2018

Lithium Energy Products Inc.

Condensed Interim Consolidated Financial Statements

For The Six and Three Months Ended 31 March 2018

Stated in Canadian Funds

Notice of no auditor review of Condensed Interim Consolidated Financial Statements

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

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Organization of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

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MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Lithium Energy Products Inc.:

Management is responsible for the preparation and presentation of the accompanying condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the condensed interim consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of Lithium Product's external auditors.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Organization of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

We draw attention to Note 1 in the interim consolidated financial statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

The condensed interim consolidated financial statements were approved by the Board of Directors on 24 May 2018 and were signed on its behalf by:

"James Walker"	"Grant T. Smith"
James Walker, CEO	Grant T. Smith, CFO

(Statement 1)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2018	As at 30 September 2017
ASSETS			
Current Assets			
Cash		**$ 36,001**	$ 156,200
Amounts receivable	(6)	**4,120**	38,738
Prepaid amounts and other assets		**21,052**	29,573
		61,173	224,511
Non-current Assets			
Deposits	(7)	**2,912**	2,912
Property and equipment	(8)	**75,000**	75,000
Exploration and evaluation assets	(9)	**1,324,633**	467,236
		1,402,545	545,148
		$ 1,463,718	$ 769,659
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(11)	**$ 63,232**	$ 47,947
EQUITY (STATEMENT 3)			
Equity attributable to shareholders			
Share capital		**16,322,846**	16,102,846
Options - Contributed surplus		**628,500**	628,500
Warrants - Contributed surplus		**1,446,671**	1,446,671
Deficit		**(15,777,811)**	(16,237,305)
		2,620,206	1,940,712
Non-controlling interests	(10)	**(1,219,720)**	(1,219,000)
Total equity		**1,400,486**	721,712
		$ 1,463,718	$ 769,659

Nature of operations and going concern	(1)	Contingencies	(13)
Basis of preparation – Statement of Compliance	(2)	Subsequent event	(14)
Capital management	(12)		

The condensed interim consolidated financial statements were approved by the Board of Directors on 24 May 2018 and were signed on its behalf by:

"Paul Sarjeant"
Paul Sarjeant, Director

"Alberto Hassan"
Alberto Hassan, Director

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

(Statement 2)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Note	**Six Month Ended 31 March 2018**	Six Month Ended 31 March 2017	**Three Month Ended 31 March 2018**	Three Month Ended 31 March 2017
CONTINUING OPERATIONS					
Operating Expenses					
Management fees	(11)	**$ 123,700**	$ 221,000	**$ 67,250**	$ 117,050
Professional fees	(11)	**14,708**	24,296	**(2,862)**	5,500
Transfer agent and filing fees		**13,228**	19,249	**9,527**	5,693
Shareholder relations		**11,205**	74,093	**5,272**	25,757
Office and general		**7,824**	14,393	**3,778**	7,832
Resource property expenses		**4,793**	5,840	**4,193**	3,021
Insurance		**3,939**	5,023	**1,948**	2,920
Interest expense (income)		**408**	(26)	**207**	
Travel		**93**	10,530	**-**	88
(Gain) from foreign exchange		**(1,275)**	12,066	**237**	18,068
Stock based compensation	(10)	**-**	208,000	**-**	205,000
Impairment of deposit		**-**	200,000	**-**	200,000
Amortization	(8)	**-**	-	**-**	(968)
Loss from Operations		**$ (178,623)**	$ (794,465)	**$ (89,550)**	$ (589,961)
Recovery of mineral properties		**637,397**	-	**637,397**	-
Net Comprehensive Loss for the Period		**$ 458,774**	$ (794,465)	**$ 547,847**	$ (589,961)
Attributable to:					
Shareholders		**459,494**	(793,589)	**548,477**	(589,508)
Non-controlling interest		**(720)**	(876)	**(630)**	(453)
		$ 458,774	**$** (794,465)	**$ 547,847**	$ (589,961)
Basic and Diluted Loss per Share		**$ 0.05**	$ (0.10)	**$ 0.06**	$ (0.07)
Weighted Average Shares Outstanding		**8,474,938**	8,181,432	**8,532,227**	8,418,893

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

(Statement 3)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders								
	Share capital	**Share capital**	**Obligation to issue**	**Options**	**Warrants**	**Deficit**	**Total**	**Equity attributable to non-controlling interest**	**Total**
	#	$	$	$	$	$	$	$	$
BALANCE AT 1 OCTOBER 2016	6,918,894	15,383,825	90,000	431,100	806,623	(14,064,037)	2,647,511	(1,216,241)	1,431,270
Proceeds on unit issuance	1,500,000	769,952	-	-	640,048	-	1,410,000	-	1,410,000
Obligation to issue shares	-	90,000	(90,000)	-	-	-	-	-	-
Unit issuance costs	-	(140,931)	-	-	-	-	(140,931)	-	(140,931)
Share-based payments	-	-	-	9,400	-	-	9,400	-	9,400
Net loss for the period	-	-	-	-	-	(204,081)	(204,081)	(423)	(204,504)
Balance at 31 December 2016	8,418,894	16,102,846	-	440,500	1,446,671	(14,268,118)	3,721,899	(1,216,664)	2,505,235
Share-based payments	-	-	-	181,000	-	-	181,000	-	181,000
Net loss for the period	-	-	-	-	-	(589,508)	(589,508)	(453)	(589,961)
Balance at 31 March 2017	8,418,894	16,102,846	-	621,500	1,446,671	(14,857,626)	3,313,391	(1,217,117)	2,096,274
Share-based payments	-	-	-	7,000	-		7,000	-	7,000
Net loss for the period	-	-	-	-	-	(268,605)	(268,605)	(1,275)	(269,880)
Balance at 30 June 2017	8,418,894	16,102,846	-	628,500	1,446,671	(15,126,231)	3,051,786	(1,218,392)	1,833,394
Net loss for the period	-	-	-	-	-	(1,111,074)	(1,111,074)	(608)	(1,111,682)
Balance at 30 September 2017	8,418,894	16,102,846	-	628,500	1,446,671	(16,237,305)	1,940,712	(1,219,000)	721,712
Net loss for the period	-	-	-	-	-	(88,983)	(88,983)	(90)	(89,073)
Balance at 31 December 2017	8,418,894	16,102,846	-	628,500	1,446,671	(16,326,288)	1,851,729	(1,219,090)	632,639
Shares issued for property	200,000	220,000	-	-	-	-	220,000	-	220,000
Net loss for the period	-	-	-	-	-	548,477	548,477	(630)	547,847
Balance at 31 March 2018	8,618,894	16,322,846	-	628,500	1,446,671	(15,777,811)	2,620,206	(1,219,720)	1,400,486

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

(Statement 4)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Six Month Ended 31 March 2018	Six Month Ended 31 March 2017	Three Month Ended 31 March 2018	Three Month Ended 31 March 2017
OPERATING ACTIVITIES				
Loss for the Period	**$ 458,774**	$ (794,465)	**$ 547,847**	$ (589,961)
Items not Affecting Cash				
Amortization	**-**	968	**-**	-
Recovery of mineral properties	**(637,397)**	-	**(637,397)**	-
Share-based payments	**-**	208,000	**-**	208,000
	(178,623)	(585,497)	**(89,550)**	(381,961)
Net Change in Non-cash Working Capital				
Amounts receivable	**34,618**	(12,749)	**6,932**	(2,254)
Prepaid amounts and other assets	**8,521**	4,271	**(4,981)**	(5,356)
Accounts payable and accrued liabilities	**15,285**	(35,091)	**11,417**	(21,867)
Long term deposits	**-**	197,088	**-**	200,000
	58,424	153,519	**13,368**	170,524
	(120,199)	(431,978)	**(76,182)**	(211,438)
INVESTING ACTIVITIES				
Exploration acquisition costs	**-**	(56,630)	**-**	(50,002)
Resource property expenditures	**-**	(31,857)	**-**	(31,857)
	-	(88,487)	**-**	(81,859)
FINANCING ACTIVITIES				
Proceeds from unit issuances	**-**	1,410,000	**-**	-
Unit issuance costs	**-**	(134,532)	**-**	-
	-	1,275,468	**-**	-
Net Increase (Decrease) in Cash	**(120,199)**	755,003	**(76,182)**	(293,297)
Cash position – beginning of period	**156,200**	118,423	**112,183**	1,166,723
Cash Position – End of Period	**$ 36,001**	$ 873,426	**$ 36,001**	$ 873,426
Supplementary Disclosure of Cash Flow Information:				
Shares issued for property acquisition	**220,000**	-	**220,000**	-
Compensation options issued to agents	**$ -**	$ 6,400	**$ -**	$ -

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Lithium Energy Products Inc. ("Lithium" or the "Company") was incorporated pursuant to the Company Act (Ontario) by registration of its Memorandum and Articles on 20 November 2009. On 9 July 2010 the Company registered in British Columbia for extra provincial registration as the Company's administrative office is located in British Columbia at 1001-409 Granville Street, Vancouver BC, V6C 1T2. On 12 December 2016, the Company announced that the TSX Venture Exchange has approved the change of name to "Lithium Energy Products Inc." and the concurrent change of the Company's stock symbol to "LEP". The Company is classified as a Junior Natural Resource Mining company.

The Company is in the business of acquiring and exploring lithium properties in Nevada and Arizona. There has been no determination whether properties held contain reserves, which are economically recoverable. The recoverability of valuations assigned to mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the properties, the ability to obtain the necessary financing to complete development, and future profitable production or proceeds from disposition.

These condensed interim consolidated financial statements (the "Financial Statements") have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast significant doubt upon the soundness of this assumption. The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

Consistent with other companies, in the sector of mineral exploration, the Company has incurred operating losses since inception, has limited sources of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests.

For the Company to continue to operate as a going concern it must continue to obtain additional financing to maintain operations, although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. If the going concern assumption were not appropriate for these Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the condensed interim consolidated statement of financial position classifications used and such adjustments could be material.

(Rounded '000's)	**31 March 2018**	30 September 2017
Working capital	**$ (2,000)**	$ 177,000
Accumulated deficit	**$ (16,998,000)**	$ (17,456,000)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2) Basis of preparation – Statement of Compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Since the Financial Statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's audited annual financial statements for the year ended 30 September 2017.

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of Financial Statements in accordance with IAS 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

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, profit 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 on-going 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.

3) Summary of significant accounting policies

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a complete summary of significant accounting policies, please refer to the Company's audited annual consolidated financial statements for the year ended 30 September 2017.

4) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

a) Key sources of estimation uncertainty

Useful life of property and equipment

The Company reviews the estimated lives of its property and equipment at the end of each reporting period. There were no material changes in the lives of property and equipment for the fiscal periods ended 31 March 2018 and 30 September 2017.

b) Key sources of judgement uncertainty

Going concern evaluation

As discussed on Note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 31 March 2018.

Exploration evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of the assets' carrying values is dependent upon the determination of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits to complete development and future profitable production or proceeds from the disposition thereof.

The Company has taken steps to verify title to exploration and evaluation assets in which it has or is in the process of earning an interest, including review of condition of title reports, vesting deeds, mining claim location notices and filings, and property tax and other public records and is not presently aware of any title defects. The procedures the Company has undertaken and may undertake in the future to verify title provide no assurance that the underlying properties are not subject to prior agreements or transfers of which the Company is unaware.

5) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the condensed interim consolidated statement of financial position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 March 2018 and 30 September 2017. There have been no changes in levels during the period.

The Company classifies the fair value of these transactions according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, amounts receivable, and accounts payable and accrued liabilities. As at 31 March 2018 and 30 September 2017, the carrying value of cash is at fair value. Amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada, accordingly the Company believes it not exposed to significant credit risk.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk, as a 5% shift in foreign exchange rates would result in an impact of approximately $1,000. As at 31 March 2018 the Company held currency totalling the following:

Currency		**31 March 2018**		30 September 2017
Canadian (Dollars)	**$**	**9,659**	$	30,927
US (Dollars)	**$**	**20,366**	$	100,376

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 31 March 2018, the Company had a cash balance of $36,001, to settle current liabilities of $63,232 that are due within one year. The Company is not exposed to a significant liquidity risk.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6) Amounts receivable

Amounts receivable are comprised of:

		31 March 2018		30 September 2017
Goods and services tax recoverable	**$**	**4,120**	$	38,738

7) Deposits

CARRYING AMOUNTS		**31 March 2018**		30 September 2017
Balance – Beginning of Period	**$**	**2,912**	$	212,092
Impairment		**-**		2,912
Additions		**-**		(212,092)
Balance – End of Period	**$**	**2,912**	$	2,912

As at 30 September 2016, deposits included a non-current cash amount of $200,000 prepaid to exploration vendors for work yet to be performed on the Company's exploration and evaluation assets. During the year ended 30 September 2017, the balance was deemed unrecoverable, resulting in the impairment of this deposit in the amount of $200,000.

During the year ended 30 September 2017, the Company had recorded the impairment of $12,092 security deposit (2016 - $12,092) comprising refundable reclamation bond for three permits of Willcox Playa Lithium Brine prospect as the balance was deemed unrecoverable. As at 31 March 2018, the remaining balance represents a deposit of $2,912 for office lease.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

8) Property and equipment

	Land	Computer Equipment	Field Equipment	Total
COST OR DEEMED COST				
Balance at 1 October 2016	$ 75,000	$ 9,734	$ 53,055	$ 137,789
Dispositions	-	-	(53,055)	(53,055)
Balance at 30 September 2017 and 31 March 2018	**$ 75,000**	**$ 9,734**	**$ -**	**$ 84,734**
DEPRECIATION				
Balance at 1 October 2016	-	8,766	53,055	61,821
Depreciation for the year	-	968	-	968
Dispositions	-	-	(53,055)	(53,055)
Balance at 30 September 2017 and 31 March 2018	**$ -**	**$ 9,734**	**$ -**	**$ 9,734**
CARRYING AMOUNTS				
At 30 September 2017	$ 75,000	$ -	$ -	$ 75,000
At 31 March 2018	**$ 75,000**	**$ -**	**$ -**	**$ 75,000**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to write off the cost of the asset using the straight-line method over the estimated useful lives as follows:

Computer equipment	1-3 years
Field equipment	3-5 years

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9) Exploration and evaluation assets

The Company is running an exploration program focusing on the lithium exploration properties acquired as 31 March 2018. Additionally, the Company also holds outright five contiguous mineral properties located in the Red Lake Mining Division, Ontario, Canada.

EXPLORATION AND EVALUATION ASSETS

	Jackpot Lake	Willcox Playa	Little Rock	Ontario Properties	Total
ACQUISITION					
Balance as at 1 October 2016	$ 547,934	$ 383,187	$ 80,635	$ 5	$ 1,011,761
Additions	89,464	68,957	-	-	158,421
Impairment	(637,397)	-	(80,635)	(1)	(718,033)
Balance as at 30 September 2017	**$** 1	**$** 452,144	**$** -	**$** 4	**$** 452,149
Additions	220,000	-	-	-	220,000
Recovery	637,398	-	-	-	637,398
Balance as at 31 March 2018	**$** 857,399	**$** 452,144	**$** -	**$** 4	**$** 1,309,547
EXPLORATION EXPENDITURES					
Balance as at 1 October 2016	$ -	$ -	$ -	$ -	$ -
Geological and consulting	164,092	7,050	-	-	171,142
Assaying	6,606	3,682	-	-	10,288
Admin and camp	2,983	4,355	-	-	7,338
Transportation	610	-	-	-	610
Impairment	(174,291)	-	-	-	(174,291)
Balance as at 30 September 2017 and 31 March 2018	**$** -	**$** 15,087	**$** -	**$** -	**$** 15,087
CARRYING AMOUNTS					
Balance at 30 September 2017	$ 1	$ 467,231	$ -	$ 4	$ 467,236
Balance at 31 March 2018	**$** 857,399	**$** 467,231	**$** -	**$** 4	**$** 1,324,634

a) Jackpot Lake property

During the year ended 30 September 2016, the Company has acquired 140 mineral claims comprising of 2,800 acres in Clark County, Nevada. The contiguous Jackpot Lake claim group is located 39 miles NE of Las Vegas.

Upon payment in full of the purchase agreement, the Company will become the legal and beneficial owner of 100% interest in the property, except for the Gross Overriding Royalty ("GOR"). In order to keep the Jackpot Lake property agreement in good standing, the Company must perform the following by the dates specified below:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Payment Due Date		Shares		Cash
26 July 2016	(i)	-	$	70,000
12 August 2016	(i)	22,000,000		-
22 January 2017	(i)	-		50,000
26 July 2017	(ii)	-		100,000
22 January 2018	(ii)	-		100,000
26 July 2018	(iii)	-		125,000
22 January 2019	(iii)	-		205,000
Total		22,000,000	$	650,000

(i) paid or issued
(ii) settled in shares
(iii) payment can made in cash or shares

The seller shall retain a 1% GOR, subject to a buyback provision to Lithium whereby the Company may acquire, at any time, one-half of the GOR (0.5%) for 1,000,000.

The Company has to file all forms and pay all fees to keep the claims in good standing, including County Fees and BLM Maintenance Fees. Additionally, the Company has to complete no less than $1,000,000 worth of expenditures on claims within three years of signing the agreement. During the year ended 30 September 2017, the Company did not make scheduled payments and recorded an impairment of $811,688 for the acquisition and exploration expenditures related to the asset, reducing the value to $1 to reflect the rights to the mineral claims.

During the six-month period ended 31 March 2018, the Company paid the outstanding payments through issuance of shares and has, accordingly restated the acquisition value.

b) Willcox Playa property

During the year ended 30 September 2016, the Company acquired three permits for a large dry lakebed in south-eastern Arizona consisting of 1,434 acres in the Wilcox Playa Basin.

Upon payment in full of the purchase agreement, the Company will become the legal and beneficial owner of 100% interest in the property, except for the GOR. In order to keep the Willcox Playa property agreement in good standing, the Company must perform the following by the dates specified below:

Payment Due Date		Shares		Cash
26 July 2016[(i)]	(i)	-	$	16,645
12 August 2016[(i)]	(i)	14,980,847		-
29 July 2016[(i)]	(i)	-		41,613
8 June 2017[(i)]	(i)	-		67,075
8 June 2018[(ii)]	(ii)	-		199,470
Total		14,980,847	$	324,803

(i) paid or issued
(ii) payment can made in cash or shares

The owner shall retain a 1% GOR, subject to a buyback provision to the purchaser whereby it may acquire, at any time, one-half of the GOR (0.5%) for 1,000,000.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

c) Little Rock property

During the year ended 30 September 2016, the Company acquired 14 claims comprising a land package of 289 acres in the Little Rock Target in Yavapai Country, Arizona.

During the year ended 30 September 2017, management determined that the Little Rock operation is unlikely to be profitable. The Company cancelled the acquisition agreement and recognized the impairment of $80,635.

d) Ontario Properties

The Canadian properties comprise of five properties located in Ontario, Canada. During the year ended 30 September 2016, management determined that the strategic shift towards lithium properties constitutes an impairment indicator for the Ontario properties. This resulted in an impairment of the acquisition and exploration expenditures related to the assets, reducing the value to a nominal value to reflect the rights to the mineral claims associated with the properties.

10) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

During the six-month period ended 31 March 2018:

The Company issued 200,000 shares valued at $220,000 in full satisfaction of the July 2017 and January 2017 obligations for the acquisition of the Jackpot Lake property (note 9a)

During the year ended 30 September 2017:

On 12 October 2016, the Company closed the first tranche of a non-brokered private placement of 155,000 units (the "Units") at a price of $1.00 per Unit, for aggregate proceeds of $155,000. Each Unit consisted of one common share and one common share purchase warrant ("Warrant"). Each Warrant can be exercised into one common share ("Common Share") of the Company at a price of $2.00 per share for a period of three years from the date of issuance. The Company recorded finder's fee in the amount of $12,800 in share issuance costs including 6,400 finder's units ("Finder's Units"). Each Finder's Unit can be exercised for one Unit for a period of five years from the date of issuance at an exercise price of $1.00.

On 2 November 2016, the Company closed the second tranche of a non-brokered private placement of 1,345,000 units of the Company ("Unit") at a price of $1.00 per Unit, for aggregate proceeds of $1,345,000. Each Unit consists of one common share and one common share purchase warrant ("Warrant").

Each Warrant is exercisable for a period of three years from the date of issuance at an exercise price of $1.00. The Company recorded $128,132 of share issuance costs.

c) Summary of stock option activity

The Company has adopted an incentive stock option plan to grant options to directors, officers, and consultants for up to 10% of the outstanding common shares. The Board of Directors determines the exercise price per share and the vesting period under the plan. The options can be granted for a maximum term of five years.

Stock option activity during the periods ended 31 March 2016 and 30 September 2017 are as follows:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

STOCK OPTION ACTIVITY	31 March 2018	Weighted Average Exercise price	30 September 2017	Weighted Average Exercise price
Balance – beginning of period	**271,250**	**$ 1.60**	151,250	$ 2.60
Issued	-	-	150,000	1.40
Expired	-	-	(30,000)	6.00
Balance – end of period	**271,250**	**$ 1.60**	271,250	$ 1.60

Details of stock options outstanding as at 31 March 2018 are as follows:

Issuance Date	Expiry Date	Exercise Price	31 March 2018	30 September 2017
1 April 2010	17 February 2019	2.00	**12,500**	12,500
1 April 2010	17 February 2019	2.00	**1,250**	1,250
13 October 2011	17 February 2019	6.00	**10,000**	10,000
10 July 2012	17 February 2019	3.00	**20,000**	20,000
28 February 2014	27 February 2019	1.00	**67,500**	67,500
10 April 2015	10 April 2020	1.00	**10,000**	10,000
25 January 2017	24 January 2022	1.30	**150,000**	150,000
			271,250	271,250

The outstanding options have a weighted average remaining life of 2.56 years and a weighted average exercise price of $1.55 as at 31 March 2018. All of the outstanding options have vested.

On 30 June 2017, the Company amended the terms of 20,000 options issued on July 10, 2012. The renewed terms extended the expiry date of options to 17 February 2019. The exercise price of options is the same at $3.00.

On 12 October 2016, the Company amended the terms of 10,000 options issued on 13 October 2011. The renewed terms extended the expiry date of options to 17 February 2019. The exercise price of options is the same at $6.00.

Not included in the aforementioned stock options are the compensation options resulting from the private placement tranche that closed on 12 October 2016. Each compensation option is exercisable into one Unit, which consists of one common share and one common share purchase warrant for a period of five years from the date of issuance. Each warrant can be exercised into one common share of the Company at a price of $2.00 per share for a period of 3 years from the date of the issuance. The 6,400 compensation options granted to finders that have been valued by reference to the fair value of the equity instruments granted. Therefore, as each Unit in the private placement was valued at $1.00, the value of compensation options has been assessed at $6,400.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

d) Warrants

Warrant activity during the periods ended 31 March 2018 and 30 September 2017 is summarized as follows:

WARRANT ACTIVITY	31 March 2018		Weighted average exercise price	30 September 2017		Weighted average exercise price
Balance – Beginning of Year	**2,452,400**	**$**	**1.61**	952,400	$	1.00
Issued	**-**		**-**	1,500,000		2.00
Expired	**(952,400)**		**1.00**	-		-
Balance – End of Year	**1,500,000**	**$**	**0.10**	2,452,400	$	1.61

Details of warrants outstanding as at 31 March 2018 and 30 September 2017 are as follows:

Expiry Date		Exercise Price	31 March 2018	30 September 2017
28 November 2017	$	1.00	**-**	952,400
12 October 2019		2.00	**155,000**	155,000
2 November 2019		2.00	**1,345,000**	1,345,000
			1,500,000	2,452,400

The following provides the exercise price and life of the warrants:

		31 March 2018		30 September 2017
The outstanding warrants have a weighted-average exercise price of:	**$**	**2.00**	$	1.55
The weighted average remaining life of the outstanding warrants is:		**1.58**		1.34

e) Share-based payments

During the six-month period ended 31 March 2018, no stock options were granted or vested. During the year ended 30 September 2017, the Company granted 150,000 incentive stock options to its directors, officer, and consultants and recognized share based payments as follows:

		31 March 2018		30 September 2017
Total Options Granted		**-**		150,000
Average exercise price	**$**	**-**	$	1.40
Estimated fair value of compensation	**$**	**-**	$	134,000
Estimated fair value per option	**$**	**-**	$	0.89

The fair value of the Share-based payments of options to be recognized in the accounts has been estimated using the Black-Scholes Model with the following weighted-average assumptions:

	31 March 2018	30 September 2017
Risk free interest rate	-	0.82-1.17%
Expected stock price volatility	-	111-130%
Expected option life in years	-	1.84
Expected maturity rate	-	100%

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

11) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Transactions and balances with related parties not disclosed elsewhere in the Financial Statements are as follows:

RELATED PARTY DISCLOSURE

Name and Principal Position	Period[i]		Remuneration or fees[ii]		Share-based awards		Amounts Payable
Basil Botha – President and Director,	**2018**	**$**	**27,200**	**$**	**-**	**$**	**3,273**
consulting fees	2017	$	72,000	$	-	$	-
Clearline CPA – a company of which the CFO is	**2018**	**$**	**24,000**	**$**	**-**	**$**	**8,437**
a director, professional fees	2017	$	18,225	$	-	$	5,775
Michael Hepworth, VP Corporate Development	**2018**	**$**	**-**	**$**	**-**	**$**	**394**
	2017	$	48,000	$	-	$	-
Paul Sarjeant, Director	**2018**	**$**	**-**	**$**	**-**	**$**	**750**
	2017	$	-	$	-	$	-
James Walker – CEO	**2018**	**$**	**48,000**	**$**	**-**	**$**	**-**
	2017	$	39,000	$	-	$	-
Annie Storey, Director	**2018**	**$**	**-**	**$**	**-**	**$**	**500**
	2017	$	-	$	-	$	-
Alberto Hassan, Director	**2018**	**$**	**-**	**$**	**-**	**$**	**750**
	2017	$	-	$	-	$	-

(i) For the period ended 31 March 2018 and 2017.

(ii) Amounts disclosed were paid or accrued to the related party.

These transactions were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12) Capital management

The Company's capital consists of cash and shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing, selling assets and incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

13) Contingencies

On 4 August 2016, the Company paid a lease payment of USD $70,000 for the Arizona property to Bluewater Renewables Inc. ("Bluewater") which should have been CAD $70,000 according to the terms of the agreement. Bluewater disagreed on the application of overpayment towards the next scheduled payment. The Company filed a claim against Bluewater for the overpaid amount of $21,700, and the hearing was scheduled for 18 September 2017. The Company received a favourable judgement from the Provincial Court of British Columbia. As at period ended 31 March 2018, a similar lawsuit has been filed The Ontario Small Claims Court and the Company is waiting for the court ruling.

14) Subsequent event

On 2 May 2018, the Company announced the signing of a definitive agreement for the acquisition of 100% interest in the Vanadium Ridge Property. The Vanadium Ridge property consists of 20 mining claims, covering over 5,200 acres, situated 40 minutes by road from Kamloops, British Columbia. Under terms of the agreement, the Company will make a $35,000 cash payment and issue 2,250,000 common shares to the Vendors. The Company also intends to raise capital by way of a private placement within sixty days of the signing of the agreement. Upon completion of financing, the Company will make an additional $100,000 in cash payment to the Vendors and issue 250,000 common shares and these additional considerations will be made no later than sixty days from the signing of the agreement. In addition, the Vendors will retain a 1% net smelter returns royalty on the Property. In the event that the additional considerations are not made within sixty days from the signing of the agreement, the agreement will be terminated.

On 22 May 2018, the Company announced that it has entered into debt settlement agreement with an arm's length creditor pursuant to which the Company will issue the creditor a total of 600,000 common shares of the Company in satisfaction of aggregate indebtedness of $360,000. The Company also announces its intention to issue Shares for services to Golden Hammer Exploration Ltd, a consultant to the Company in exchange for the provision of certain consulting services related to geological services. The Company has entered into an agreement with the consultant to provide advisory services. The Company will be issuing 150,000 shares for advisory services. The Company also announced its intention to issue shares for the acquisition of certain mining data on Vanadium mine. The Company will be issuing 150,000 shares to the Vendor.