



One World Lithium Inc.

Interim Condensed Consolidated Financial Statements (Unaudited)
Expressed in Canadian Dollars, unless otherwise noted

For the three-month periods ended March 31, 2021 and 2020

One World Lithium Inc.
Interim Condensed Consolidated Statements of Financial Position
Unaudited – Expressed in Canadian Dollars

	Notes	March 31, 2021 \$	December 31, 2020 \$
ASSETS			
Current assets			
Cash		\$ 684,415	\$ 4,490
Receivables		141,514	130,467
Prepaid expenses and deposits		21,541	900
Total current assets		\$ 847,470	\$ 135,857
Non-current assets			
Exploration and evaluation assets	5	3,203,800	3,203,800
TOTAL ASSETS		\$ 4,051,270	\$ 3,339,657
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 1,389,993	\$ 2,449,874
Current portion of loans and borrowings	7	-	22,523
Share subscriptions payable	8	-	142,500
Total current liabilities		\$ 1,389,993	\$ 2,614,897
Non-current liabilities			
Loans and borrowings	7	30,271	-
TOTAL LIABILITIES		\$ 1,420,264	\$ 2,614,897
SHAREHOLDERS' EQUITY			
Share capital	8(a)	21,042,761	18,797,923
Contributed surplus	8(b)	66,955	66,955
Share-based payments and warrants reserve	9	1,364,671	1,306,364
Accumulated deficit		(19,843,381)	(19,446,482)
Total shareholders' equity		\$ 2,631,006	\$ 724,760
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,051,270	3,339,657

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

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 interim condensed consolidated financial statements.

One World Lithium Inc.**Interim Condensed Consolidated Statements of Loss and Comprehensive Loss****For the three-month periods ended March 31, 2021 and 2020**

Unaudited – Expressed in Canadian Dollars except number of shares

	Notes	For the three-month periods ended	
		March 31,	
		2021	2020
		\$	\$
Expenses			
Exploration and evaluation		\$ 2,789	\$ 20,179
General and administration		65,321	59,495
Professional and consulting fees		279,205	131,689
Share-based payments		291,548	5,259
Loss before other items		\$ 638,863	\$ 216,622
Finance costs		44,624	3,391
Foreign exchange loss		4,176	-
Government grant		(30,523)	-
Net loss and comprehensive loss for the period		\$ 657,140	\$ 220,013
Basic and diluted loss per common share		\$ 0.01	\$ 0.00
Weighted average number of common shares outstanding		119,703,687	97,275,537

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

One World Lithium Inc.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
For the three-month periods ended March 31, 2021 and 2020
Unaudited – Expressed in Canadian Dollars

	Share capital	Share-based payments and warrants reserve	Contributed Surplus	Accumulated deficit	Total
	\$	\$	\$	\$	\$
Balance - December 31, 2019	\$18,446,426	\$1,138,553	\$55,555	\$(18,108,586)	\$1,615,681
Stock options expired	-	(99,895)	-	99,895	-
Share-based payments	-	5,259	-	-	5,259
Loss for the period	-	-	-	(220,013)	(220,013)
Balance - March 31, 2020	\$18,446,426	\$1,043,917	\$55,555	\$(18,228,704)	\$1,400,927
Balance - December 31, 2020	\$18,797,923	\$1,306,364	\$66,955	\$(19,446,482)	\$724,760
Shares issued in private placement, net of share issuance costs	2,244,838	-	-	-	2,244,838
Warrants	-	27,000	-	-	27,000
Share-based payments	-	291,548	-	-	291,548
Stock options expired	-	(260,241)	-	260,241	-
Loss for the period	-	-	-	(657,140)	(657,140)
Balance – March 31, 2021	\$21,042,761	\$1,364,671	\$66,955	\$(19,843,381)	\$2,631,006

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

One World Lithium Inc.
Interim Condensed Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2021 and 2020
Unaudited – Expressed in Canadian Dollars

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Net loss for the period	(657,140)	(220,013)
Non-cash items:		
Government grant	(30,523)	-
Finance costs	44,624	3,391
Share-based payments	291,548	5,259
Changes in non-cash working capital items:		
Receivables	(11,047)	4,605
Prepaid expenses and deposits	(20,641)	(11,058)
Accounts payable and accrued liabilities	(1,082,666)	114,644
	(1,465,845)	(103,172)
FINANCING ACTIVITIES		
Interest paid	(52)	-
Repayment of loans and borrowings	(22,789)	-
Proceeds from issuance of common shares	2,168,611	-
Advance for private placement	-	83,500
	2,145,770	83,500
Increase (decrease) in cash	679,925	(19,672)
Cash - beginning of period	4,490	21,026
Cash - end of period	\$ 684,415	\$ 1,354

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

One World Lithium Inc.

Notes to the interim condensed consolidated financial statements

For the three-month periods ended March 31, 2021 and 2020

Unaudited – Expressed in Canadian Dollars except otherwise noted

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 interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates the realization of assets and discharge liabilities at their carrying values in the ordinary course of operations for the foreseeable future rather than through the process of forced liquidation.

During the three-month period ended March 31, 2021, the Company generated a net loss of \$657,140 and negative cash flows from operating activities of \$1,465,845. As at March 31, 2021, the Company has an accumulated deficit of \$19,843,381 and a working capital deficiency of \$542,523. As a result, the Company may not have sufficient capital to fund its current planned operations during the twelve-month period subsequent to March 31, 2021. In addition, the outbreak of COVID-19 at the beginning of this fiscal year has resulted in a challenging global economic climate.

These interim condensed consolidated financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, as well as the successful results from exploration activities, and its ability to attain profitable operations and generate funds therefrom, and raise equity capital or obtain the necessary financing sufficient to meet current and future obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Although the Company has been successful at raising funds in the past through the issuance of securities, it is uncertain whether it will be successful in doing so in the future.

2. Basis of presentation, statement of compliance

Statement of Compliance

These interim condensed 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") applicable to the preparation of interim condensed financial statements, including IAS 34, Interim Financial Reporting and interpretations of the IFRS Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for

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Notes to the interim condensed consolidated financial statements

For the three-month periods ended March 31, 2021 and 2020

Unaudited – Expressed in Canadian Dollars except otherwise noted

cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

These interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Lithium Investments Ltd., a Canadian company.

These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the year ended December 31, 2020. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in notes of these interim condensed consolidated financial statements.

These interim condensed consolidated financial statements were reviewed by the Board of Directors and approved and authorized for issuance on May 28, 2021.

Use of estimates, assumptions and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. While management believes that the judgment, assumptions and estimates made are reasonable, actual results could differ from those estimates, and could impact future results of comprehensive income and cash flows. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Management of the Company assesses the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Adoption of new IFRS pronouncements

The same accounting policies have been used in the preparation of these condensed consolidated financial statements as those used in the most recent audited annual financial statements and in the opinion of management reflect all the adjustments considered necessary for the fair presentation in accordance with IFRS of the result of the interim periods presented.

New accounting policy adopted in the current period

The Company's government grants reflect compensation received from various provincial and national bodies related to the research and development and COVID-19 support. Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. Government loans are analyzed to determine whether they qualify as grants or are required to be treated as financial liabilities.

3. Financial instruments

The Company's financial instruments at March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021 (\$)	December 31, 2020 (\$)
Financial assets		
Cash	684,415	4,490
Receivables	141,514	130,467
	\$ 825,929	\$ 134,957
Financial liabilities		
Accounts payable and accrued liabilities	1,389,993	2,449,874
Loans and borrowings	30,271	22,523
Share subscriptions payable	-	142,500
	\$ 1,420,264	\$ 2,614,897

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.

(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 as it relates to its accounts payable and loans payable.

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.

At March 31, 2021	Total carrying amount		Contractual cash flow	
			Total	Less than a year
Accounts payable and accrued liabilities	\$ 1,389,993	\$ 1,389,993	\$ 1,389,993	\$ -
Loans and borrowings	30,271	40,000	-	40,000
	\$ 1,420,264	\$ 1,429,993	\$ 1,389,993	\$ 40,000

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Notes to the interim condensed consolidated financial statements

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	Total carrying amount	Contractual cash flow – less than one year
At December 31, 2020		
Accounts payable and accrued liabilities	\$ 2,449,874	\$ 2,449,874
Loans and borrowings	22,523	22,840
	\$ 2,472,397	\$ 2,472,714

(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 three types of risk: interest rate risk, foreign currency risk and other price risk.

(d) Interest rate risk

Interest rate risk consists of two components:

- 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
- 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 monetary assets and liabilities.

(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 as a result 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.

There were no changes during the period 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 year ended December 31, 2020.

5. Exploration and evaluation assets

	Salar del Diablo Property
Balance - December 31, 2019	\$ 3,107,654
Consideration paid equivalent to \$50,000 USD	66,146
Issuance of 400,000 shares	30,000
Balance – December 31, 2020 and March 31, 2021	\$ 3,203,800

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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 closing date.

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 common shares and make payments up to US\$380,000. As at March 31, 2021, 1,400,002 shares have been issued and US\$255,000 has been paid to the third parties in stages.

On April 28, 2021, the Parties further agreed to extend the deemed completion date of the Phase Three drilling program from December 31, 2020 to July 31, 2021. For this extension, the Company agreed to make an additional US\$20,000 payment of which US\$5,000 of the extension payment will be applied to the Phase 3 option payment at the earlier of (i) July 31, 2021, or (ii) completion of Phase 3 drilling.

If the project goes to commercial production the Company is also required to issue an additional 1,100,000 common shares and make an additional payment of US\$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 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	
	Amount	# of OWL Shares
October 10, 2018 (paid)	\$ 200,000	-
July 31, 2021	300,000	-
December 31, 2021	500,000	16,000,000
	\$ 1,000,000	16,000,000

6. Accounts payable and accrued liabilities

	March 31, 2021	December 31, 2020
	(\$)	(\$)
Accounts payable and accrued liabilities	\$ 1,023,716	\$ 1,987,045
Part XII.6 tax payable	247,000	230,487
Due to related parties	119,277	232,342
	\$ 1,389,993	\$ 2,449,874

7. Loans and borrowings

The loans and borrowings on March 31, 2021 and December 31, 2020 and the movements for the periods ended, respectively, are as follows:

One World Lithium Inc.**Notes to the interim condensed consolidated financial statements
For the three-month periods ended March 31, 2021 and 2020**

Unaudited – Expressed in Canadian Dollars except otherwise noted

	Three-month period ended March 31, 2021	Year ended December 31, 2020
Opening balance	\$ 22,523	\$ 73,054
Additions (i)	60,000	10,250
Effect of favourable interest rate on government loan (government grant) (i)	(30,523)	
Fair value adjustment on issuance of warrants	-	(1,000)
Interest	52	3,948
Accretion	1,060	12,290
Repayments (ii)	(22,841)	(7,250)
Ending balance	\$ 30,271	\$ 22,523
Less: current portion of loans and borrowings	-	(22,523)
Loans and borrowings	\$ 30,271	\$ -

	At March 31, 2021	At December 31, 2020
Loan #4 (ii)	\$ -	\$ 5,011
Loan #5 (ii)	-	5,011
Credit facility (ii) (iii)	-	12,501
Government loan	30,271	-
Total loans and borrowings	\$ 30,271	\$ 22,523

(i) Canada Emergency Business Account (“CEBA”) Loans

On January 29, 2021 and February 1, 2021, the Company received low interest loans totalling \$60,000 from the Canadian government to help alleviate the impact of the COVID-19 outbreak to its business. A portion of these loans may be forgiven if certain conditions are met. Managements intends to meet these conditions. The Company recognized government grant of \$30,523 in the consolidated statement of loss due to difference between the favourable interest rate on loans and the market rate of 16% at which the Company would have otherwise received similar funding. The carrying balance of loans is accreted at the effective interest rate until the expected date of repayment.

(ii) Loan repayments

The Company repaid the loans that were outstanding at December 31, 2020 during the three-month period ended March 31, 2021.

(iii) Warrant modification

On February 26, 2021, 500,000 warrants, previously granted on April 24, 2019 in consideration for an extension of credit facilities provided by SUI, were extended for an additional two years with an amended expiry date of February 28, 2023. In addition, the exercise price was amended from \$0.20 to \$0.15. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: exercise price of \$0.15, risk-free interest rate of 0.30%, expected life of 2.01 years, expected volatility of 133.90% and dividend yield of 0%. The total fair value of the warrants was \$27,000, which was recognized during the three-month period ended March 31, 2021 as a financing cost in the statement of loss.

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Notes to the interim condensed consolidated financial statements For the three-month periods ended March 31, 2021 and 2020

Unaudited – Expressed in Canadian Dollars except otherwise noted

8. Share capital

a) Common shares

Authorized: unlimited common shares without par value

	Number of Shares	Amount (\$)
Balance, December 31, 2019	97,275,537	\$ 18,446,426
Common shares upon private placement, net of issuance costs (i)	6,720,500	335,497
Common shares issued for property (Note 5)	200,000	16,000
Balance, December 31, 2020	104,196,037	\$ 18,797,923
Common shares upon private placement, net of issuance costs (ii)	45,022,210	2,244,838
Balance, March 31, 2021	149,218,247	\$ 21,042,761

(i) On August 11, 2020 – the Company closed its non-brokered private placement. The Company received a total of \$336,025 cash proceeds through the issuance of 6,720,500 units at a price of \$0.05 per unit. Each Unit consists of one common share of the Company and one non-transferable Common Share purchase warrant. Five thousand (\$5,000) of the total proceeds was received in December 2019 and was initially recognized as share subscription payable. The Company incurred \$528 of share issuance costs in connection with the private placement.

(ii) A total of 6,720,500 warrants were issued in connection with the private placement. Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.10 for a period of 36 months from the closing of the offering. As the fair value of the shares was greater than the consideration received, no residual amount existed, and the warrants were valued at \$Nil. All securities are subject to a four month and one day hold from the closing date.

(iii) On March 1, 2021 – the Company closed its non-brokered private placement. The Company received a total of \$2,251,111 cash proceeds through the issuance of 45,022,210 units at a price of \$0.05 per unit. Each Unit consists of one common share of the Company and one non-transferable Common Share purchase warrant. \$142,500 of the total proceeds was received in December 2020 and was initially recognized as share subscription payable. The Company incurred \$6,273 of share issuance costs in connection with the private placement.

A total of 45,022,210 warrants were issued in connection with the private placement. Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.10 for a period of 36 months from the closing of the offering. As the fair value of the shares was greater than the consideration received, no residual amount existed, and the warrants were valued at \$Nil. All securities are subject to a four month and one day hold from the closing date.

b) Warrants

The Company's warrants outstanding as at March 31, 2021 and December 31, 2020 and the changes for the three-month period ended March 31, 2021 are as follows:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, December 31, 2019	25,052,623	\$ 0.15
Issued	6,908,000	0.10
Expired	(725,000)	0.17
Balance, December 31, 2020	31,235,623	\$ 0.14
Issued (Note 7(a)(ii))	45,022,210	0.10
Expired	(6,682,667)	0.15
Balance, March 31, 2021	69,575,166	\$ 0.11

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Notes to the interim condensed consolidated financial statements For the three-month periods ended March 31, 2021 and 2020

Unaudited – Expressed in Canadian Dollars except otherwise noted

- (i) On August 24, 2020, the Company issued a total of 125,000 share purchase warrants as part of consideration for two loans provided (Note 7(iv) and (v)) in the year. Each lender received 62,500 share purchase warrants; each warrant will entitle the Lender to purchase one common share of the at \$0.08 per share for a period of 2 years. The total grant date fair value of the warrants was \$5,375, estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 0.28%, expected life of 2 years, expected volatility of 117% and dividend yield of 0%.

Warrants outstanding at March 31, 2021 were as follows:

Expiry Date	Exercise Price \$	Outstanding Warrants
April 1, 2021	0.17	312,500
April 10, 2021	0.20	1,752,257*
May 23, 2021	0.15	3,480,665
June 4, 2021	0.20	995,668*
July 8, 2021	0.25	1,836,465*
November 1, 2021	0.12	312,500
November 8, 2021	0.15	4,162,901
December 23, 2021	0.10	4,292,000
August 24, 2022	0.08	125,000
December 24, 2022	0.07	62,500
February 28, 2023	0.15	500,000
August 10, 2023	0.10	6,720,500
March 1, 2024	0.10	45,022,210
	\$ 0.11	69,575,166

*Subsequent to March 31, 2021 the exercise price and expiry date of these warrants were amended see note 12.

The weighted average remaining contractual life of warrants outstanding at March 31, 2021 is 2.24 years (December 31, 2020 - 0.98 years).

9. Share-based payments

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 which 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

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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.

The Company's recorded share-based payments for the three-month periods ended March 31, 2021 and 2020 as follows:

	Three-month periods ended March, 31	
	2021	2020
Stock options	\$ 313,600	\$ 23,200

a) Stock Options

Movements in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	Number of options	Weighted Avg exercise price \$
Balance, December 31, 2019	6,864,000	\$ 0.16
Granted (i) (ii) (iii)	3,000,000	0.09
Forfeited (i)	(500,000)	0.10
Expired	(2,299,000)	0.18
Balance, December 31, 2020	7,065,000	\$ 0.13
Granted (iv)	4,900,000	0.13
Expired	(2,650,000)	0.18
Balance, March 31, 2021	9,315,000	\$ 0.11

- (i) On February 12, 2020, the Company granted 500,000 incentive stock options of the Company in at an exercise price of \$0.10 per common 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. Subsequent to the grant all 500,000 stock options were forfeited due to a termination of services with the consultant for which options were granted.
- (ii) On February 12, 2020, the Company also granted 200,000 incentive stock options at an exercise price of \$0.10 per common share. The stock options are exercisable on or before February 12, 2021 and are fully vested.
- (iii) On April 23, 2020, the Company granted 1,500,000 incentive stock options at an exercise price of \$0.10 per common share. The stock options are exercisable on or before April 23, 2022 and are fully vested.
- (iv) On March 1, 2021, the Company granted a total of 4,900,000 incentive stock options with 500,000 granted to an officer of the Company. The remaining 4,400,000 were granted to consultants of the Company. The options have an exercise price of \$0.13 per common share. The stock options are exercisable on or before March 1, 2023 and as at March 31, 2021, 4,150,000 of the options were fully vested. The remaining 750,000 will be fully vested by July 31, 2021.

The Company fair valued the options using the Black-Scholes option pricing model with the following inputs:

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	2021	2020
Grant date share price	\$0.10	\$0.07 - \$0.08
Exercise Price	\$0.13	\$0.08 - \$0.10
Risk free rate	0.25%	0.23% - 1.51%
Expected life (years)	2.00	1.00- 2.00
Expected volatility	135%	105% - 133%
Expected dividends	0%	0%
Forfeiture rate	0%	0%

Total fair value of stock options granted during the three-month period ended March 31, 2021 was \$313,600 (three-month period ended March 31, 2020 - \$23,200).

Stock options outstanding and exercisable at March 31, 2021 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
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
1,300,000	1,300,000	0.05	February 28, 2022
1,500,000	1,500,000	0.10	April 23, 2022
800,000	550,000	0.08	October 21, 2022
4,900,000	4,150,000	0.13	March 1, 2023
9,315,000	8,315,000	\$ 0.11	

*Subsequent to March 31, 2021 these options expired unexercised.

The weighted average remaining contractual life of stock options outstanding and exercisable at March 31, 2021 is 1.41 years (December 31, 2020 – 0.70 years).

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 three-month periods ended March 31, 2021 and 2020 were as follows:

	For the three-month periods ended March 31,	
	2021	2020
Professional and consulting fees	\$ 37,500	\$ 60,000
Share-based payments	32,000	-
	\$ 69,500	\$ 60,000

At March 31, 2021, \$53,226 (December 31, 2020: \$109,451) is owed to the CEO of the Company and \$61,714 (December 31, 2020: \$92,281) is owed to the CFO of the Company. These amounts are included in accounts payable and accrued liabilities (see Note 5).

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b) Other related party transactions

Effective May 1, 2016, the Company entered into an office rental agreement in which an officer and director is a shareholder. The Company was charged rent, office and parking expenses for the following periods:

	For the three-month periods ended March 31,	
	2021	2020
Rent, office and parking	\$ 22,659	\$ 27,618

At March 31, 2021, the Company owes \$4,337 (December 31, 2020: \$30,610) for rent, office and parking. These amounts are included in accounts payable and accrued liabilities (see Note 5).

11. Segmented information

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

	March 31, 2021	December 31, 2020
	\$	\$
Exploration and evaluation assets		
Canada	-	-
Mexico	3,216,026	3,203,800
	3,216,026	3,203,800
Total assets		
Canada	835,244	135,857
Mexico	3,216,026	3,203,800
	4,051,270	3,339,657

12. 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 2021. The Company continues to operate its business, and in response to Canadian Federal and Provincial and Mexico emergency measures, has requested its employees and consultants 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.

On April 12, 2021, the Company amended the terms of an aggregate of 4,584,390 outstanding common share purchase warrants previously issued by the Company as follows:

- 1,752,257 of these Warrants are currently exercisable to acquire common shares of the Company at a price of \$0.20 until April 10, 2021. Under the Amendment, the exercise price of the Warrants will be

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reduced to \$0.15 and the term of the Warrants will be extended by an additional twelve months (12) such that they will now be exercisable until April 10, 2022;

- 995,668 of these Warrants are currently exercisable to acquire common shares of the Company at a price of \$0.20 until June 4, 2021. 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 (12) such that they will now be exercisable until June 4, 2022; and
- 1,836,465 of these Warrants are currently exercisable to acquire common shares of the Company at a price of \$0.25 until July 8, 2021. 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 (12) such that they will now be exercisable until July 8, 2022.

On May 4, 2021, the Company announced a non-brokered private placement up to 20,000,000 units (the “Units”) at a price of \$0.10 per Unit for gross proceeds of up to \$2,000,000. Each Unit will consist of one common share of the Company and one-half of a non-transferable Common Share purchase warrant (each whole warrant, a “Warrant”). Each Warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.15 for a period of 36 months from the closing of the Offering.

On May 5, 2021, the Company granted incentive stock options to consultants of the Company to purchase up to an aggregate of 1,200,000 common shares of the Company at a price of \$0.11 per share. The stock options are exercisable on or before May 04, 2021 and 400,000 options are fully vested with the balance of the options vesting at 200,000 options every two months from June 01, 2021 to December 31, 2021.