



ONE WORLD
LITHIUM

ONE WORLD LITHIUM INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Canadian Dollars)



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Independent Auditor's Report

To the Shareholders of One World Lithium Inc.

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has a working capital deficit of \$1,491,973 and an accumulated deficit of \$18,108,586. As stated in Note 1 these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis for the year ended December 31, 2019.

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

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

We obtained the Management's Discussion & Analysis for the year ended December 31, 2019 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

/s/ BDO Canada LLP

Chartered Professional Accountants

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

Vancouver, British Columbia

July 30, 2020

ONE WORLD LITHIUM INC.
Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2019 (\$)	December 31, 2018 (\$)
Assets			
Current Assets			
Cash		21,026	107,654
Receivables	4	172,843	47,298
Prepays		11,668	4,893
		<u>205,537</u>	<u>159,845</u>
Non - Current Assets			
Exploration and evaluation assets	5	3,107,654	3,107,654
Exploration and evaluation assets advance	5	-	208,817
		<u>3,313,191</u>	<u>3,476,316</u>
Liabilities & Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	6,10	1,619,456	673,762
Loans payable	7	60,553	102,939
Share subscriptions	9	5,000	92,000
Credit facility	8	12,501	109,850
		<u>1,697,510</u>	<u>978,551</u>
Shareholders' Equity			
Share capital	9	18,446,426	16,359,655
Share-based payments reserve	9	1,138,553	912,342
Reserve- warrants	9	83,733	66,955
Contributed surplus	9	55,555	-
Deficit		(18,108,586)	(14,841,187)
		<u>1,615,681</u>	<u>2,497,765</u>
		<u>3,313,191</u>	<u>3,476,316</u>

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

Approved on behalf of the Board by:

"Douglas Fulcher"
Douglas Fulcher, Director

"Kevin Milledge"
Kevin Milledge, Director

The accompanying notes are an integral part of the consolidated financial statements

ONE WORLD LITHIUM INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year ended December 31	
		2019	2018
		(\$)	(\$)
EXPENSES			
Consulting fees	10	377,083	660,579
Exploration and evaluation expense and impairment	5	1,897,659	729,269
Foreign exchange loss		37	30
Interest, accretion and financing costs	7,8	58,734	57,846
Investor relations		74,726	74,838
Legal		39,725	32,832
Management fees	10	230,000	160,000
Office, rent and phone		221,788	99,657
Professional fees		73,268	157,848
Share-based payments	9,10a	393,928	219,229
Transfer agent and filing fees		39,668	54,122
		3,406,616	2,246,250
Gain on debt settlement	9b	(39,000)	(60,090)
Net Loss and Comprehensive Loss		3,367,616	2,186,160
		(0.04)	(0.03)
Basic and Diluted Loss per Common Share		(0.04)	(0.03)
Weighted Average Number of Shares Outstanding		89,166,230	72,806,879

The accompanying notes are an integral part of the consolidated financial statements

ONE WORLD LITHIUM INC.

Consolidated Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars)

	Share Capital			Share-based payments reserve (\$)	Contributed surplus (\$)	Deficit (\$)	Total shareholders' equity (\$)
	Shares (#)	Amount (\$)	Warrants (\$)				
Balance - December 31, 2017	63,761,383	13,350,994	55,555	978,740	-	(12,828,029)	1,557,260
Common shares upon private placement	18,664,165	2,797,336	-	-	-	-	2,797,336
Issued for cash, upon exercise of stock options	251,000	12,700	-	-	-	-	12,700
Common shares issued for debt	160,000	24,000	-	-	-	-	24,000
Common shares issued for property	400,000	62,000	-	-	-	-	62,000
Reclassification adjustment upon exercise of stock options	-	112,625	-	(112,625)	-	-	-
Share based payments	-	-	-	219,229	-	-	219,229
Warrants	-	-	11,400	-	-	-	11,400
Transfer of share based payments expired	-	-	-	(173,002)	-	173,002	-
Net loss for the year	-	-	-	-	-	(2,186,160)	(2,186,160)
Balance - December 31, 2018	83,236,548	16,359,655	66,955	912,342	-	(14,841,187)	2,497,765
Common shares upon private placement (net)	13,460,758	1,929,658	42,920	-	-	-	1,972,578
Common shares issued for debt	253,231	47,113	-	-	-	-	47,113
Issued for cash, upon exercise of stock options	150,000	7,500	-	-	-	-	7,500
Issued for cash, upon exercise of warrants	175,000	35,000	-	-	-	-	35,000
Warrants	-	-	29,413	-	-	-	29,413
Warrants expired	-	-	(55,555)	-	55,555	-	-
Reclassification adjustment upon exercise of stock options	-	67,500	-	(67,500)	-	-	-
Share based payments	-	-	-	393,928	-	-	393,928
Transfer of share based payments expired	-	-	-	(100,217)	-	100,217	-
Net loss for the year	-	-	-	-	-	(3,367,616)	(3,367,616)
Balance - December 31, 2019	97,275,537	18,446,426	83,733	1,138,553	55,555	(18,108,586)	1,615,681

The accompanying notes are an integral part of the consolidated financial statements

ONE WORLD LITHIUM INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31	
	2019	2018
	(\$)	(\$)
OPERATING ACTIVITIES		
Net loss for the year	(3,367,616)	(2,186,160)
Items not affecting cash:		
Gain on debt settlement	(39,000)	(60,090)
Interest and financing costs	58,734	57,846
Share based payments	393,928	219,229
Impairment of Mogollon Property	-	19,361
Changes in non-cash working capital:		
Receivables	(125,545)	(37,834)
Prepaid expenses	(6,775)	(4,893)
Accounts payable and accrued liabilities	1,022,292	(26,584)
Exploration and evaluation advance	208,817	55,885
	(1,855,165)	(1,963,240)
INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(254,351)
	-	(254,351)
FINANCING ACTIVITIES		
Loan proceeds	7,000	50,000
Loan repayment	(56,348)	(5,000)
Credit facility repayment	(100,000)	-
Interest paid on credit facility	(10,193)	-
Shares issued for cash on exercise of options	7,500	12,700
Shares issued for cash on exercise of warrants	35,000	-
Shares issued for cash	1,896,161	2,131,475
Share issuance costs	(15,583)	(2,339)
Share subscriptions	5,000	92,000
	1,768,537	2,278,836
(Decrease) increase in cash for the year	(86,628)	61,245
Cash - beginning of the year	107,654	46,409
Cash - end of year	21,026	107,654
Supplemental disclosures		
Fair value of warrants issued for credit facility	15,524	-
Fair value of warrants issued to lender	7,189	11,400
Fair value of common shares issued for option assignment	-	62,000
Common shares issued to settle debt and accounts payable	47,113	24,000

The accompanying notes are an integral part of the consolidated financial statements

1. Nature of operations and going concern

One World Lithium Inc., together with its subsidiary (collectively referred to as the "Company") was incorporated under the laws of the province of British Columbia on November 9, 1982. The Company is focused on the acquisition, exploration and development of resource properties in Mexico. The Company is considered to be in the exploration stage. The Company's head office and records offices are located at Suite 615, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6. On February 28, 2017, the Company voluntarily delisted its common shares from the NEX Board of the TSX Venture Exchange ("Exchange"). On February 28, 2018, One World Lithium Inc. began trading on the Canadian Securities Exchange ("CSE") at market open under the trading symbol OWM. On January 19, 2018, the Company changed its name to One World Lithium Inc. to align with its primary exploration and evaluation asset and the trading symbol on the CSE was changes to OWLI. On March 7, 2019, the Company also began trading on the OTCQB Venture Market under the trading symbol OWRDF.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

At December 31, 2019, the Company has a working capital deficit of \$1,491,973, and had an accumulated deficit of \$18,108,586 and expects to incur further losses, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The available funds at December 31, 2019 are \$21,026 and are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be successful in doing so in the future.

The Company has also considered the impact of COVID 19 pandemic on its continuing operations. See Note 14.

2. Statement of compliance

Basis of preparation

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies set out in Note 3 have been applied consistently to all years presented in these consolidated financial statements unless otherwise indicated. Certain comparative balances were reclassified to conform with current financial statement.

2. Statement of compliance - Continued

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

Entity	Place of Incorporation	Ownership Percentage
Lithium Investments Ltd.	Canada	100%

Foreign currencies

The presentation and functional currency of the Company and its subsidiary is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

These consolidated financial statements were authorized for issuance by the Board of Directors on July 30, 2020.

3. Significant accounting policies

The consolidated financial statements have been prepared using the historical cost basis, except for certain financial instruments which are stated at fair value.

(a) Critical accounting judgements and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in these financial statements include:

3. Significant accounting policies - Continued

(a) Critical accounting judgements and estimates - Continued

Impairment of mineral properties – Expenditures on mineral properties are expensed. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of a mineral property exceeds its recoverable amount. The recoverability of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. Management looks for impairment indicators and then reviews the carrying values of its mineral properties on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs in respect of the Company's mineral properties may not be recoverable and there is a risk that these costs may be written down in future periods. Due to uncertainty in the Company making certain option payments under the Mogollon Property (Note 5), management has recorded an impairment provision of \$Nil for 2019 (2018: \$19,361) against the carrying amount of the property.

Mining concession fees – Mining concession fees in Mexico are based on the surface area of the mineral exploration property multiplied by the applicable tax rate for that jurisdiction in Mexico. These fees are due on a semi-annual basis. The tax rate is determined by the date on which the title document of the mining concession was registered with mining authority with older mining concessions having a high tax rate. Judgement is used calculating the tax rate used in recording the mining concessions.

Going Concern Assumption – The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

While management believes that these estimates, critical judgement and assumptions are reasonable, actual results could differ and could impact future results of operation and cash flows.

(b) Cash

Cash consists of cash on hand and demand deposits that are subject to an insignificant risk of change in value.

(c) Exploration and evaluation ("E&E") assets

Exploration and evaluation expenditures are expensed as incurred, until the property reaches development stage. The development stage begins once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable.

E&E acquisition costs: All direct costs related to the acquisition of mineral property interests (E&E Assets) are capitalized into intangible assets on a property by property basis. Expenditures made in connection with a right to acquire a property and or explore in an exploration area for a period in excess of one year, are capitalized. Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements.

3. Significant accounting policies - Continued

(c) Exploration and evaluation ("E&E") assets - Continued

Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company and are recorded as mineral property acquisition costs upon payment.

E&E exploration expenditures: Exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as the depletion base.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

(d) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its former properties that may result in material liability to the Company. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

(e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

3. Significant accounting policies - Continued

(f) Financial instrument classification and measurement

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. On initial recognition, a financial asset is classified as: amortized cost, fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI).

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- it is held with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis. All financial assets not classified as amortized cost or FVOCI are classified as and measured at FVPL. This includes all derivative assets. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVPL or FVOCI. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

Loss allowances for 'expected credit losses' are recognized on financial assets measured at amortized cost, contract assets and investments in debt instruments measured at FVOCI, but not to equity investments. A loss event is not required to have occurred before a credit loss is recognized. The Company utilized a provision matrix to measure loss allowances taking into consideration historical experience and where applicable, forecasted economic conditions and other factors specific to the debtors.

The Company has classified and measured its financial instruments as described below:

- Cash and receivables, are classified as and measured at amortized cost.
- Accounts payable and accrued liabilities, loans payable, credit facility and shares subscriptions payables are classified as and measured at amortized cost. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. The liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

3. Significant accounting policies - Continued

(g) Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

When applicable, deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Share capital and Share-based payments

Share capital represents the amount received in exchange for the issuance of shares. Shares issued for consideration other than cash are recorded at their fair value according to quoted market price on the day the shares are issued. Proceeds from the exercise of share options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company along with the fair value of the option or warrant, if any, at the time of its grant.

The Company uses the residual method in allocating consideration in a unit issuance comprising of shares and share purchase warrants ("warrants"). The fair value to the shares is measured first issued and any residual consideration is allocated to the warrants.

Upon expiry of the warrants, the amount allocated to the warrants is transferred to contributed surplus.

In situations when the warrant is a financial liability, the Company fair values the warrant first using an applicable option value model.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as equity. Share issuance costs related to uncompleted share subscriptions are charged to operations.

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option-pricing model, and is recognized over the period during which the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number at options that vest.

3. Significant accounting policies - Continued

(h) Share capital and Share-based payments - Continued

For directors and employees, the fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to accumulated deficit.

(i) Flow-through shares and unit offerings

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through share premium") as follows:

- Share capital – the market value of non-flow-through share
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature based on the residual value method.
- Warrants – recorded as reserves based on the residual value method.

Thereafter, as qualifying resource expenditures are incurred, these costs are expensed and the flow-through share premium is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares.

For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

(j) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares for years presented at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions of convertible debt or exercise of options and warrants as they would be anti-dilutive.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

3. Significant accounting policies - Continued

(k) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Under the guidance of IFRS 10, Consolidated Financial Statements, control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquirer to affect the amount of the acquirer's returns. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date. During the year ended December 31, 2017, the Company's acquisition of Lithium Investments Ltd. Was recorded as an asset acquisition given that it was not considered a business when applying the guidance within IFRS 3, Business Combinations ("IFRS 3"). Note 5.

(l) Segmented information

The Company has one operating segment, mineral exploration and development of lithium and operates in three geographical segments, being Canada, United States and Mexico.

(m) Adoption of new and revised standards and interpretations

The Company has adopted the following new standard, along with any consequential amendments, prior to or effective January 1, 2019. These changes were made in accordance with the applicable transitional provisions and did not impact the Company's consolidated financial statements.

IFRS 16 Leases

IFRS 16 will replace IAS 17 Leases. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard 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 have a low value. Application of the standard is mandatory for annual periods beginning on or after January 1, 2019, with early application permitted. The Company does not have significant financial reporting implications, as currently, no lease agreements within the scope of IFRS 16 have been entered into.

4. Financial risk management

(a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

During the year, the Company advanced \$158,353 to a third party to investigate and assist in the cost of testing a fluid technology that may be a low-cost method of separating lithium and other related minerals from brine. There is no set repayment terms on this advance receivable and is due on demand. The amount is included in receivables.

4. Financial risk management - Continued

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk and has disclosed a going concern uncertainty in Note 1 of the consolidated financial statements.

The Company's current and expected remaining contractual maturities for its financial liabilities with agreed repayment periods are presented below. The table includes the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to satisfy the liabilities.

As at December 31, 2019	1 - 6 months
	\$
Accounts payable and accrued liabilities	1,619,456
Loans payable	60,553
Share subscriptions	5,000
Credit facility	12,501
	<u>1,697,510</u>

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises two types of risk: interest rate risk, and foreign currency risk. The Company is not exposed to significant market risk and overall the Company's market risk has not changed significantly from the prior year.

(d) Interest rate risk

Interest rate risk consists of two components:

- a. To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and
- b. To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its loans and credit facility.

(e) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign currency risk because of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars to pay these foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency-hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

4. Financial risk management - Continued

There were no changes during the year in the Company's approach to managing the above risks. The Company is not exposed to significant foreign currency risk and overall the Company's foreign currency risk has not changed significantly from the prior year.

5. Exploration and evaluation assets

Property	Salar del Diablo (\$)
Total December 31, 2017	2,810,664
Consideration paid	296,990
Acquisition costs	-
Less: impairment provision	-
Total December 31, 2018 and 2019	3,107,654

Acquisition of the Salar del Diablo Property (formerly the Valle Del Diablo Property):

On October 10, 2017, the Company completed the acquisition of Lithium Investments Ltd. ("LIL") by acquiring all of the shares of LIL from its shareholders ("original shareholders") in exchange for 10,000,000 common shares and a \$100,000 cash payment made 30 days after the close (November 10, 2017). All shares issued on October 10, 2017 were measured at \$0.235 per share, being the Company's closing price on that date on the CSE.

The principal assets of LIL consist of the rights and interests under an option and joint venture agreement as amended (the "Option Agreement") with third parties to acquire up to a 90% interest in the Salar del Diablo (formerly the Valle Del Diablo Property) in Mexico (the "Salar del Diablo Property"). In order to earn an 80% interest in the Salar del Diablo, the Company is required to issue 1,800,002 shares (1,000,002 shares were issued on October 10, 2017, 200,000 shares were issued on August 13, 2018 and 200,000 shares, as a penalty for late payment, see below, were issued on September 24, 2018 for a total value of \$297,000, being the total value of the shares on the date of issuance) and make payments up to US\$380,000 (as at December 31, 2018 US\$230,000 has been paid) to the third parties in stages. On November 1, 2019, the Company and Optionors ("the Parties") agreed that the balance of 400,000 shares and a US\$150,000 payment is due after completion of the Phase 3 drilling program or on June 30, 2020 at which time the Phase 3 drilling program would be deemed completed. Subsequently, on July 20, 2020 the Parties agreed to extend the deemed completion date from June 30, 2020 to December 31, 2020. For this extension, the Company agreed to issue 100,000 shares and make a US\$50,000 payment leaving a net balance owing of 300,000 shares and a US\$100,000 payment. If the project goes to commercial production, the Company is also required to issue an additional 1,100,000 shares and make an additional payment of \$1,050,000. In addition, up until the delivery of a bankable feasibility report (the "BS Report") on the Salar del Diablo Property, the Company is responsible for all exploration expenditures. After the delivery of the BS Report each Joint Venture party ("JV Party") is responsible for their pro rata share of future funding. If either JV Party fails to contribute its share of the project cost, their interest shall be diluted proportionally until their interest reaches 10% or less. Should the underlying JV Party's interest dilute below a 10% equity interest or less, a 2% NSR royalty replaces the 10% equity interest and the other party will have the right at any time prior to the commencement of commercial production but not the obligation to purchase one-half of the NSR for US\$5,000,000.

The Company also incurred and capitalized \$125,664 costs directly related to this acquisition in fiscal 2017.

5. Exploration and evaluation assets - Continued

Consideration paid:

For value of 10,000,000 shares issued to LIL shareholders at \$0.235 per share	\$2,350,000
For value of 1,000,002 shares issued to Joint Venture Third Party at \$0.235 per share	\$235,000
Cash paid	\$100,000
Total consideration paid, December 31, 2017	\$2,685,000
For value of 200,000 shares issued to Joint Venture Third Party at \$0.16 per share	\$32,000
Cash paid	\$264,990
Total consideration paid, December 31, 2018 and 2019	\$2,981,990

On August 21, 2018, the original optionors assigned their interest in the Option Agreement to Energy Metals Discovery Group, LLC, an unrelated entity and a Texas Limited Liability Company.

On September 24, 2018, the Company issued 200,000 shares as a penalty for late payment. The shares were valued at \$30,000, using the issuance date to determine the fair value of the shares. The penalty was included in the exploration and evaluation expense for the year ended December 31, 2018.

The LIL purchase agreement requires the Company to continue making the following additional payments and share issuance to the former and original shareholders of LIL:

On or before (Date)	Pay to former shareholders of LIL (CDN\$)	Pay to former shareholders of LIL (# of shares of OWL)
October 10, 2018	\$ 200,000 (paid)	-
October 10, 2020	\$ 300,000	-
December 31, 2020	\$ 500,000	16,000,000
	<u>\$ 1,000,000</u>	<u>16,000,000</u>

On April 24, 2019, the Company agreed to increase the share issuance by 3,500,000 shares to 16,000,000 shares in exchange for the LIL shareholders agreeing to extend the date of the share issuance of the 12,500,000 shares to July 31, 2019. As at December 31, 2019, the 16,000,000 shares have not been issued and the October 10, 2019 payment had not been made. On May 5, 2020 the LIL original shareholders agreed to extend the date of the issuance of the shares to December 31, 2020, to extend the October 10, 2019 payment of \$300,000 to October 10, 2020 and to extend the October 10, 2020 payment to December 31, 2020 and the Company agreed to increase the final \$400,000 payment by \$100,000 to \$500,000 for the LIL original shareholders agreeing to these extensions.

In connection with the Salar del Diablo property, the Company, advanced \$Nil to the property (2018: \$208,817) in respect of subsequent year drilling projects.

5. Exploration and evaluation assets - Continued

The following table shows the activity by category of exploration and evaluation and impairment provision:

	December 31, 2019	December 31, 2018
Exploration and Evaluation Expenditures and Impairment Provision	(\$)	(\$)
Concession fees	140,000	140,193
Consulting	165,323	33,473
Drilling	1,315,321	-
Geology	35,850	-
Geophysics	5,618	438,701
Maintenance fees	-	30,000
Mapping	380	34,473
Permitting	41,748	-
Staking	39,257	12,276
Travel	69,167	-
Supplies & Other	84,995	20,792
Impairment charge on Mogollon Property	-	19,361
Total	1,897,659	729,269

6. Accounts Payable and Accrued Liabilities

	December 31, 2019 (\$)	December 31, 2018 (\$)
Accounts payable and accrued liabilities	1,359,848	427,673
Part XII.6 tax payable	221,065	213,999
Due to related parties (note 10)	38,543	32,090
	1,619,456	673,762

ONE WORLD LITHIUM INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (EXPRESSED IN CANADIAN DOLLARS)

7. Loans Payable

	Loan #1		Loan #2		Loan #3	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Balance - beginning	-	5,000	55,425	51,425	47,514	-
Additions	-	-	-	-	-	50,000
Interest	-	-	923	4,000	3,484	1,414
Repayment	-	(5,000)	(56,348)	-	-	-
Bonus warrants	-	-	-	-	(7,189)	(11,400)
Accretion	-	-	-	-	9,744	7,500
Balance - end	-	-	-	55,425	53,553	47,514

	Loan #4		Total	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	(\$)	(\$)	(\$)	(\$)
Balance - beginning	-	-	102,939	56,425
Additions	7,000	-	7,000	50,000
Interest	-	-	4,407	5,414
Repayment	-	-	(56,348)	(5,000)
Bonus warrants	-	-	(7,189)	(11,400)
Accretion	-	-	9,744	7,500
Balance - end	7,000	-	60,553	102,939

Loan #1: On October 10, 2017, the Company received \$5,000 in respect of a loan. The loan was settled in cash on May 17, 2018.

Loan #2: On August 24, 2017, the Company received \$50,000 in respect of a convertible loan. The loan matured on December 1, 2017 with no demand for repayment. The convertible feature (to convert the loan into common shares) also expired on the maturity date of December 1, 2017. The loan was unsecured and bore interest of 8% per annum. On January 29, 2019, the Company settled \$30,000 of the loan in cash. Interest of \$923 was accrued during the year ended December 31, 2019 (December 31, 2018: \$4,000). On June 18, 2019, the Company settled the remaining principal of \$20,000 and accumulated accrued interest of \$6,348 in cash.

7. Loans Payable - Continued

Loan #3: On July 12, 2018, the Company received \$50,000 in respect of a loan. The loan originally matured on October 31, 2018, which was subsequently extended to March 31, 2019 and further extended to June 30, 2019. The loan is unsecured and bears interest of 6% per annum. Interest of \$3,484 was accrued during the year ended December 31, 2019 (December 31, 2018: \$1,414). In consideration for the Loan, on July 12, 2018, the Company issued 312,500 share purchase warrants to the Lender. On November 1, 2018, in consideration for extending the maturity date, the Company issued an additional 312,500 share purchase warrants to the Lender. Each Warrant will entitle the Lender to purchase one common share at \$0.16 per share for a period of 2 years. Subsequent to December 31, 2019, 312,500 warrants expired.

On April 1, 2019, the note was extended for another three months, with a new maturity date of June 30, 2019. An additional 312,500 warrants were granted in consideration of the extension. Each warrant will entitle the Lender to purchase one common share at \$0.165 per share for a period of 2 years. The bonus warrants were valued at \$3,166, being the residual value of the warrants (Note 9d). On July 1, 2019, the note was extended until October 31, 2019. On November 1, 2019, the note was extended a further three months, with a new maturity date of January 31, 2020 and the interest rate was increased to 12% per annum. In consideration for extending the maturity date, the Company issued an additional 312,500 share purchase warrants to the Lender. The bonus warrants were valued at \$4,023, being the residual value of the warrants (Note 9d). Each Warrant will entitle the Lender to purchase one common share at \$0.12 per share for a period of 2 years (Note 9d). The effective interest rate is 47%.

Loan #4: On December 12, 2019, the Company received \$7,000 in respect of a loan. The loan is unsecured and bears no interest. The loan is payable on demand.

8. Credit Facility

On February 22, 2017, the Company entered into a credit facility ("Credit Facility"), pursuant to which it can borrow from SUI, a related party by common officer, an aggregate of up to \$250,000 in one or more tranches (each, a "Tranche"), at a rate of 8.0% per annum, with a maturity date for each Tranche of February 28, 2019. In consideration for the Credit Facility, the Company is required to issue share purchase warrants ("Warrants") permitting SUI to purchase up to, in the aggregate, 1,250,000 shares, in proportion with each Tranche of the Credit Facility. Each Warrant allows for the purchase of one common share at \$0.20 per share for a period of 2 years from the date of the Tranche. On February 28, 2017 and under the terms of the Credit Facility, the Company borrowed \$100,000 from SUI, and issued Warrants allowing for the purchase of up to, in the aggregate, 500,000 common shares in the capital of the Company at \$0.20 per share until February 28, 2019. The warrants were valued at \$55,555 being the residual value of the \$100,000 credit facility present valued using a market interest rate of 40% for comparable debt with a similar risk profile of the Company.

	(\$)
Balance, December 31, 2017	74,350
Accretion of debt discount	27,500
Accrued interest	8,000
Balance, December 31, 2018	109,850
Accretion of debt discount, to February 28, 2019	4,844
Balance, February 28, 2019	114,694
Fair value adjustment on issuance of share purchase warrants	(15,524)
Accretion of debt discount, to August 31, 2019	15,524
Accrued interest	8,000
Repayment	(110,193)
Balance, December 31, 2019	12,501

On February 28, 2019, 400,000 warrants expired unexercised and 100,000 warrants were extended for an additional year. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.78%, expected life of 1 years, expected volatility of 99.37% and dividend yield of 0%. The total amount of the warrants, \$6,700, of which was recognized during the year ended December 31, 2019. This amount is included as a financing cost in the statement of loss.

On April 24, 2019, SUI agreed to extend the maturity date of the \$100,000 principal plus interest from February 28, 2019 to August 31, 2019. For this extension, the Company issued Warrants allowing for the purchase of up to, in the aggregate, 500,000 common shares in the capital of the Company at \$0.20 per share until February 28, 2021. The warrants were valued at \$15,524 being the residual value of the \$100,000 credit facility present valued using a market interest rate of 40% for comparable debt with a similar risk profile of the Company. The total amount of the warrants, \$15,524, of which was fully recognized as an accretion expense during the year ended December 31, 2019. During the year, the company repaid \$110,193 of the credit facility.

9. Share capital

- a) Authorized
 - Unlimited common shares without par value.
- b) Issued

During the year ended December 31, 2019:

Private Placements:

On April 11, 2019 – the Company closed a second tranche of its non-brokered private placement, as previously announced on June 29, 2018. The Company raised \$ 525,675 through the issuance of 3,504,497 units at a price of \$0.15 per unit. Each Unit consists of one common share of the Company and one-half of a non-transferable Common Share purchase warrant. Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.20 for a period of 24 months from the closing of the offering. All securities are subject to a four month and one day hold from the closing date. In connection with this private placement, the Company received \$92,000 in share subscriptions in advance as at December 31, 2018, which has been included in this private placement. No finder's fees were paid in connection with the private placement.

On June 4, 2019 – the Company closed its third tranche of its non-brokered private placement, as previously announced on June 29, 2018. The Company raised \$ 298,700 through the issuance of 1,991,331 units at a price of \$0.15 per unit. Each Unit consists of one common share of the Company and one-half of a non-transferable Common Share purchase warrant. Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.20 for a period of 24 months from the closing of the offering. All securities are subject to a four month and one day hold from the closing date. No finder's fees were paid in connection with the private placement.

On July 8, 2019 – the Company closed its non-brokered private placement, as previously announced on June 7, 2019. The Company raised \$ 734,586 through the issuance of 3,672,930 units at a price of \$0.20 per unit. Each Unit consists of one common share of the Company and one-half of a non-transferable Common Share purchase warrant. Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.25 for a period of 24 months from the closing of the offering. All securities are subject to a four month and one day hold from the closing date. No finder's fees were paid in connection with the private placement.

On December 23, 2019 – the Company closed its non-brokered private placement. The Company raised \$ 429,200 through the issuance of 4,292,000 units at a price of \$0.10 per unit. Each Unit consists of one common share of the Company and one of a non-transferable Common Share purchase warrant. Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.10 for a period of 24 months from the closing of the offering. All securities are subject to a four month and one day hold from the closing date. No finder's fees were paid in connection with the private placement.

As at December 31, 2019, the Company received \$5,000 of subscriptions in advance of a future issuance of 50,000 units. This has been recorded as a subscription payable.

A total of \$15,583 was paid in share issuance costs relating to the 2019 private placements.

9. Share capital - Continued

b) Issued - Continued

Debt settlements:

On March 1, 2019, the Company in connection with the settlement of services with a third party issued 71,058 common shares at \$0.19, the fair value of the shares on the grant date and paid \$9,000 in cash. The fair value of the debt was \$45,000, not including GST of \$2,250. A portion of the debt (\$22,500) was forgiven and treated as a gain on debt settlement.

On March 1, 2019, the Company settled a portion of debt owing to a related party by issuing 132,178 common shares at \$0.19, the fair value of the shares on the grant date. The fair value of the debt was \$25,114 (Note 10b).

On March 18, 2019, the Company in connection with the settlement of services with a third party issued 50,000 common shares at \$0.17, the fair value of the shares on the grant date. The fair value of the debt was \$25,000. A portion of the debt (\$16,500) was forgiven and treated as a gain on debt settlement.

Stock option exercise:

On June 19, 2019, 150,000 stock options were exercised at \$0.05, for total proceeds of \$7,500.

Warrant exercise:

On June 16, 2019, 75,000 warrants were exercised for \$0.20, for total proceeds of \$15,000.

On July 9, 2019, 100,000 warrants were exercised for \$0.20, for total proceeds of \$20,000.

During the year ended December 31, 2018:

Private placements:

On March 22, 2018, the Company closed the first tranche of its private placement that was previously announced on November 9, 2017. The Company raised \$1,028,650 through the issuance of 6,857,667 units at a price of \$0.15 per unit. Each Unit was comprised of one common share in the capital of the Company and one non-transferable common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional share, at a price of \$0.20 per warrant share for a period of 24 months from the partial closing date of the Offering. All securities are subject to a four month and one day hold from the closing date. The Company received \$668,200 in 2017 towards this private placement that was included in share subscriptions payable. No finder's fees were paid in connection with the private placement.

On May 23, 2018, the Company closed the second tranche of its private placement that was previously announced on November 9, 2017. The Company raised \$522,100 through the issuance of 3,480,665 units at a price of \$0.15 per unit. Each Unit was comprised of one common share in the capital of the Company and one non-transferable common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional share, at a price of \$0.20 per warrant share for a period of 24 months from the partial closing date of the Offering. All securities are subject to a four month and one day hold from the closing date. No finder's fees were paid in connection with the private placement.

9. Share capital - Continued

b) Issued – Continued

On November 8, 2018, the Company closed the first tranche of its private placement that was previously announced on June 29, 2018. The Company raised \$1,248,875 through the issuance of 8,325,833 units at a price of \$0.15 per unit. Each Unit was comprised of one common share in the capital of the Company and one-half non-transferable common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one additional share, at a price of \$0.20 per warrant share for a period of 24 months from the partial closing date of the Offering. All securities are subject to a four month and one day hold from the closing date. No finder's fees were paid in connection with the private placement.

As at December 31, 2018, in connection with the private placement announced June 29, 2018, the Company received \$92,000 subscriptions in advance of issuance of units. The subscriptions advance has been presented in share subscriptions payable as at December 31, 2018. On April 10, 2019, the Company closed the second tranche of this private placement that included this subscription in advance (note 15).

Stock option exercise:

On March 29, 2018, 100,000 stock options were exercised at \$0.05, for total proceeds of \$5,000.

On July 18, 2018, 150,000 stock options were exercised at \$0.05, for total proceeds of \$7,500.

On December 19, 2018, 1,000 stock options were exercised at \$0.20, for a total of \$200.

Debt settlement: On April 26, 2018, the Company settled a portion of the debt owing to a related party through a debt settlement at \$0.15, the share price on the date of the grant, by the issuance of 160,000 common shares of the Company (Note 10).

Option Agreement: On August 13, 2018, as per the amended Option Agreement with Energy Metals Discovery Group, LLC ("EMDG") the Company issued 50,000 common shares to each of the individual members of EMDG totalling 200,000 common shares. The shares issued under this Option Agreement are subject to a four (4) month one (1) day hold period from trading and were released on December 14, 2018. The shares were valued at \$32,000, using the issuance date to determine the fair value of the shares.

On September 24, 2018, as per the third amendment to the Option Agreement with EMDG, the Company issued 50,000 common shares to each of the individual members of EMDG totalling 200,000 common shares. The shares issued under this option agreement are subject to a four (4) month one (1) day hold period from trading and were released on January 25, 2019. The shares were valued at \$30,000, using the issuance date to determine the fair value of the shares.

9. Share capital - Continued

c) Stock options

During the year ended December 31, 2019:

On February 4, 2013, the Company adopted a "rolling" stock option plan for its employees, directors, officers and self-employed consultants, which plan received regulatory approval in 2013. The terms of the plan provide for options to be granted to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The exercise price of each option shall not be less than the minimum price permitted by the policies of the Exchange. The options may be granted for a maximum term of ten years from the date of grant, and at the Board's election, may include vesting provisions. The total amount of share-based payments expense, if any, which is expected to be recognized over the vesting period of options, is recognized during the period in which it occurs.

On October 31, 2018, at the Company's Annual General Meeting the shareholders approved a new stock option plan to incorporate the policies of the Canadian Stock Exchange ("CSE"). Under the new stock option plan the maximum number of shares of the Company reserved for issuance will be limited to 10% of the issued shares of the Company at the time of any granting of options (on a non-diluted basis). In addition, the number of shares that may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The Board may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The exercise price of each option shall be determined by the Board provided that such exercise price shall be not lower than the greater closing price of the Company's shares on the CSE on the trading day prior to the date of grant. The options may be granted for a maximum term of ten years from the date of grant, and at the Board's election, may include vesting provisions. The total amount of share-based payments expense, if any, which is expected to be recognized over the vesting period of options, is recognized during the period in which it occurs.

On March 1, 2019, the Company granted incentive stock options allowing for the acquisition of 2,450,000 common shares of the Company at a price of \$0.19 per common share. The stock options are exercisable on or before March 1, 2021 and are fully vested. The grant date fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.77%, expected life of 2 years, expected volatility of 104.44% and dividend yield of 0%. The total amount of share based payments expense, \$255,041, of which was recognized during the year ended December 31, 2019.

On April 09, 2019, the Company granted incentive stock options allowing for the acquisition of 300,000 common shares to a consultant of the Company at \$0.18 per common share. The stock options are exercisable on or before December 31, 2019 with 150,000 vesting on June 10, 2019 and the balance vesting on July 10, 2019. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.62%, expected life of 9 months, expected volatility of 92.19% and dividend yield of 0%. The total amount of share based payments expense, \$13,178, of which was recognized during the year ended December 31, 2019. The stock options expired unexercised on December 31, 2019.

On April 30, 2019, the Company granted incentive stock options allowing for the acquisition of 15,000 common shares of the Company at a price of \$0.20 per common share. The stock options are exercisable on or before April 30, 2021 and are fully vested. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.60%, expected life of 2 years, expected volatility of 92.08% and dividend yield of 0%. The total amount of share based payments expense, \$1,313, of which was recognized during the year ended December 31, 2019.

9. Share capital - Continued

c) Stock Options – Continued

On May 22, 2019, the Company granted incentive stock options allowing for the acquisition of 400,000 common shares of the Company at \$0.19 per common share. The stock options are exercisable on or before May 22, 2021 with 100,000 vesting immediately and 100,000 vesting on August 22, 2019 and the balance vesting on October 22, 2019. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.69%, expected life of 2 years, expected volatility of 92.12% and dividend yield of 0%. The total amount of share based payments expense, \$36,036, of which was recognized during the year ended December 31, 2019.

On May 31, 2019, the Company granted incentive stock options allowing for the acquisition of 400,000 common shares of the Company at a price of \$0.20 per common share. The stock options are exercisable on or before May 31, 2021 and are fully vested. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.48%, expected life of 2 years, expected volatility of 91.59% and dividend yield of 0%. The total amount of share based payments expense, \$39,231, of which was recognized during the year ended December 31, 2019.

On May 31, 2019, the Company granted incentive stock options allowing for the acquisition of 600,000 common shares of the Company at \$0.20 per common share. The stock options are exercisable on or before May 31, 2020 with 150,000 vesting immediately and 150,000 vesting on July 1, 2019 and the balance vesting on October 1, 2019. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.48%, expected life of 1 years, expected volatility of 95.57% and dividend yield of 0%. The total amount of share based payments expense, \$44,628, of which was recognized during the year ended December 31, 2019.

On December 3, 2019, the Company granted incentive stock options allowing for the acquisition of 400,000 common shares of the Company at a price of \$0.13 per common share. The stock options are exercisable on or before December 3, 2020 with 100,000 vesting immediately, 100,000 vesting on January 31, 2020, another 100,000 vesting on February 29, 2020 and the balance vesting on March 31, 2020. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.58%, expected life of 1 years, expected volatility of 142.56% and dividend yield of 0%. The total amount of share based payments expense, \$18,007, of which, \$4,501 was recognized during the year ended December 31, 2019.

During the year ended December 31, 2018:

On March 22, 2018, the Company granted incentive stock options allowing for the acquisition of 800,000 common shares of the Company at a price of \$0.20 per common share. The stock options are exercisable on or before March 22, 2020 and are fully vested. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 2%, expected life of two years, expected volatility of 204.88% and dividend yield of 0%. The total amount of share based payments expense, \$100,022 was recognized during the year ended December 31, 2018.

On April 11, 2018, the Company granted incentive stock options allowing for the acquisition of 300,000 common shares of the Company at a price of \$0.20 per common share. The stock options are exercisable on or before April 11, 2020 are fully vested. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.84%, expected life of 2 years, expected volatility of 191% and dividend yield of 0%. The total amount of share based payments expense, \$36,002, of which was recognized during the year ended December 31, 2018.

9. Share capital - Continued

c) Stock Options – Continued

On May 11, 2018, the Company granted incentive stock options allowing for the acquisition of 500,000 common shares of the Company at a price of \$0.15 per common share. The stock options are exercisable on or before February 15, 2019 and are fully vested. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.93%, expected life of 9 months, expected volatility of 83.16% and dividend yield of 0%. The total amount of share based payments expense, \$21,480, of which was recognized during the year ended December 31, 2018.

On May 23, 2018, the Company granted incentive stock options allowing for the acquisition of 100,000 common shares of the Company at a price of \$0.15 per common share. The stock options are exercisable on or before May 23, 2020 and are fully vested. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.98%, expected life of 2 years, expected volatility of 216.26% and dividend yield of 0%. The total amount of share based payments expense, \$13,144, was recognized during the year ended December 31, 2018.

On June 22, 2018, the Company granted incentive stock options allowing for the acquisition of 100,000 common shares of the Company at a price of \$0.15 per common share. The stock options are exercisable on or before June 22, 2020 and are fully vested. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.79%, expected life of 2 years, expected volatility of 194.19% and dividend yield of 0%. The total amount of share based payments expense, \$13,418, was recognized during the year ended December 31, 2018.

Pursuant to the vesting of options granted in prior years, the Company recognized \$35,163 in share based payments during the year ended December 31, 2018.

As at December 31, 2019, the Company had stock options outstanding to directors, officers and consultants for the purchase of up to, in the aggregate, 3,864,000 (December 31, 2018: 3,649,000) common shares exercisable as follows:

Number of stock options outstanding (#)	Number of stock options exercisable (#)	Exercise price (\$)	Expiry date
1,300,000	1,300,000	0.05	February 28, 2022
799,000	799,000	0.20	March 22, 2020
300,000	300,000	0.20	April 11, 2020
100,000	100,000	0.15	May 23, 2020
100,000	100,000	0.15	June 22, 2020
2,450,000	2,450,000	0.19	March 1, 2021
15,000	15,000	0.20	April 30, 2021
400,000	400,000	0.19	May 22, 2021
400,000	400,000	0.20	May 31, 2021
600,000	600,000	0.20	May 31, 2020
400,000	100,000	0.13	December 3, 2020
6,864,000	6,564,000		

The weighted average remaining contractual life of the stock options outstanding as at December 31, 2019 is 1.12 years (December 31, 2018: 1.74). Subsequent to year-end, 1,900,000 of the options outstanding as at December 31, 2019 expired unexercised.

ONE WORLD LITHIUM INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (EXPRESSED IN CANADIAN DOLLARS)

9. Share capital - Continued

c) Stock Options – Continued

A summary of the stock options outstanding at December 31, 2019 and December 31, 2018, and changes during the year then ended are as follows:

	Number of options (#)	Weighted average exercise price (\$)
Outstanding December 31, 2017	3,800,000	0.17
Granted	800,000	0.20
Granted	500,000	0.15
Granted	100,000	0.15
Granted	100,000	0.15
Granted	300,000	0.20
Expired	(600,000)	0.40
Expired	(1,100,000)	0.20
Exercised	(100,000)	0.05
Exercised	(150,000)	0.05
Exercised	(1,000)	0.20
Outstanding December 31, 2018	3,649,000	0.14
Granted	2,450,000	0.19
Granted	300,000	0.18
Granted	15,000	0.20
Granted	400,000	0.19
Granted	400,000	0.20
Granted	600,000	0.20
Granted	400,000	0.13
Expired	(400,000)	0.25
Expired	(500,000)	0.15
Expired	(300,000)	0.18
Exercised	(150,000)	0.05
Outstanding December 31, 2019	6,864,000	0.16

d) Warrants

During the year ended December 31, 2019:

- The Company, in connection with the Credit Facility (Note 8), issued 500,000 warrants, with each warrant entitling the holder to purchase one common share at a price of \$0.20 per share until on February 28, 2021. The warrants were valued at \$15,524 being the residual value of the present value of the Credit Facility.
- The Company, in connection with the Credit Facility (Note 8), extended the maturity date of 100,000 warrants for an additional year, with each warrant entitling the holder to purchase one common share at a price of \$0.20 per share until on February 28, 2020. The warrants were valued at \$6,700. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.78%, expected life of 1 years, expected volatility of 99.37% and dividend yield of 0%.

9. Share capital - Continued

d) Warrants – Continued

- On April 1, 2019, the Company issued 312,500 share purchase warrants to the Lender (Note 7), each warrant will entitle the Lender to purchase one common share at \$0.165 per share for a period of 2 years. The warrants were valued at \$3,166 being the residual value of the \$50,000 loan present valued using a market interest rate of 40% for comparable debt with a similar risk profile of the Company.
- On April 10, 2019, the Company, in connection with the second tranche of the Private Placement, issued 1,752,257 one-half (1/2) warrants, with each full warrant entitling the holder to purchase one common share at a price of \$0.20 until on April 10, 2021. As the fair value of the shares was greater than the consideration received, no residual amount existed, and the warrants were valued at \$Nil.
- On June 4, 2019, the Company, in connection with the third tranche of the Private Placement, issued 995,668 one-half (1/2) warrants, with each full warrant entitling the holder to purchase one common share at a price of \$0.20 until on June 4, 2021. As the fair value of the shares was greater than the consideration received, no residual amount existed, and the warrants were valued at \$Nil.
- On July 8, 2019, the Company, in connection with the Private Placement, issued 1,836,465 one-half (1/2) warrants, with each full warrant entitling the holder to purchase one common share at a price of \$0.25 until on July 8, 2021. As the fair value of the shares was the same as the consideration received, no residual amount existed, and the warrants were valued at \$Nil.
- On November 1, 2019, the Company issued 312,500 share purchase warrants to the Lender (Note 7), each warrant will entitle the Lender to purchase one common share at \$0.12 per share for a period of 2 years. The warrants were valued at \$4,023 being the residual value of the \$50,000 loan present valued using a market interest rate of 40% for comparable debt with a similar risk profile of the Company.
- On December 23, 2019, the Company, in connection with the Private Placement, issued 4,292,000 one full warrant, entitling the holder to purchase one common share at a price of \$0.10 until on December 23, 2021. A value of \$42,920 has been allocated to warrants based on the Company's residual method for allocation of proceeds in a unit offering.

ONE WORLD LITHIUM INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (EXPRESSED IN CANADIAN DOLLARS)

9. Share capital - Continued

d) Warrants – Continued

A summary of the status of the warrants, with a weighted average life of 1.04 years, as at December 31, 2019.

	Number of Warrants	Weighted Exercise Price	Expiry Date
Outstanding and Exercisable December 31, 2017	500,000	\$0.20	
Issued	6,857,667	\$0.20	March 22, 2020
Issued	3,480,665	\$0.20	May 24, 2020
Issued	312,500	\$0.16	July 12, 2020
Issued	4,162,901	\$0.15	November 8, 2020
Issued	312,500	\$0.16	November 1, 2020
Outstanding and Exercisable December 31, 2018	15,626,233	\$0.14	
Expired	(500,000)	\$0.20	
Issued	100,000	\$0.20	February 28, 2020
Issued	500,000	\$0.20	February 28, 2021
Issued	312,500	\$0.165	April 1, 2021
Issued	1,752,257	\$0.20	April 10, 2021
Issued	995,668	0.20	June 4, 2021
Exercised	(75,000)	\$0.20	
Issued	1,836,465	\$0.25	July 8, 2021
Exercised	(100,000)	\$0.20	
Issued	312,500	\$0.12	November 1, 2021
Issued	4,292,000	\$0.10	December 23, 2021
Outstanding and Exercisable December 31, 2019	25,052,623	\$0.14	

During the year ended December 31, 2018:

- The Company, in connection with the March 22, 2018 Private Placement, issued 6,857,667 warrants, with each warrant entitling the holder to purchase one common share at a price of \$0.20 until on March 22, 2020. As the fair value of the shares was the same as the consideration received, no residual amount existed, and the warrants were valued at \$Nil.
- The Company, in connection with the May 23, 2018 Private Placement, issued 3,480,665 warrants, with each warrant entitling the holder to purchase one common share at a price of \$0.20 until on May 24, 2020.
- On July 12, 2018, the Company issued 312,500 share purchase warrants to the Lender (Note 7), each warrant will entitle the Lender to purchase one common share at \$0.16 per share for a period of 2 years. The warrants were valued at \$4,900 being the residual value of the \$50,000 loan present valued using a market interest rate of 40% for comparable debt with a similar risk profile of the Company.
- On November 1, 2018, the Company issued 312,500 share purchase warrants to the Lender (Note 7), each warrant will entitle the Lender to purchase one common share at \$0.16 per share for a period of 2 years. The warrants were valued at \$6,500 being the residual value of the \$50,000 loan present valued using a market interest rate of 40% for comparable debt with a similar risk profile of the Company.
- The Company, in connection with the November 8, 2018 Private Placement, issued 4,162,901 warrants, with each warrant entitling the holder to purchase one common share at a price of \$0.15 until on November 8, 2020
- Subsequent to December 31, 2018, 400,000 of the credit facility warrants (Note 9) expired and the Company agreed to extend 100,000 warrants for one additional year expiring on February 28, 2019.

9. Share capital - Continued

e) Share-based payments reserve

Share-based payments reserve includes the value of stock option grants prior to exercise.

10. Related party transactions

a) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including stock-based compensation, of key management personnel during the years ended December 31, 2019 and 2018 were as follows:

	For the year ended December 31	
	2019	2018
	(\$)	(\$)
Management fees	230,000	160,000
Consulting fees	54,355	-
Share based payments	101,690	26,562
	<u>386,045</u>	<u>186,562</u>

At December 31, 2019, \$24,938 is owed to the CEO of the Company, \$5,470 is owed to the CFO of the Company and \$2,671 is owed to a director of the Company. These amounts are included in accounts payable and accrued liabilities. (See Note 6).

b) Other related party transactions

Rent and Office:

Effective May 1, 2016, the Company entered into an office rental agreement in which an officer and director is a shareholder. For the years ended December 31, 2019 and 2018, the Company was charged rent and office expenses as follows:

	For the year ended December 31,	
	2019	2018
	(\$)	(\$)
Rent and office	<u>86,450</u>	<u>60,601</u>

At December 31, 2019, the Company owes \$5,464 (2018: \$31,508) for rent and office. On March 7, 2019, the Company agreed to issue debt settlement shares at a price of \$0.19, being the fair value of the shares on the grant date, by the issuance of 132,178 common shares of the Company to the related party as consideration of indebtedness for office rent payable in the amount of \$26,370.

11. Management of capital

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern in order to facilitate the development of mineral properties and to maintain an optimal capital structure, while ensuring the Company's strategic objectives are met; and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, share-based payments reserve, loans, credit facility and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, and controlling the capital expenditures program. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management policies on an ongoing basis. During the year ended December 31, 2019, there has been no change in the Company's management of capital policies.

12. Income tax expense and deferred tax assets

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	December 31, 2019 (\$)	December 31, 2018 (\$)
Net loss before income taxes	(3,367,616)	(2,186,160)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory rate	(909,000)	(590,000)
Non-deductible and other	106,000	58,000
Impact of (over)/under provision from prior year	(98,000)	16,000
Change in unrecognized deferred tax assets	901,000	516,000
Income tax expense / recovery	-	-

Effective December 31, 2019, the Federal and British Columbia provincial corporate tax rates were 15.00% and 12.00%. The nature and tax effect of the taxable temporary differences giving rise to deferred tax liabilities are summarized as follows:

	December 31, 2019 (\$)	December 31, 2018 (\$)
Non-capital losses	1,914,000	1,628,000
Exploration and evaluation assets	1,168,000	556,000
Intangible assets	105,000	105,000
Finance cost	3,000	-
Capital losses carried forward	12,000	12,000
	3,202,000	2,301,000
Unused deferred tax asset	(3,202,000)	(2,301,000)
Net deferred tax assets	-	-

The Company has non-capital losses of \$7 million the year ended December 31, 2019 (2018 - \$6 million) for income tax purposes, as noted below, which may be deducted in the calculation of taxable income in future years.

12. Income tax expense and deferred tax assets - Continued

The potential benefits of these carry-forward non-capital losses, capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

	(\$)
2026	273,674
2027	457,296
2028	186,971
2029	394,499
2030	544,210
2031	639,939
2032	319,002
2033	637,704
2034	178,054
2035	216,567
2036	322,722
2037	575,637
2038	1,278,772
2039	1,099,445
	<u>7,085,492</u>

13. Segmented information

All of the Company's operations are in the resource sector. The Company's mineral exploration and development operations are in the United States and Mexico. The assets and total assets identifiable with these geographical areas are as follows:

	December 31, 2019	December 31, 2018
	\$	\$
Exploration & Evaluation Assets		
Canada	-	-
Mexico	3,107,654	3,107,654
	<u>3,107,654</u>	<u>3,107,654</u>
	December 31, 2019	December 31, 2018
	\$	\$
Total Assets		
Canada	205,537	159,845
Mexico	3,107,654	3,316,471
	<u>3,313,191</u>	<u>3,476,316</u>

14. Subsequent Events

- Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2020. The Company continues to operate its business, and in response to Canadian Federal and Provincial and Mexico emergency measures, has requested its management team and consultants to work remotely wherever possible. These government measures, which could include government-mandated closures of the Company or its contractors, could impact the Company's ability to conduct its exploration programs in a timely manner, and the Company is evaluating the best way to move its exploration activities forward when the emergency measures are lifted.
- On February 12, 2020, the Company granted incentive stock options to purchase up to 500,000 common shares in the Company at a price of \$0.10 per share. The stock options are exercisable on or before February 12, 2022 with 125,000 vesting on June 12, 2020, 125,000 vesting on September 12, 2020, 125,000 vesting on December 12, 2020 and the balance vesting on March 12, 2021.
- On February 12, 2020, the Company granted incentive stock options to a consultant of the Company to purchase up to 200,000 common shares in the Company at a price of \$0.10 per share. The stock options are exercisable on or before February 12, 2021 and are fully vested.
- On February 28, 2020, 100,000 warrants relating to the Credit Facility (Note 8) expired.
- On March 5, 2020 the Company announced the resignation of Andrew Pooler from the board of directors, effective March 5, 2020 replaced by John N. Hamilton, effective March 5, 2020.
- March 6, 2020 the Company amended the terms of an aggregate of 14,501,233 outstanding common share purchase warrants previously issued by the Company as follows:
 - 6,857,667 of these Warrants are currently exercisable to acquire common shares of the Company at a price of \$0.20 until March 22, 2020. Under the Amendment, the exercise price of the Warrants will be reduced to \$0.15 and the term of the Warrants will be extended by an additional twelve months such that they will now be exercisable until March 22, 2021;
 - 3,480,665 of these Warrants are currently exercisable to acquire common shares of the Company at a price of \$0.20 until May 23, 2020. Under the Amendment, the exercise price of the Warrants will be reduced to \$0.15 and the term of the Warrants will be extended by an additional twelve months such that they will now be exercisable until May 23, 2021; and
 - 4,162,901 of these Warrants are currently exercisable to acquire common shares of the Company at a price of \$0.20 until November 08, 2020. Under the Amendment, the exercise price of the Warrants will be reduced to \$0.15 and the term of the Warrants will be extended by an additional twelve months such that they will now be exercisable until November 08, 2021.
- On April 23, 2020, the Company granted 1,500,000 incentive stock options of the Company at an exercise price of \$0.10 per common share. The stock options are exercisable on or before April 21, 2022 and are fully vested.