ADVANTAGE LITHIUM CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED APRIL 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with 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 INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
AS AT

	Notes	April 30, 2019	July 31, 2018
ASSETS			
Current assets			
Cash		$ 2,632,131	$ 17,413,386
Receivable from joint venture partner		201,511	339,316
GST receivables		50,916	56,397
Prepaids		60,055	237,850
Total current assets		2,944,613	18,046,949
Non-current assets			
Investments	6	495,000	627,284
Property, plant and equipment	7	284,734	175,799
Exploration and evaluation assets	8	60,330,624	48,651,693
Total non-current assets		61,110,358	49,454,776
TOTAL ASSETS		$ 65,054,971	$ 67,501,725
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	$ 1,009,268	$ 1,745,713
TOTAL LIABILITIES		1,009,268	1,745,713
SHAREHOLDERS' EQUITY			
Share capital	9	83,832,756	83,113,416
Share-based payment reserve		6,268,050	5,993,139
Accumulated other comprehensive loss		(1,812,887)	(1,693,916)
Deficit		(24,242,216)	(21,656,627)
TOTAL SHAREHOLDERS' EQUITY		64,045,703	65,756,012
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 65,054,971	$ 67,501,725

Nature of operations and going concern (Note 1)

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on June 27, 2019 and are signed on its behalf by:

On behalf of the Board:

"*Callum Grant*" Director   "*Dave Cross*" Director

ADVANTAGE LITHIUM CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Note	Three month period ended April 30, 2019	Three month period ended April 30, 2018	Nine month period ended April 30, 2019	Nine month period ended April 30, 2018
EXPENSES					
Accounting and administrative		$ 8,476	$ 19,095	$ 35,465	$ 73,530
Advertising and promotion		34,753	83,142	179,434	188,073
Audit		9,541	-	92,591	48,423
Charitable donations		-	-	5,000	20,000
Conferences		7,058	29,584	31,473	56,021
Corporate finance fees and financial advisory services		-	26,666	-	299,817
Depreciation		15,433	5,761	44,466	6,895
Directors and officer compensation		108,336	129,342	329,003	404,001
General exploration		67,082	-	111,172	23,622
Insurance		528	3,199	22,650	9,552
Legal		21,888	11,136	87,524	101,764
Office		45,836	89,007	271,147	219,566
Professional fees		43,922	96,403	236,370	380,628
Public relations		83,340	296,734	704,165	966,428
Regulatory fees		18,781	17,352	66,006	58,151
Rent		20,110	7,236	57,098	16,510
Salaries and benefits		47,397	46,399	156,861	90,999
Share-based compensation		32,656	440,934	830,605	865,904
Shareholder costs		2,560	2,450	16,137	13,793
Transfer agent		5,763	9,301	10,770	19,684
Travel, meals and accommodation		50,024	110,359	203,999	300,018
Loss before other items		(623,484)	(1,424,100)	(3,491,936)	(4,163,379)
Other items					
Gain on sale of exploration and evaluation assets	8	-	-	127,500	31,447
Loss on sale of investments	6	(78,792)	(150,937)	(78,792)	(190,393)
Interest income		-	46,485	72,533	143,558
Foreign exchange gain (loss)		(569,709)	51,081	(214,894)	(14,436)
		(648,501)	(53,371)	(93,653)	(29,824)
Net loss for the period		(1,271,985)	(1,477,471)	(3,585,589)	(4,193,203)
Other comprehensive loss	6	(21,095)	(1,277,408)	(118,971)	(1,131,474)
Net loss and comprehensive loss for the period		$ (1,293,080)	$ (2,754,879)	$ (3,704,560)	$ (5,324,677)
Basic and diluted loss per common share		$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding		158,652,889	141,244,080	158,053,345	138,444,586

ADVANTAGE LITHIUM CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
(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
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
Vesting of restricted share units	800,000		464,000		-		-		-		464,000
Transfer on exercise of:											
Share options	-		49,500		(49,500)		-		-		-
Finders' warrants exercised	-		42,194		(42,194)		-		-		-
Share-based compensation on:											-
Share options	-		-		366,605		-		-		366,605
Unrealized gain on investment	-		-		-		(118,971)		-		(118,971)
Net loss for the period	-		-		-		-		(3,585,589)		(3,585,589)
April 30, 2019	158,652,889	$	83,832,756	$	6,268,050	$	(1,812,887)	$	(25,242,216)	$	63,045,703

	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:											
Share options exercised	625,000		312,500		-		-		-		312,500
Warrants exercised	3,322,151		3,025,576		-		-		-		3,025,576
Finders' warrants exercised	602,720		227,974		-		-		-		227,974
Compensation warrants exercised	745,990		559,493		-		-		-		559,493
Exploration and evaluation assets	981,531		930,919		-		-		-		930,919
Transfer on exercise of:											
Share options	-		345,460		(345,460)		-		-		-
Finder's warrants	-		318,738		(318,738)		-		-		-
Compensation warrants	-		134,278		(134,278)		-		-		-
Share-based compensation	-		-		865,904		-		-		865,904
Unrealized loss on investment	-		-		-		(1,014,992)		-		(1,014,992)
Re-classification on sale of investment	-		-		-		(116,482)		-		(116,482)
Net loss for the period	-		-		-		-		(4,193,203)		(4,193,203)
April 30, 2018	141,338,863	$	71,134,799	$	6,156,340	$	(1,118,648)	$	(19,717,977)	$	56,454,514

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

ADVANTAGE LITHIUM CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Nine month period ended April 30, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (3,585,589)	$ (4,193,203)
Items not involving cash:		
Depreciation	44,466	6,895
Gain on sale of exploration and evaluation assets	(127,500)	(31,447)
Loss on sale of investment	78,792	190,393
Share-based compensation	366,605	865,904
Restricted stock units conversion	464,000	-
Change in non-cash operating working capital:		
Amounts receivable	-	2,203
GST receivable	5,481	84,069
Prepaid expenses	177,795	40,215
Accounts payable and accrued liabilities	(1,162,168)	130,529
Net cash used in operating activities	(3,738,118)	(2,904,442)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(11,253,208)	(7,227,654)
Additions to property, plant and equipment	(153,401)	(81,587)
Proceeds from sale of investments	62,021	569,187
Receivable from joint venture partner	137,805	(281,855)
Net cash used in investing activities	(11,206,783)	(7,021,909)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares	-	4,125,543
Proceeds from warrants exercised	88,646	-
Proceeds from options exercised	75,000	-
Net cash provided by financing activities	163,646	4,125,543
Change in cash during the period	(14,781,255)	(5,800,808)
Cash, beginning of period	17,413,386	16,470,165
Cash, end of period	$ 2,632,131	$ 10,669,357
Supplemental cash flow information – Note 13		

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

1. Nature of Operations

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 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 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. These condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to April 30, 2019.

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, 2018, 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, 2018.

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.

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.

3. Subsidiaries (continued)

As at April 30, 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 condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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 11.

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 2018 management recorded an impairment charge of $nil (2018 - $nil) on its exploration and evaluation assets. See Note 8.

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 condensed 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 April 30, 2019 and July 31, 2018, the Company does not have any decommissioning obligations.

Financial Instruments

The Company completed an assessment of its financial assets and liabilities as at February 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Assets and Liabilities	**Original Classification IAS 39**	**New Classification IFRS 9**
Cash and cash equivalents	Fair value through profit and loss	Fair value through profit and loss
Marketable securities	Fair value through profit and loss	Fair value through profit and loss
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The adoption of IFRS 9 did not result in any material changes to the Company's financial statements.

(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.

4. Significant Accounting Policies (continued)

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 vesting 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.

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.

4. Significant Accounting Policies (continued)

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.

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.

Accounting Standards and Interpretations Issued but Not Yet Effective

On February 1, 2019, the Company adopted all of the requirements of IFRS 16 – Leases.

IFRS 16 Leases was issued by the IASB in January 2016 (effective February 1, 2019) and has not yet been adopted by the Company. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The adoption of this new accounting standard had no material impact on the Company's condensed interim consolidated financial statements for the current period.

(Expressed in Canadian Dollars)

5. Acquisition

On March 16, 2017 the Company, Orocobre Limited ("Orocobre") and Miguel Alberto Peral ("Peral") entered into a purchase agreement (the "Purchase Agreement") to acquire an initial 50% interest in the Cauchari Project, with an option to earn a further 25% interest, and a 100% interest in five other lithium brine projects (the "Argentine Properties"), located in the northern provinces of Jujuy, Salta and Catamarca in Argentina. The Purchase Agreement superceded prior letters of intent. On March 28, 2017 the Company completed the Purchase Agreement and issued a total of 54,500,000 common shares of the Company, at a fair value of $33,790,000, and 3,000,000 warrants, at a fair value of $960,000, and acquired a 100% interest in the issued and outstanding common shares of SAS Australia (the "Acquisition"). Each warrant entitles the holder to purchase an additional common share of the Company, at a price of $1.00 per share, expiring February 17, 2019. The fair value of the warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate of 0.74%; estimated volatility of 120%; expected life of 2 years; expected dividend yield of 0%; and estimated forfeiture rate of 0%.

At the time of the Acquisition, SAS Australia owned 100% of the issued and outstanding shares of SAS Argentina which owns the Cauchari Project and the Argentine Properties.

The Company paid a finder's fee of $66,746 cash and issued 150,000 common shares of the Company, at a fair value of $93,000, for total consideration of $159,746. The Company also incurred $185,350 for legal, filing and other transaction costs associated with the Acquisition.

The Acquisition was accounted for as an acquisition of the net assets of SAS Australia, as follows:

Common shares issued	$	33,790,000
Warrants issued		960,000
Finder's fee		159,746
Transaction costs incurred		185,350
Advances to SAS Australia prior to acquisition		136,000
Acquisition cost	$	35,231,096

The acquisition cost was generally allocated to the individual identifiable assets and liabilities on the basis of their relative fair value at the date of purchase. The results of operations were recorded from the effective date of purchase.

Cost of the net assets acquired consists of:

Net working capital	$	74,977
Exploration and evaluation assets		35,156,119
Net assets acquired	$	35,231,096

On closing of the Acquisition, two directors of Orocobre were appointed as directors of the Company and Peral was also appointed as a director of the Company.

(Expressed in Canadian Dollars)

6. Investments

		As at April 30, 2019		
	Number	**Cost**	**Accumulated Unrealized gain (loss)**	**Carrying Value**
Common shares				
Pure Energy Minerals Limited ("Pure") (b)	4,900,000	$ 2,180,500	$ (1,813,000)	$ 367,500
Nevada Sunrise Gold Corporation ("Nevada Sunrise") (c)	1,700,000	127,500	-	127,500
		$ 2,308,000	$ (1,813,000)	$ 495,000

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

(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 8(b)(i).

(c) On September 11, 2018, the Company received 425,000 Nevada Sunrise common shares as for the termination of the Water Permit Option Agreement. See also Note 8(b)(ii).

(Expressed in Canadian Dollars)

7. 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	25,271	128,130	153,401
Balance, April 30, 2019	$ 68,017	$ 301,442	$ 369,459
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	(14,856)	(29,610)	(44,466)
Balance, April 30, 2019	$ (23,632)	$ (61,093)	$ (84,725)
Carrying amounts			
Balance, July 31, 2018	$ 33,970	$ 141,829	$ 175,799
Balance, April 30, 2019	$ 44,385	$ 240,349	$ 284,734

(Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets

	As at April 30, 2019		
	Acquisition Costs	**Deferred Exploration Costs**	**Total**
Argentina			
Cauchari Project	$ 31,814,358	$ 22,157,094	$ 53,971,452
Argentine Properties	6,344,277	14,895	6,359,172
	$ 38,158,635	$ 22,171,989	$ 60,330,624

	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

(Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets (continued)

	Argentina		
	Cauchari Project	Argentine Properties	Total
Balance at July 31, 2018	$ 42,660,947	$ 5,990,746	$ 48,651,693
Exploration costs			
Consulting	$ 308,336	$ 10,027	$ 318,363
Drilling	5,229,633	-	5,229,633
Field support	1,978,443	554	1,978,997
Geochemical	275,773	-	275,773
Geological	1,453,483	-	1,453,483
Geophysics	58,419	-	58,419
Other	9,805	2,119	11,924
Salaries and benefits	1,013,277	-	1,013,277
Travel	56,805	2,195	59,000
	$ 10,383,974	$ 14,895	$ 10,398,869
Acquisition costs			
Option payments			
Cash	$ -	$ 351,481	$ 351,481
Other	926,531	2,050	928,581
	$ 926,531	$ 353,531	$ 1,280,062
Balance, April 30, 2019	$ 53,971,452	$ 6,259,172	$ 60,233,624

(Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets (continued)

	Argentina			United States	
	Cauchari Project	Argentine Properties	Stella Marys	Clayton NE	Total
Balance at July 31, 2017	$ 31,404,658	$ 5,906,361	$ -	$ 1,803,801	$ 39,114,820
Exploration costs					
Consulting	$ 77,895	$ -	$ -	$ 2,539	$ 80,434
Drilling	4,478,074	-	-	-	4,478,074
Field support	2,842,165	-	-	-	2,842,165
Geochemical	145,099	-	-	-	145,099
Geological	1,119,256	-	-	-	1,119,256
Geophysics	33,433	-	-	-	33,433
Land survey	-	-	-	559	559
Other	3,974	-	-	2,160	6,134
Project management	-	-	-	390	390
Rent / utilities	-	-	-	146	146
Salaries and benefits	998,112	-	-	-	998,112
Seismic	84,763	-	-	-	84,763
Supplies	71,175	-	-	-	71,175
Travel	121,207	-	-	-	121,207
	$ 9,975,153	$ -	$ -	$ 5,794	$ 9,980,947
Acquisition costs					
Option payments					
Cash	$ -	$ -	$ -	$ 290,539	$ 290,539
Shares	-	-	882,000	48,919	930,919
Claims staking and purchases	-	84,385	-	-	84,385
Cash payments for finder's fees	-	-	61,048	-	61,048
Other	1,281,136	-	-	-	1,281,136
	$ 1,281,136	$ 84,385	$ 943,048	$ 339,458	$ 2,648,027
Recovery	$ -	$ -	$ (943,048)	$ (2,149,053)	$ (3,092,101)
Balance, July 31, 2018	$ 42,660,947	$ 5,990,746	$ -	$ -	$ 48,651,693

8. Exploration and Evaluation Assets (continued)

(a) **Argentina**

Cauchari Project and Argentine Properties

On March 28, 2017 the Company completed the Acquisition, as described in Note 5, and acquired an initial 50% interest in the Cauchari Project and a 100% interest in the Argentine Properties. The Company may increase its interest in the Cauchari Project by a further 25% by spending US $5,000,000 in exploration or completing a feasability study. 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 April 30, 2019, $540,827 (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.

(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,

8. Exploration and Evaluation Assets (continued)

(b) ***United States*** (continued)

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").

8. 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;
(ii) 425,000 Termination Shares, on February 3, 2019;
(iii) 425,000 Termination Shares, on August 3, 2019; and
(iv) 425,000 Termination Shares, on February 3, 2020

On November 30, 2016 Nevada Sunrise and the Company were advised that the Nevada State Engineer issued a ruling of forfeiture against the Water Permit. Nevada Sunrise is appealing the ruling and the Company has the right to maintain the Water Permit Option, but will have no obligation to make any payments to maintain the Water Permit Option pending the decision of the courts. If Nevada Sunrise is successful in its appeal the Company can maintain the Water Permit Option by reimbursing Nevada Sunrise for all payments made to the vendor of the Water Permit, all legal costs, plus 20%. Due to the uncertainty of the outcome of the appeal process the Company has determined to record an impairment provision of $380,799 in fiscal 2017 for all costs paid to date on the Water Permit. See Note 15(c).

9. 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***

Nine Months Ended April 30, 2019

During the nine months ended April 30, 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 vested restricted share units valued at $464,000.

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)

9. Share Capital (continued)

(c) *Compensation Warrants*

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

	April 30, 2019			July 31, 2018		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Balance, beginning of period	618,088	$	0.75	1,484,318	$	0.75
Exercised	-		0.75	(866,230)		0.75
Expired	(618,088)		0.75	(866,230)		0.75
Balance, end of period	-	$	-	618,088	$	0.75

As at April 30, 2019, there was no compensation warrant outstanding and exercisable.

(d) *Warrants*

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

	April 30, 2019			July 31, 2018		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Balance, beginning of period	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 period	-	$	-	17,802,948	$	0.95

As at April 30, 2019, there was no warrant outstanding and exercisable.

(Expressed in Canadian Dollars)

9. 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 nine months ended April 30, 2019 the Company granted share options to purchase 700,000 (2018 – 1,250,000) common shares and recorded compensation expense of $233,000 (2018 - $378,970).

During fiscal 2018 the Company granted share options to purchase 2,200,000 common shares and recorded compensation expense of $923,492.

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

	Nine months ended April 30, 2019	Year ended July 31, 2018
Risk-free interest rate	2.19% - 2.42%	1.41% - 2.07%
Estimated volatility	69% - 70%	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 nine months ended April 30, 2019 was $0.33 (2018 - $0.40) 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)

9. Share Capital (continued)

(e) *Share Option Plan* (continued)

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

	April 30, 2019			July 31, 2018		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Balance, beginning of period	8,065,667	$	0.63	7,221,000	$	0.59
Granted	700,000		0.85	2,200,000		0.85
Exercised	(150,000)		0.50	(892,000)		0.45
Expired	-		-	(330,000)		0.78
Forfeited	(66,667)		1.11	(133,333)		1.11
Balance, end of period	8,549,000	$	0.65	8,065,667	$	0.63

The following table summarizes information about the share options outstanding and exercisable at April 30, 2019:

Number Outstanding	Number Exercisable	Exercise Price	Expiry Date
324,000	324,000	$ 0.50	7-Jul-19
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	200,000	0.80	24-Aug-20
600,000	600,000	0.99	19-Apr-21
950,000	783,333	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	500,000	0.59	30-Oct-23
8,549,000	8,099,000		

(Expressed in Canadian Dollars)

9. 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. The Company's Compensation Committee and Board of Directors have approved the award of 1,750,000 RSUs. 1,700,000 RSUs will vest over three years based upon the achievement of certain milestones and 50,000 RSUs vested on June 26, 2018 pending approvals.

During the period ended April 30, 2019, 800,000 shares valued at $464,000 were issued pursuant to the vested restricted share unit.

(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 April 30, 2019, 34,496 (July 31, 2018 - 34,496) common shares remained held in escrow under the CPC Escrow Agreement.

10. 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 nine months ended April 30, 2019 and 2018 the following compensation was incurred:

Number	2019	2018
Fees and compensation	$ 455,581	$ 635,742
Share-based compensation	488,082	102,897
	$ 943,663	$ 738,639

During the nine months ended April 30, 2019, the Company paid of accrued:

i) $488,082 (2018 - $102,897) of share-based compensation related to issuance of vested restricted share units and stock options to officers and directors of the Company.

ii) $225,000 in CEO and director fees, $65,000 in accounting and CFO fees, $31,500 in rent and $39,078 of office and administrative expenses to a corporation owned by a director, and former CEO, of the Company.

iii) $90,003 in director fees to directors of the Company.

iv) $nil (2018 - $51,700) for accounting and administration services provided by a private company owned by the Company's former CFO.

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

(Expressed in Canadian Dollars)

10. Related Party Disclosures (continued)

vi) $nil (2018 - $47,084) to the spouse of a director of the Company of which $nil (2018 - $36,742) was for legal services and $nil (2018 - $10,342) for rental of office space.

vii) $nil (2018 - $124,717) for equipment rental provided by a private company controlled by a director of the Company.

viii) See also Note 5.

As at April 30, 2019, $73,582 (July 31, 2018 - $172,967) remained unpaid and has been included in accounts payable and accrued liabilities.

12. Financial Instruments and Risk Management

The recorded amounts for cash, amounts receivable, receivable from joint venture partner 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	April 30, 2019	July 31, 2018
Cash	$ 2,632,131	$ 17,413,386
Receivable from joint venture partner	201,511	339,316
Marketable securities	495,000	627,284
Accounts payable and accrued liabilities	(1,009,269)	(1,745,713)
Total	$ 2,319,374	$ 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.

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.

April 30, 2019	Less than 3 months	3 – 12 months	1 – 5 months	Over 5 years	Total
Cash	$ 2,632,131	$ -	$ -	$ -	$ 2,632,131
Receivable	201,511	-	-	-	201,511
Investments	-	-	495,000	-	495,000
Accounts payable and accrued liabilities	(1,009,268)	-	-	-	(1,009,268)
Total	$ 1,824,374	$ -	$ 495,000	$ -	$ 2,319,374

12. Financial Instruments and Risk Management (continued)

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 to support the cash needs of its foreign operations. Management does not hedge its foreign exchange risk. At April 30, 2019, 1 Canadian Dollar was equal to 0.74 US Dollar and 33.65 Argentine Pesos.

Balances are as follows:

	Argentine Pesos	US Dollars	CDN $ Equivalent
Cash	$ 1,656,971	$ 338,995	$ 505,437
Value added tax receivable	84,438,488	-	2,509,512
Accounts payable and accrued liabilities	(7,103,986)	(153,374)	(371,861)
	$ 78,991,472	$ 342,779	$ 2,643,088

Based on the net exposures as of April 30, 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 $264,309 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.

(Expressed in Canadian Dollars)

13. Supplemental Cash Flow Information

During the nine months ended April 30, 2019 and 2018 non-cash activities were conducted by the Company as follows:

		2019		2018
Accounts payable and accrued liabilities	$	867,393	$	94,392
Investments		118,971		-
Transfer of fair value on exercise of warrants		42,194		-
Transfer of fair value on exercise of options		49,500		-

14. 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 April 30, 2019					
		Canada		Argentina		Total
Current assets	$	2,677,613	$	267,000	$	2,944,613
Investments		495,000		-		495,000
Property, plant, and equipment		-		284,734		284,734
Exploration and evaluation assets		-		60,330,624		60,330,624
	$	3,172,613	$	60,882,358	$	64,054,971

	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