalty to 0.5% in return for receiving a 0.5% royalty on the brine concentrate produced from the tenements purchased by LSC from Orocobre in the Salinas Grandes Salar, Argentina. Accordingly, during fiscal 2017 the Company recorded an impairment of $103,379 to reflect the difference between the total proceeds received and the carrying amount of the Stella Marys Project.

LSC has agreed to make all further cash and finder's fee payments and reimburse the Company in LSC common shares for any further common share issuances made by the Company. In October 2017 the Company issued the remaining 900,000 common shares, at a fair value of $882,000, and paid a finder's fee of $61,048 pursuant to the Santa Rita option and LSC issued 588,000 LSC common shares, at a fair value of $882,000, and paid $61,048 to the Company as reimbursement.

7. Exploration and Evaluation Assets (continued)

(b) ***United States***

On June 16, 2016, as amended and extended, the Company entered into an agreement (the "Nevada Sunrise Agreement") with Nevada Sunrise Gold Corp. ("Nevada Sunrise") in which the Company was granted an option to earn working interests of up to 70% in three lithium exploration projects, known as Clayton Northeast, Jackson Wash and Aquarius, and 50% interests in two lithium properties, known as Gemini and Neptune (collectively the "Optioned Properties"), located in the Clayton Valley and Lida Valley regions of Nevada, USA, and an option to acquire the State of Nevada Water Permit 44411 (the "Water Permit").

(i) *Optioned Properties*

During fiscal 2017 the Company met all of the requirements and obligations required to earn its initial 51% interests in each of the Clayton Northeast, Jackson Wash and Aquarius properties. In July 2017 the Company determined to surrender all interests in the Jackson Wash, Aquarius, Gemini and Neptune properties and formal notice was provided to Nevada Sunrise on August 11, 2017. Accordingly, the Company recorded an impairment charge of $2,592,927 in fiscal 2017 for all costs incurred on these properties.

On November 1, 2017 the Company and Nevada Sunrise entered into an asset purchase agreement to effect the sale of their interests in the Clayton Northeast property to Pure Energy Minerals Limited ("Pure Energy") for a total of 7,000,000 Pure Energy common shares. On October 20, 2017 the Company issued 81,531 common shares, at a fair value of $48,919, to Nevada Sunrise under the terms of the Nevada Sunrise Agreement. On November 30, 2017 the Company paid Nevada Sunrise $290,539 as its remaining obligation to exercise its option to earn a 70% interest in the Clayton Northeast property. On December 5, 2017 the asset purchase agreement was completed and the Company received 4,900,000 Pure Energy common shares at a fair value of $2,180,500, recognizing a gain on sale of $31,447.

(ii) *Water Rights*

Nevada Sunrise granted to the Company the option (the "Water Permit Option") to acquire a 100% interest in the Water Permit. In order to maintain the Water Permit Option the Company was required to:

(i) make a total of US $1,175,000 Water Permit cash payments until the exercise of the Water Permit Option;
(ii) pay all legal and other costs associated with the application to transfer the Place of Use and Point of Diversion of the Water Permit; and
(iii) pay all legal and other costs required to maintain the Water Permit.

In order to exercise the Water Permit Option the Company was required to pay to Nevada Sunrise an amount equal to the sum of:

(i) the Water Permit cash payments made by Nevada Sunrise prior to the grant of the Water Permit Option;
(ii) the value of the Water Permit share payments made by Nevada Sunrise before the exercise of the Water Permit Option (which shall be established by multiplying the number of Nevada Sunrise shares issued by the 20-day volume weighted average price immediately prior to the date such Water Permit share payments were made);
(iii) the legal and other costs incurred by Nevada Sunrise to acquire and make the application to transfer the location of the Water Permit; and
(iv) US $200,000, payable in cash or a calculated value in shares, at the Company's option (the "Water Permit Option Payment").

7. Exploration and Evaluation Assets (continued)

(ii) *Water Rights* (continued)

On August 3, 2018, the Company entered into a Termination Agreement with Nevada Sunrise whereby the parties agreed that the Water Permit Option Agreement (the "Option Agreement") be terminated and have no further force or effect. In consideration for the termination of the Option Agreement, Nevada Sunrise issued from treasury to the Company, an aggregate of 1,700,000 common shares in the capital of Nevada Sunrise valued at $127,500, (the "Termination Shares"), subject to hold periods that expire, with respect to:

(i) 425,000 Termination Shares, on August 3, 2018 (received and valued at $31,875);
(ii) 425,000 Termination Shares, on February 3, 2019 (received and valued at $31,875);
(iii) 425,000 Termination Shares, on August 3, 2019 (received and valued at $31,875); and
(iv) 425,000 Termination Shares, on February 3, 2020 (received and valued at $31,875).

8. Share Capital

(a) ***Authorized Share Capital***

The Company's authorized share capital consists of an unlimited number of common shares without par value and unlimited preferred shares without par value. All issued common shares are fully paid.

(b) ***Equity Financings***

Fiscal 2019

During fiscal 2019, the Company:

(i) issued 150,000 shares pursuant to the exercise of options for proceeds of $75,000, and accordingly, the Company allocated $49,500 of share-based payment reserve to share capital.

(ii) issued 169,680 shares pursuant to the exercise of warrants for proceeds of $88,646, and accordingly, the Company allocated $42,194 of share-based payment reserve to share capital.

(ii) issued 800,000 shares pursuant to the redeemed restricted share units valued at $376,000.

Fiscal 2018

During fiscal 2018, the Company completed a private placement offering for 15,585,956 common shares, at $0.77 per share, for gross proceeds of $12,001,186. The Company incurred $504,596 for legal, filing and other costs associated with this private placement.

Directors and officers of the Company and close family members purchased 391,000 common shares for $301,070. Orocobre also participated in the private placement and subscribed for 15,064,956 common shares for $11,600,016.

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(c) *Compensation Warrants*

A summary of changes in the Company's compensation warrants is as follows:

	July 31, 2019			July 31, 2018		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Balance, beginning of year	618,088	$	0.75	1,484,318	$	0.75
Exercised	-		-	(866,230)		0.75
Expired	(618,088)		0.75	-		-
Balance, end of year	-	$	-	618,088	$	0.75

As at July 31, 2019, there was no compensation warrant outstanding and exercisable.

(d) *Warrants*

A summary of changes in the Company's warrants is as follows:

	July 31, 2019			July 31, 2018		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Balance, beginning of year	17,802,948	$	0.95	21,515,854	$	0.92
Issued	-		-	433,115		1.00
Exercised	(169,680)		0.52	(4,146,021)		0.80
Expired	(17,633,268)		0.96	-		-
Balance, end of year	-	$	-	17,802,948	$	0.95

As at July 31, 2019, there was no warrant outstanding and exercisable.

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(e) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the year ended July 31, 2019 the Company granted share options to purchase 1,050,000 (2018 – 2,200,000) common shares and recorded compensation expense of $247,933 (2018 - $923,492).

The fair value of share options granted and vested is estimated using the Black-Scholes option pricing model using the following assumptions:

	Year ended July 31, 2019	Year ended July 31, 2018
Risk-free interest rate	1.88% - 2.42%	1.41% - 2.07%
Estimated volatility	69% - 88%	73% - 82%
Expected life	2 years - 5 years	3 years - 5 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted during the year ended July 31, 2019 was $0.33 (2018 - $0.48) per share option.

During fiscal 2018 the Company repriced share options previously granted to purchase 800,000 common shares, from original exercise prices ranging from $0.80 to $0.90 per share to a revised exercise price of $0.50 per share. The fair value of share options repriced has been estimated at $46,000 using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate 1.17%; estimated volatility 82%; expected life 2.41 years - 2.50 years; expected dividend yield 0%; and estimated forfeiture rate 0%.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(e) *Share Option Plan* (continued)

A summary of charges in the Company's share options as follows:

	July 31, 2019			July 31, 2018		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Balance, beginning of year	8,065,667	$	0.63	7,221,000	$	0.59
Granted	1,050,000		0.57	2,200,000		0.85
Exercised	(150,000)		0.50	(892,000)		0.45
Expired	(324,000)		0.50	(330,000)		0.78
Forfeited	(66,667)		1.11	(133,333)		1.11
Balance, end of year	8,575,000	$	0.62	8,065,667	$	0.63

The following table summarizes information about the share options outstanding and exercisable at July 31, 2019:

Number Outstanding	Number Exercisable	Exercise Price	Expiry Date
800,000	800,000	$0.90	16-Sep-19*
175,000	175,000	0.50	16-Sep-19*
475,000	475,000	0.50	20-Sep-19*
100,000	100,000	0.50	27-Oct-19*
600,000	600,000	0.50	19-Jan-20
200,000	200,000	0.50	7-Feb-20
200,000	100,000	0.80	24-Aug-20
600,000	600,000	0.99	19-Apr-21
950,000	950,000	0.50	30-May-22
2,325,000	2,325,000	0.50	8-Jun-22
400,000	316,667	0.50	14-Aug-22
300,000	300,000	0.60	25-Oct-22
450,000	300,000	1.07	11-Dec-22
150,000	100,000	1.00	4-Apr-23
500,000	166,666	0.59	30-Oct-23
350,000	350,000	0.41	28-Dec-23
8,575,000	7,858,333		

* subsequently expired

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(f) *Restricted Share Unit ("RSU") Plan*

On April 9, 2018 the Company adopted a restricted share unit plan (the "RSU Plan"). The RSU Plan provides for the issuance of up to 1,900,000 restricted share units (the "RSUs"). Under the RSU Plan, RSUs may be granted to directors, officers, employees and consultants of the Company (excluding investor relations consultants) as partial compensation for the services they provide to the Company. The RSU Plan is a fixed number plan, and the number of common shares issued under the RSU Plan, when combined with the number of stock options available under the Company's stock option plan, will not exceed 10% of the Company's outstanding common shares. The RSU Plan is subject to the approval of the TSXV and to disinterested shareholder approval which will be sought at the next shareholders meeting of the Company. Any RSUs awarded prior to obtaining both TSXV approval and disinterested shareholder approval (collectively, the "Approvals") are subject to, and may not be paid out before, both approvals are obtained. Any RSU shares issued are subject to a four month hold from date of issue.

	Number of RSUs Outstanding	Number of RSUs Redeemable	Weighted Average Grant Date Fair Value	Share-based payment reserve
Balance at July 31, 2018	-	-	$ -	$ -
RSUs granted	1,550,000	-	0.65	-
RSUs vested	-	987,500	0.65	464,125
RSUs redeemed	(800,000)	(800,000)	0.65	(376,000)
Balance at July 31, 2019	750,000	187,500	0.65	$ 88,125

On December 21, 2018, the Company granted 1,550,000 RSUs, subject to certain eligible participants under the Company's RSU Plan, including certain officers, directors and employees.

Of the 1,550,000 RSUs granted, 937,500 RSUs vested during the year ended July 31, 2019 and the Company recognized share-based payment expense of $464,125. Of the 937,500 RSUs that vested, 800,000 were converted to common shares during the year-ended July 31, 2019 and 137,500 remain issued and redeemable as at July 31, 2019.

(g) *Escrow Shares*

On July 16, 2007 the Company and certain of its shareholders entered into an escrow agreement (the "CPC Escrow Agreement"). As at July 31, 2019, 11,496 (July 31, 2018 - 34,496) common shares remained held in escrow under the CPC Escrow Agreement.

9. Related Party Disclosures

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

(a) During the years ended July 31, 2019 and 2018 the following compensation was incurred:

Number	2019	2018
Fees and compensation	$ 832,104	$ 1,055,932
Office	51,078	-
Professional fees	95,000	-
Rent	68,731	-
Share-based compensation	516,200	205,110
	$ 1,563,113	$ 1,261,042

(Expressed in Canadian Dollars)

9. Related Party Disclosures (continued)

During the year ended July 31, 2019, the Company:

i) paid or accrued directors and officers compensations of $832,104 (2018 - $1,038,432) to officers, directors, a former officer, and former directors of the Company.

ii) paid or accrued professional fees of $23,750 (2018 - $17,500) to a relative of a director of the Company.

iii) paid or accrued professional fees of $95,000 in accounting and CFO fees, rent of $45,000, and office and administrative expenses $51,078 to a company owned by the director and former CEO of the Company.

iv) paid or accrued $nil (2018 - $64,408) for accounting and administration services provided by a private company owned by the Company's former CFO.

v) paid or accrued $5,000 (2018 - $nil) for accounting services provided by a partnership in which the Company's CFO has an interest.

vi) recorded $516,200 (2018 - $205,110) of share-based compensation related to issuance of vested restricted share units and stock options to officers and directors of the Company.

vii) paid or accrued $nil (2018 - $38,721) to the relative of a director of the Company of which $nil (2018 - $26,660) was for legal services and $23,731 (2018 - $12,061) for rental of office space.

viii) paid or accrued $282,385 (2018 - $185,301) for equipment rental provided by a private company controlled by a director of the Company.

As at July 31, 2019, $142,672 (July 31, 2018 - $172,967) remained unpaid and has been included in accounts payable and accrued liabilities.

As at July 31, 2019, $9,754 (July 31, 2018 - $Nil) of advances has been included in prepaids.

10. Income Taxes

Deferred income tax assets and liabilities of the Company as at July 31, 2019 and 2018 are as follows:

		2019		2018
Deferred income tax assets				
Loss carry forwards	$	5,212,038	$	3,829,876
Tax basis of exploration and evaluation assets in excess of tax basis		675,559		675,559
Other		312,470		451,175
		6,200,067	$	4,956,610
Valuation allowance		(6,200,067)		(4,956,610)
Net deferred income tax assets		-		-
Deferred income tax liabilities		-		-

The recovery of income taxes shown in the statements of comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes as follows:

(Expressed in Canadian Dollars)

10. Income Taxes (continued)

		2019		2018
Income tax rate reconciliation				
Combined federal provincial income tax rate		27%		27%
Expected income tax recovery	$	1,002,833	$	1,594,282
Non-deductible share-based compensation		(234,025)		(240,108)
Share issuance cost		147,218		143,637
Other		(1,883)		(4,850)
Effect of different income tax rates		(13,746)		27,924
Unrecognized benefit of income tax losses		(900,397)		(1,520,885)
Actual income tax recovery		-		-

As at July 31, 2019 the Company has non-capital losses of approximately $14,321,476 (2018 - $11,834,125) and accumulated tax pools of approximately $1,157,295 (2018 - $1,702,546) carried forward for Canadian income tax purposes and are available to reduce taxable income of future years. The non-capital losses expire commencing in 2028 through 2038.

The Company also has non-capital losses of approximately $2,908,639 (2018 - $2,908,639) carried forward for US income tax purposes, which are available for application against future taxable income, expiring 2037.

The Company also has non-capital losses of approximately $2,448,083 (2018 - $1,716,702) carried forward for Argentine tax purposes, which are available for application against future taxable income of future years. The non-capital losses expire commencing 2019 to 2024.

Future income tax loss benefits which may arise as a result of these losses have not been recognized in the financial statements as their realization is unlikely.

11. Financial Instruments and Risk Management

The recorded amounts for cash, receivable from joint venture partner, investments and accounts payable and accrued liabilities approximate their fair value due to their short-term nature of these instruments.

Financial instruments measured at fair value on the consolidated statement of financial position are summarized in levels of fair value hierarchy as follows:

Financial Instrument		July 31, 2019		July 31, 2018
Cash	$	1,497,709	$	17,413,386
Receivable from joint venture partner		239,296		339,316
Investments		394,000		627,284
Accounts payable and accrued liabilities		(574,411)		(1,745,713)
Total	$	1,556,594	$	16,634,273

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 loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote.

11. Financial Instruments and Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

July 31, 2019	Less than 3 months	3 – 12 months	1 – 5 months	Over 5 years	Total
Cash	$ 1,497,709	$ -	$ -	$ -	$ 1,497,709
Receivable	239,296	-	-	-	239,296
Investments	-	-	394,000	-	394,000
Accounts payable and accrued liabilities	(574,411)	-	-	-	(574,411)
Total	$ 1,162,594	$ -	$ 394,000	$ -	$ 1,556,594

July 31, 2018	Less than 3 months	3 – 12 months	1 – 5 months	Over 5 years	Total
Cash	$ 17,413,386	$ -	$ -	$ -	$ 17,413,386
Receivable	339,316	-	-	-	339,316
Investments	-	-	627,284	-	627,284
Accounts payable and accrued liabilities	(1,745,713)	-	-	-	(1,745,713)
Total	$ 16,006,989	$ -	$ 627,284	$ -	$ 16,634,273

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian Dollar and major transactions are transacted in Canadian Dollars, US Dollars and Argentine Pesos. The Company maintains Argentine Peso bank accounts in Argentina and US Dollar bank accounts in Canada and Argentina to support the cash needs of its foreign operations. Management does not hedge its foreign exchange risk. At July 31, 2019, 1 Canadian Dollar was equal to 0.76 US Dollar and 33.28 Argentine Pesos.

(Expressed in Canadian Dollars)

11. Financial Instruments and Risk Management (continued)

Balances are as follows:

	Argentine Pesos	US Dollars	CDN $ Equivalent
Cash	$ 961,140	$ 162,680	$ 242,942
Value added tax receivable	36,413,565	-	1,094,486
Accounts payable and accrued liabilities	(7,337,500)	(109,945)	(365,209)
	$ 30,037,205	$ 52,735	$ 972,219

Based on the net exposures as of July 31, 2019 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar and Argentine Peso would result in the Company's comprehensive loss being approximately $88,750 higher (or lower).

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of lithium properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

12. Supplemental Cash Flow Information

During the years ended July 31, 2019 and 2018 non-cash activities were conducted by the Company as follows:

	2019	2018
Operating activities		
Depreciation	$ 51,845	$ (10,423)
Accounts payable and accrued liabilities	(977,908)	1,122,722
	(926,063)	1,112,299
Investing activities		
Expenditures on exploration and evaluation assets	742,405	(2,043,218)
Investments	(127,500)	(3,031,053)
Proceeds on disposal of exploration and evaluation assets	127,500	3,031,053
	742,405	(2,043,218)
Financing activities		
Issuance of share capital	91,694	1,950,184
Share-based payment reserve	(91,694)	(1,019,265)
	$ -	$ 930,919

(Expressed in Canadian Dollars)

13. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company's exploration and evaluation assets are located in USA and Argentina and its corporate assets, comprising mainly of cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	As at July 31, 2019		
	Canada	Argentina	Total
Current assets	$ 1,456,360	$ 399,054	$ 1,855,414
Investments	394,000	-	394,000
Property, plant, and equipment	-	236,257	236,257
Exploration and evaluation assets	-	61,004,627	61,004,627
	$ 1,850,360	$ 61,639,938	$ 63,490,298

	As at July 31, 2018		
	Canada	Argentina	Total
Current assets	$ 17,713,786	$ 333,163	$ 18,046,949
Investments	627,284	-	627,284
Property, plant, and equipment	-	175,799	175,799
Exploration and evaluation assets	-	48,651,693	48,651,693
	$ 18,341,070	$ 49,160,655	$ 67,501,725

14. SUBSEQUENT EVENT

Subsequent to July 31, 2019, the Company completed a private placement financing and issued 4,153,903 common shares at $0.41 for gross proceeds of $1,703,100.