ADVANTAGE LITHIUM CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JANUARY 31, 2017

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

ADVANTAGE LITHIUM CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	January 31, 2017 $	July 31, 2016 $
ASSETS			
Current assets			
Cash		4,635,534	1,976,132
GST receivable		59,371	11,970
Prepaid expenses		284,891	833
Total current assets		4,979,796	1,988,935
Non-current assets			
Exploration and evaluation assets	4	4,493,683	100,000
Deferred share issue costs	5(b)(i), 10(a)	50,000	10,750
Total non-current assets		4,543,683	110,750
TOTAL ASSETS		9,523,479	2,099,685
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	479,332	122,406
TOTAL LIABILITIES		479,332	122,406
SHAREHOLDERS' EQUITY			
Share capital	5	12,991,601	2,355,280
Share-based payments reserve		3,544,561	782,318
Share subscriptions received	5(b)(i)	-	1,264,500
Deficit		(7,492,015)	(2,424,819)
TOTAL SHAREHOLDERS' EQUITY		9,044,147	1,977,279
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,523,479	2,099,685

Nature of Operations - see Note 1

Events after the Reporting Period - see Note 10

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on March 27, 2017 and are signed on its behalf by:

/s/ ***David Sidoo***	/s/ ***Devinder Randhawa***
David Sidoo	Devinder Randhawa
Director	Director

ADVANTAGE LITHIUM CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended January 31,		Six Months Ended January 31,	
		2017	2016	2017	2016
		$	$	$	$
Expenses					
Accounting and administrative	6(b)	29,700	6,000	57,700	14,300
Advertising		89,917	-	203,965	-
Audit		5,470	-	8,670	6,800
Conferences		5,395	-	5,395	-
Corporate development		31,200	-	77,700	-
General exploration	6(a)	82,526	-	138,706	-
Legal		22,012	-	130,338	4,589
Office		16,100	132	44,171	612
Professional fees	6(a)	234,104	43,500	907,072	87,000
Public relations		739,688	-	739,688	-
Regulatory fees		16,918	3,893	41,176	5,143
Salaries and benefits		11,467	-	17,893	-
Share-based compensation	5(d)	414,000	9,081	2,391,500	63,738
Shareholder costs		13,117	-	19,499	1,110
Transfer agent		8,557	1,047	17,681	2,962
Travel, meals and accommodation		131,733	-	296,214	833
		1,851,904	63,653	5,097,368	187,087
Loss before other items		(1,851,904)	(63,653)	(5,097,368)	(187,087)
Other items					
Interest income		13,543	2,617	21,227	5,574
Foreign exchange		(6,928)	2,891	8,945	2,995
		6,615	5,508	30,172	8,569
Comprehensive loss for the period		(1,845,289)	(58,145)	(5,067,196)	(178,518)
Loss per share - basic and diluted		$(0.04)	$(0.00)	$(0.11)	$(0.00)
Weighted average number of common shares outstanding		52,801,171	23,291,990	46,928,654	23,291,990

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

ADVANTAGE LITHIUM CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Six Months Ended January 31, 2017					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Share Subscriptions Received $	Deficit $	Total Equity $
Balance at July 31, 2016	24,102,990	2,355,280	782,318	1,264,500	(2,424,819)	1,977,279
Common shares issued for:						
- private placements	24,556,900	9,099,140	-	(1,264,500)	-	7,834,640
- share options exercised	1,077,500	282,825	-	-	-	282,825
- finders' warrants exercised	355,984	88,996	-	-	-	88,996
- exploration and evaluation assets	3,044,097	2,063,993	-	-	-	2,063,993
Share issue costs	-	(1,243,183)	715,293	-	-	(527,890)
Transfer on exercise of share options	-	180,788	(180,788)	-	-	-
Transfer on exercise of finders' warrants	-	163,762	(163,762)	-	-	-
Share-based compensation	-	-	2,391,500	-	-	2,391,500
Comprehensive loss for the period	-	-	-	-	(5,067,196)	(5,067,196)
Balance at January 31, 2017	53,137,471	12,991,601	3,544,561	-	(7,492,015)	9,044,147

	Six Months Ended January 31, 2016				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at July 31, 2015	23,291,990	2,273,193	392,307	(1,558,255)	1,107,245
Share-based compensation			63,738	-	63,738
Comprehensive loss for the period	-	-	-	(178,518)	(178,518)
Balance at January 31, 2016	23,291,990	2,273,193	456,045	(1,736,773)	992,465

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

ADVANTAGE LITHIUM CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Six Months Ended January 31,	
	2017	2016
	$	$
Operating activities		
Comprehensive loss for the period	(5,067,196)	(178,518)
Adjustment for:		
Share-based compensation	2,391,500	63,738
Changes in non-cash working capital items:		
GST receivable	(47,401)	(1,712)
Prepaid expenses	(284,058)	-
Accounts payable and accrued liabilities	99,136	12,289
Net cash used in operating activities	(2,908,019)	(104,203)
Investing activity		
Exploration and evaluation assets	(2,071,900)	-
Net cash used in investing activity	(2,071,900)	-
Financing activities		
Issuance of common shares	8,206,461	-
Share issue costs	(517,140)	-
Deferred share costs	(50,000)	
Net cash provided by financing activities	7,639,321	-
Net change in cash during the period	2,659,402	(104,203)
Cash at beginning of period	1,976,132	1,111,476
Cash at end of period	4,635,534	1,007,273

Supplemental cash flow information - Note 8

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

1. Nature of Operations

The Company was incorporated under the laws of the Province of British Columbia on March 1, 2007. On July 5, 2016 the Company changed its name from North South Petroleum Corp. to Advantage Lithium Corp. The Company's common shares currently trade on the TSX Venture Exchange ("TSXV") under the symbol "AAL". The Company's head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company was considered to be a capital pool company by the TSXV and its common shares traded on the NEX Board of the TSXV. On August 30, 2016 the Company completed its Qualifying Transaction and met the requirements to be listed as a TSXV Tier 2 resource company engaged in the acquisition and exploration of unproven lithium mineral interests.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of precious and base metals on mineral properties located in Argentina, USA and Mexico. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore 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.

As at January 31, 2017 the Company had working capital in the amount of $4,500,464. Subsequent to January 31, 2017 the Company completed an offering to raise gross proceeds of $20,000,250. These condensed consolidated interim 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 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. These condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to January 31, 2017.

See also Note 10.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended July 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's financial statements for the year ended July 31, 2016.

Basis of Measurement

The Company's condensed consolidated interim 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 condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

(Unaudited - Expressed in Canadian Dollars)

3. Subsidiaries

In addition to the Company, these condensed consolidated interim 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.

As at January 31, 2017 the Company had one wholly-owned subsidiary, Advantage Lithium Inc., which was incorporated in the state of Nevada, USA on July 21, 2016.

4. Exploration and Evaluation Assets

	January 31, 2017			July 31, 2016		
Property	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
United States						
Jackson Wash	416,193	96,317	512,510	17,500	-	17,500
Clayton NE	380,300	740,507	1,120,807	17,500	-	17,500
Aquarius	353,487	26,650	380,137	17,500	-	17,500
Gemini	357,010	12,938	369,948	17,500	-	17,500
Neptune	575,539	8,606	584,145	17,500	-	17,500
Water Rights	235,680	90,571	326,251	12,500	-	12,500
Argentina						
Stella Marys	827,947	-	827,947	-	-	-
Mexico						
Radius	363,895	8,043	371,938	-	-	-
	3,510,051	983,632	4,493,683	100,000	-	100,000

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

	United States						Argentina	Mexico	
	Jackson Wash $	Clayton NE $	Aquarius $	Gemini $	Neptune $	Water Rights $	Stella Marys $	Radius $	Total $
Balance at July 31, 2015	-	-	-	-	-	-	-	-	-
Acquisition costs									
Option payments	17,500	17,500	17,500	17,500	17,500	12,500	-	-	100,000
Balance at July 31, 2016	17,500	17,500	17,500	17,500	17,500	12,500	-	-	100,000
Exploration costs									
Assay analysis	-	60,040	-	-	-	-	-	-	60,040
Consulting	2,378	24,565	1,296	775	1,397	30,724	-	-	61,135
Drilling	-	370,786	-	-	-	-	-	-	370,786
Environmental	13,055	-	5,902	-	404	-	-	-	19,361
Geological	16,266	131,989	5,444	4,191	1,336	-	-	-	159,226
Geophysical	54,130	60,438	1,450	-	-	-	-	-	116,018
Insurance	942	942	942	471	942	-	-	-	4,239
Land survey	-	29,030	5,798	4,250	-	-	-	-	39,078
Legal	498	509	212	45	45	53,885	-	-	55,194
Mapping	588	2,710	207	164	17	84	-	-	3,770
Project management	6,045	44,157	2,299	1,069	719	5,878	-	8,043	68,210
Rent / utilities	202	13,130	1,329	202	1,532	-	-	-	16,395
Travel	2,213	2,211	1,771	1,771	2,214	-	-	-	10,180
	96,317	740,507	26,650	12,938	8,606	90,571	-	8,043	983,632
Acquisition costs									
Issuance of common shares for:									
- option payments	229,962	234,242	199,377	199,377	368,151	142,411	330,000	260,000	1,963,520
- finder's fees	17,583	17,583	17,583	17,583	17,583	12,559	-	-	100,474
Cash payments for:									
- option payments	87,500	87,500	87,500	87,500	87,500	62,500	460,215	75,000	1,035,215
- finder's fees	9,902	10,059	7,992	7,992	15,574	5,710	35,753	-	92,982
Claims staking	53,746	13,416	23,535	27,058	69,231	-	1,979	28,895	217,860
	398,693	362,800	335,987	339,510	558,039	223,180	827,947	363,895	3,410,051
Balance at January 31, 2017	512,510	1,120,807	380,137	369,948	584,145	326,251	827,947	371,938	4,493,683

(a) ***United States***

On June 16, 2016, as amended and extended, the Company entered into a binding agreement (the "Nevada Sunrise Agreement") with Nevada Sunrise Gold Corp. ("Nevada Sunrise") in which the Company paid a non-refundable cash payment of $100,000 to Nevada Sunrise and was granted an option to earn various working interests of up to 70% in five lithium exploration projects, 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 "Permit").

The Company was granted the option to earn:

(i) 100% of the water rights (the "Water Rights");
(ii) up to a 70% interest in each of the Jackson Wash, Clayton Northeast and Aquarius properties; and
(iii) up to a 50% in each of the Gemini and Neptune properties.

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

Property details for the Jackson Wash, Clayton Northeast, Aquarius, Gemini and Neptune properties (the "Optioned Properties") are as follows:

Property	Number of Claims
Jackson Wash	166
Clayton Northeast	55
Aquarius	83
Gemini	247
Neptune	316
	867

Terms of the Nevada Sunrise Agreement are as follows:

Initial Option Consideration

The Company will earn its interest in two stages, with the initial stage being up to a 51% working interest from Nevada Sunrise in the Jackson Wash, Clayton Northeast and Aquarius properties and a 50% working interest in the Gemini and Neptune properties by making the following cash and share payments to Nevada Sunrise and incurring exploration expenditures as follows:

(i) upon TSXV acceptance of the Nevada Sunrise Agreement (the "Effective Date") a cash payment of $500,000 (the "Cash Payment");

(ii) issuing common shares of the Company (the "Consideration Shares") equal to 4.9% of the issued and outstanding common shares of the Company, such percentage to be calculated on the day following the completion of the next equity financing by the Company totalling not less than $2,000,000 (the "Issuance Date"). The Consideration Shares shall be issued to Nevada Sunrise on the Issuance Date;

(iii) within 24 months of the Effective Date, completing minimum exploration expenditures of $1,500,000 on the Optioned properties (the "Initial Expenditures"), such Initial Expenditures to include claim maintenance fees for all of the Optioned Properties; and

(iv) making all underlying tenure holding costs.

Subject to the above being completed the Company will have earned a 51% interest in each of the Jackson Wash, Clayton Northeast and Aquarius properties and a 50% working interest in the Gemini and Neptune properties. Thereafter, the Company will have the option to either form a joint venture with Nevada Sunrise in respect of the Optioned Properties, or to proceed with the Second Option.

Second Option Consideration

If the Company has exercised the Initial Option, the Company will have the right to increase its interest in the Jackson Wash, Clayton Northeast and Aquarius projects to a 70% interest, by completing, within 48 months of the Effective Date, exploration expenditures totalling $3,000,000 (which includes the Initial Expenditures). Thereafter, the parties will form a joint venture with the Company holding a 70% interest in the Jackson Wash, Clayton Northeast and Aquarius properties and a 50% interest in the Gemini and Neptune properties, for the purposes of the further development of the Optioned Properties.

4. Exploration and Evaluation Assets (continued)

Gemini Property Option

A definitive agreement will provide that the parties will agree to make the expenditures required to be made by Nevada Sunrise in order for Nevada Sunrise to maintain its interest in a joint venture over the Gemini property (the "Gemini Joint Venture") with Eureka Resources Inc. ("Eureka"), with any such expenditures being deemed to be Initial Expenditures. Provided that the Company has made sufficient expenditures to maintain Nevada Sunrise's interest in the Gemini Joint Venture, upon exercise of the Initial Option by the Company, Nevada Sunrise will assign to the Company Nevada Sunrise's interest in the Gemini Joint Venture in consideration for a 2% gross overriding royalty ("GOR") in the same form as that provided by Nevada Sunrise to the underlying vendor in the Neptune property agreement.

Neptune Property Option

The Company's option to earn up to a 50% interest in the Neptune property is subject to:

(i) Resolve Ventures Inc. ("Resolve") waiving its right to earn a further 25% interest in the Neptune property;
(ii) Nevada Sunrise, Resolve and the Company entering into an amending agreement to the Neptune agreement on terms acceptable to all three parties;
(iii) the Company incurring, over a period of three years, exploration expenditures of $700,000 on the Neptune property; and
(iv) the Company exercising the Initial Option.

Expenditures made by the Company on the Neptune property will be included as part of the calculation of total expenditures required to be made to earn its interests in the Optioned Properties.

Following the expenditure of $700,000 by the Company, a joint venture would form between the Company (50%), Nevada Sunrise (25%) and Resolve (25%).

Aquarius Property Royalty

Upon formation of a joint venture over the Aquarius property (the "Aquarius Joint Venture"), Nevada Sunrise will be granted a 3% GOR on the Aquarius property.

Exploration Expenditures

Excess exploration expenditures incurred in any one period shall be credited to expenditures requirements in the following period. The expenditures may be accelerated at any time at the sole option of the Company and its interests acquired earlier. During the period that the Company is incurring exploration expenditures:

(i) the Company shall be the operator on the Optioned Properties and shall have the right to determine budgets and exploration programs for the purposes of completing exploration expenditures; and
(ii) Nevada Sunrise shall be the manager of all exploration programs and will be entitled to charge a fee of 10% on all exploration expenditures.

Water Rights

Nevada Sunrise granted to the Company the option (the "Water Rights Option") to acquire a 100% interest in the Permit, exercisable for a period of 120 days after the later of the date that the Company exercises the Initial Option, and the date that the Nevada State Engineer approves the application to transfer the Place of Use and Point of Diversion of the Permit to the Aquarius property.

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

In order to maintain the Water Rights Option, the Company shall:

(i) make all Water Rights cash payments required to be made after the date of the Nevada Sunrise Agreement and until the exercise of the Water Rights Option;
(ii) pay all legal and other costs associated with the application to transfer the Place of Use and Point of Diversion of the Permit; and
(iii) pay all legal and other costs required to maintain the Permit.

In order to exercise the Water Rights Option, the Company shall pay to Nevada Sunrise an amount equal to the sum of:

(i) the Water Rights cash payments made by Nevada Sunrise prior to the grant of the Water Rights Option;
(ii) the value of the Water Rights share payments made by Nevada Sunrise before the exercise of the Water Rights 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 Rights 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 Permit; and
(iv) US $200,000, payable in cash or a calculated value in shares, at the Company's option (the "Water Rights Option Payment").

After exercise of the Water Rights Option, the Company shall be solely responsible for making all remaining Water Rights cash payments and Water Rights share payments.

Underlying Payments

In order to maintain the agreement in good standing, the Company will assume responsibility for all government and contractual maintenance costs and payments required to maintain the Optioned Properties and underlying agreements in good standing, including making the underlying payments as required by the underlying agreements.

Other than the cash payments required for the Water Rights Option, there are no underlying cash payments required to maintain the Optioned Properties. In respect of the Water Rights the following cash payments will be required:

Due Date	US $
December 21, 2016	150,000
December 21, 2017	175,000
December 21, 2018	200,000
December 21, 2019	300,000
December 21, 2020	350,000
	1,175,000

On November 30, 2016 the Company was advised that the Nevada State Engineer issued a ruling of forfeiture against the Permit. The Company has determined not to make any payments or share issuances under the Water Rights Option at this time. Nevada Sunrise is appealing the ruling and the Company has the right to maintain the Water Rights Option, pending the outcome of the appeal but will have no obligation to make any payments to maintain the Water Rights Option pending the decision of the courts.

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

In order to maintain all underlying agreements Nevada Sunrise will have to issue the following number of shares:

Year Ended	Number of Nevada Sunrise Shares
July 31, 2017	250,000
July 31, 2018	1,300,000
July 31, 2019	350,000
July 31, 2020	400,000
July 31, 2021	500,000
	2,800,000

Under the terms of the Nevada Sunrise Agreement the Company will issue its common shares in lieu of Nevada Sunrise shares. The number of shares the Company must issue will be calculated at the time of each share issuance based on a formula utilizing the 20 day volume weighted average prices of the Company and Nevada Sunrise.

On August 29, 2016 the Company received all corporate and regulatory approvals to complete the transaction under the Nevada Sunrise Agreement, to which the Company has:

(i) made the Cash Payment of $500,000 and issued 2,071,447 common shares of the Company, at a fair value of $1,139,296, as the Consideration Shares;

(ii) issued 182,680 common shares of the Company, at a fair value of $100,474, and paid $45,670 cash as a finder's fee; and

(iii) issued 239,970 common shares of the Company, at a fair value of $234,223 in lieu of 600,000 Nevada Sunrise shares pursuant to the Underlying Payments Obligation, The Company also paid finder's fees of $11,559.

Other

The terms and conditions of the Nevada Sunrise Agreement will be settled in a definitive agreement, to be completed no later than April 15, 2017.

(b) ***Argentina***

Cauchari Project

See Note 10(b).

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 Company can acquire the 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 on or before September 20, 2017. As at January 31, 2017 the Company has made cash payments totalling US $350,000 and issued 300,000 common shares at a fair value of $330,000. See also Note 10(c)(i).

The Company has 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. As at January 31, 2017 the Company has paid $35,753.

4. Exploration and Evaluation Assets (continued)

(c) ***Mexico***

On September 12, 2016 the Company entered a letter of intent (the "Radius LOI") with Radius Gold Inc. ("Radius") pursuant to which the Company was granted an option to acquire up to 100% interests in each of three projects, known as the Santa Maria Project, Union Project and Viesca Project (collectively the "Radius Projects") located in Chihauhau and Coahuila States, Mexico.

In order to exercise its option (the "First Option") to acquire an initial 55% interest in the Radius Projects, the Company is required to issue a total of 750,000 common shares of the Company and incur $1,500,000 in exploration expenditures over a three year period.

Upon exercise of the First Option the Company may elect to either form a joint venture with Radius or receive an option (the "Second Option") to acquire a further 15% interest in one or more of the Radius Projects. In order to exercise the Second Option the Company must complete a NI 43-101 compliant preliminary feasibility study within two years of the election date. After the exercise of the Second Option on any of the Radius Projects the Company has 60 days to purchase the remaining 30% interest in the project(s) at a price based on an independent valuation.

As at January 31, 2017 the Company has paid $75,000 and issued 250,000 common shares of the Company at a fair value of $260,000.

5. 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*

(i) During the six months ended January 31, 2017 the Company completed the following private placements:

- 16,100,000 common shares, at $0.25 per share, for gross proceeds of $4,025,000. The Company paid finders' fees totalling $269,040 and issued 1,082,560 finders' warrants associated with the private placement. Each finders' warrant entitles the holder to purchase one common share of the Company, at a price of $0.25 per share, expiring August 19, 2018. The fair values of the finders' warrants have been estimated to be $497,978 using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate of 0.55%, estimated volatility of 120%; expected life of two years; expected dividend yield of 0%; and estimated forfeiture rate of 0%. As at July 31, 2016 the Company had received $1,264,500 on account of the private placement and incurred $10,750 share issue costs.

  Directors and officers of the Company and close family members purchased 536,000 common shares for $134,000; and

- 8,456,900 units of the Company, at $0.60 per unit, for gross proceeds of $5,074,140. Each unit comprised one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share of the Company, at a price of $0.75 per share, expiring October 29, 2018. The Company paid finders' fees totalling $200,598 and issued 334,330 finders' warrants associated with the private placement. Each finders' warrant entitles the holder to purchase one common share of the Company, at a price of $0.60 per share, expiring October 20, 2016. The fair values of the finders' warrants have been

(Unaudited - Expressed in Canadian Dollars)

5. Share Capital (continued)

estimated to be $217,315 using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate of 0.56%, estimated volatility of 120%; expected life of two years; expected dividend yield of 0%; and estimated forfeiture rate of 0%.

Directors and officers of the Company and close family members purchased 389,000 units for $233,400.

(ii) During fiscal 2016 the Company did not conduct any equity financings.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at January 31, 2017 and 2016 and the changes for the six months ended on those dates, is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	-	-	-	-
Issued	5,645,340	0.65	-	-
Exercised	(355,984)	0.25	-	-
Balance, end of period	5,289,356	0.67	-	-

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at January 31, 2017:

Number	Exercise Price $	Expiry Date
726,576	0.25	August 19, 2018
4,228,450	0.75	October 20, 2018
334,330	0.60	October 20, 2018
5,289,356		

(d) *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 six months ended January 31, 2017 the Company granted share options to purchase 3,625,000 (2016 - 760,000) common shares and recorded compensation expense of $2,391,500 (2016 - $63,738).

(Unaudited - Expressed in Canadian Dollars)

5. Share Capital (continued)

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

	2017	2016
Risk-free interest rate	0.50% - 0.58%	0.41% - 0.73%
Estimated volatility	120%	64% - 100%
Expected life	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 six months ended January 31, 2017 was $0.66 (2016 - $0.18) per share option.

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.

A summary of the Company's share options at January 31, 2017 and 2016 and the changes for the six months ended on those dates, is as follows:

	2017		2016	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	2,228,500	0.36	967,500	0.27
Granted	3,625,000	0.88	760,000	0.20
Exercised	(1,077,500)	0.26	-	-
Balance, end of period	4,776,000	0.78	1,727,500	0.24

The following table summarizes information about the share options outstanding and exercisable at January 31, 2017:

Number	Exercise Price $	Expiry Date
150,000	0.27	June 8, 2018
951,000	0.50	July 7, 2019
200,000	0.71	August 9, 2019
1,950,000	0.90	September 16, 2019
75,000	1.02	September 20, 2019
700,000	0.82	September 20, 2019
100,000	0.90	October 27, 2019
50,000	0.20	September 16, 2020
600,000	0.90	October 27, 2019
4,776,000		

(e) *Escrow Shares*

On July 16, 2007 the Company and certain of its shareholders entered into an escrow agreement (the "CPC Escrow Agreement"). As at January 31, 2017, 68,996 common shares remained held in escrow under the CPC Escrow Agreement.

(Unaudited - Expressed in Canadian Dollars)

5. Share Capital (continued)

On August 12, 2016 the Company and certain of its shareholders entered into an escrow agreement (the "Value Security Escrow Agreement") under which 3,651,000 common shares of the Company were placed in escrow. On September 14, 2016, 912,750 common shares were released from escrow and. as at January 31, 2017, 2,738,250 common shares remained held in escrow under the Value Security Escrow Agreement.

(f) See also Notes 4 and 10.

6. 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 Board of Directors and its executive officers.

(a) During the six months ended January 31, 2017 and 2016 the following compensation was incurred:

	2017 $	2016 $
Professional fees	709,545	-
Share-based compensation	824,500	14,866
	1,534,045	14,866

During the six months ended January 31, 2017 the Company expensed $660,550 of key management compensation to professional fees, $34,995 to general exploration costs and capitalized $14,000 to exploration and evaluation assets based on the nature of the services provided. As at January 31, 2017, $111,500 (July 31, 2016 - $20,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) During the six months ended January 31, 2017, $57,700 (2016 - $14,300) was incurred for accounting and administration services provided by a private company owned by the Company's CFO. As at January 31, 2017, $15,000 (July 31, 2016 - $16,500) remained unpaid and has been included in accounts payable and accrued liabilities.

During the six months ended January 31, 2017 the Company also recorded $31,500 (2016 - $4,247) for share-based compensation for share options granted to the private company.

(c) See also Note 5(b).

7. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; available-for-sale; and other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	January 31, 2017 $	July 31, 2016 $
Cash	FVTPL	4,635,534	1,976,132
Accounts payable and accrued liabilities	Other liabilities	(479,332)	(122,406)

(Unaudited - Expressed in Canadian Dollars)

7. Financial Instruments and Risk Management (continued)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

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 value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy are measured using Level 1 inputs.

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.

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.

	Contractual Maturity Analysis at Janaury 31, 2017				
	Less than 3 Months $	**3 - 12 Months $**	**1 - 5 Years $**	**Over 5 Years $**	**Total $**
Cash	4,635,534	-	-	-	4,635,534
Accounts payable and accrued liabilities	(479,332)	-	-	-	(479,332)

	Contractual Maturity Analysis at July 31, 2016				
	Less than 3 Months $	**3 - 12 Months $**	**1 - 5 Years $**	**Over 5 Years $**	**Total $**
Cash	1,976,132	-	-	-	1,976,132
Accounts payable and accrued liabilities	(122,406)	-	-	-	(122,406)

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.

7. Financial Instruments and Risk Management (continued)

(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 operating expenses are incurred in Canadian dollar. The Company maintains a US Dollar bank account in Canada to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At January 31, 2017, 1 Canadian Dollar was equal to 0.77 US Dollar.

Balances are as follows:

	US Dollars	CDN $ Equivalent
Cash	77,992	101,288
Accounts payable and accrued liabilities	(160,943)	(209,017)
	(82,951)	(107,729)

Based on the net exposures as of January 31, 2017 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's comprhensive loss being approximately $10,000 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 mineral 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.

8. Supplemental Cash Flow Information

During the six months ended January 31, 2017 and 2016 non-cash activities were conducted by the Company as follows:

	2017 $	2016 $
Operating activity		
Accounts payable and accrued liabilities	257,790	-
Investing activity		
Exploration and evaluation assets	(2,321,783)	-
Financing activities		
Issuance of share capital	4,388,336	-
Share issue costs	(715,293)	-
Share subscriptions received	(1,264,500)	-
Share-based payments reserve	(344,550)	-
	2,063,993	-

(Unaudited - Expressed in Canadian Dollars)

9. 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, Argentina and Mexico 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 January 31, 2017				
	Canada $	USA $	Argentina $	Mexico $	Total $
Current assets	4,800,277	12,852	-	-	4,813,129
Exploration and evaluation assets	-	3,293,798	827,947	371,938	4,493,683
	4,800,277	3,306,650	827,947	371,938	9,306,683

	As at July 31, 2016		
	Canada $	USA $	Total $
Current assets	1,988,935	-	1,988,935
Exploration and evaluation assets	-	100,000	100,000
Deferred share issue costs	10,750	-	10,750
	1,999,685	100,000	2,099,685

10. Events after the Reporting Period

(a) On February 17, 2017 the Company completed a private placement offering of 26,667,000 transferable subscription receipts ("Subscription Receipts") at a price of $0.75 per Subscription Receipt (the "Offering Price") to raise aggregate proceeds of $20,000,250 (the "Offering"). The Offering was led by Eight Capital and Canaccord Genuity Corp. (together the "Agents").

Each Subscription Receipt entitles the holder to receive one unit of the Company without payment of additional consideration or further action, provided that the Escrow Release Conditions have been satisfied prior to the Escrow Deadline (as defined below), upon the date (the "Qualification Date") which is the earlier of: (i) four months and a day after the closing of the Offering; and (ii) the third business day following the issuance of a receipt (the "Final Receipt") for a final prospectus qualifying the Units underlying the Subscription Receipts. Each unit comprises a share and half a warrant (the "Unit"), each whole warrant ("Warrant") exercisable for one additional share for 24 months after closing at $1.00 a share.

Pursuant to the Subscription Receipt agreement, the gross proceeds from the Offering (less 50% of the Agents' cash commission and all of the Agents' expenses) (the "Net Escrowed Funds") is held in escrow pending satisfaction of the escrow release conditions (the "Escrow Release Conditions"), including: (i) completion of the Acquisition, as contemplated in Note 10(b), including receipt of all regulatory approvals, shall have been completed or waived on terms previously disclosed to or otherwise reasonably acceptable to the Agents; (ii) the receipt of all necessary regulatory approvals with respect to the Offering including conditional approval from the TSXV with respect to the listing of the Units underlying the Subscription Receipts; (iii) the Company having delivered a certificate to the Agents that the conditions set forth in (i) and (ii) have been satisfied; and (iv) the Company and the Agents having delivered the completion notice and direction pursuant to the Subscription Receipt agreement to the subscription receipt agent. Upon satisfaction of the Escrow Release Conditions, the remaining 50% of the cash commission will be released to the Agents plus any additional expenses of the Agents, if any, and the balance of the Net Escrowed Funds, together with any interest earned thereon, will be released to the Company. The Subscription Receipts will not convert into Units until the later of: (i) the Qualification Date and (ii) the satisfaction of the Escrow Release Conditions. The Agents were also issued 1,131,896

10. Events after the Reporting Period (continued)

compensation warrants (the "Agents' Compensation Warrants"), 50% of which will be cancelled if the Escrow Release Conditions are not met. The Agents' Compensation Warrants entitle the Agents to subscribe for Units, exercisable at a price of $0.75 per Unit for a period of 24 months following the closing of the Offering. Other finders (the "Finders") were paid finders' fees totalling $154,185, 50% of which was paid on closing of the Offering and the other 50% of which will be paid upon satisfaction of the Escrow Release Conditions. The Finders were also issued 352,422 finders' warrants, 50% of which will be cancelled if the Escrow Release Conditions are not met. The finder's warrants have the same terms as the Agents' Compensation Warrants.

In the event that the closing sale price of the Company's common shares on the TSXV is greater than $1.50 per share for a period of 20 consecutive trading days at any time after the Subscription Receipts are exchanged for Units, the Company may accelerate the expiry date of the Warrants by issuing a press release and in such case the Warrants will expire on the 30th day after the date on which such press release is issued.

If the Escrow Release Conditions are not satisfied on or before March 31, 2017 the Subscription Receipts will be deemed to be cancelled and holders of Subscription Receipts will receive a cash amount equal to the Offering Price of the Subscription Receipts and any interest that was earned on the Net Escrowed Funds less any applicable withholding taxes. The Company will be responsible for any shortfall in the amount returnable to holders of Subscription Receipts in this event.

On March 17, 2017 the Company filed its final prospects qualifying the Units and was issued the Final Receipt. Exchange of the Subscription Receipts into Units is expected to occur on or prior to March 31, 2017.

(b) On November 23, 2016, as amended, the Company entered into a letter of intent with Orocobre Limited ("Orocobre") to acquire up to 75% of Orocobre's Cauchari Project and a 100% interest in five other lithium brine projects, located in the northern provinces of Jujuy, Salta and Catamarca in Argentina (the "Argentine Properties").

On March 16, 2017 the Company, Orocobre and Miguel Alberto Peral ("Peral") entered into a definitive purchase agreement (the "Definitive Agreement") to acquire an initial 50% interest in the Cauchari Project, with an option to acquire a further 25% interest, and a 100% interest in the Argentine Projects. On closing of the Definitive Agreement the Company will issue 46,325,000 common shares of the Company and 2,550,000 warrants to Orocobre and 8,175,000 common shares and 450,000 warrants to Peral to acquire a 100% interest in the issued and outstanding securities of South American Salars Minerals Pty. Ltd. ("SAS Australia"). SAS Australia owns 100% of the issued and outstanding shares of South American Salars S.A. ("SAS Argentina"), which owns the Cauchari Project and Argentine Properties. The Company may then increase its interest in the Cauchari Project by a further 25% by spending US $5 million in exploration or completing a feasability study. Each warrant will entitle the holder to purchase an additional common share of the Company, at a price of $1.00 per share, expiring two years after closing.

Orocobre will retain a 1% royalty on the Cauchari Project and Argentine Properties, and will have a right of first refusal on brine production (and may enter into an offtake agreement in respect of such production).

The Company has agreed to pay a finder's fee of $50,000 cash and issue 150,000 common shares of the Company.

Closing of the Definitive Agreement is expected to occur on or prior to March 31, 2017.

(c) Subsequent to January 31, 2017 the Company:

(i) made a further cash payment of US $250,000 regarding the Stella Marys Project; and
(ii) issued a total of 2,000 common shares for proceeds of $500 on the exercise of 2,000 finders' warrants.