

2018

LITHIUM ENERGY PRODUCTS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

STATED IN CANADIAN DOLLARS



TABLE OF CONTENTS

Management’s Responsibility.....	i
Independent Auditors’ Report.....	i
Consolidated Statements of Financial Position	1
Consolidated Statements of Comprehensive Loss.....	2
Consolidated Statements of Changes in Equity	3
Consolidated Statements of Changes in Equity – Continued	4
Consolidated Statements of Cash Flows.....	5
Notes to the Consolidated Financial Statements	6
1) Nature of operations and going concern	6
2) Basis of preparation – Statement of Compliance	7
3) Summary of significant accounting policies	7
4) New accounting standards not yet effective	13
5) Critical accounting judgements and key sources of estimation uncertainty	14
6) Financial instruments and risk management.....	15
7) Marketable securities.....	16
8) Amounts receivable	17
9) Deposits	17
10) Property and equipment.....	18
11) Exploration and evaluation assets.....	19
12) Share capital	21
13) Related party transactions and obligations.....	26
14) Segmented disclosure	27
15) Capital management	27
16) Commitment	28
17) Income taxes	28
18) Contingencies	29

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Lithium Energy Products Inc.:

Management is responsible for the preparation and presentation of the accompanying 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 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.

We draw attention to Note 1 in the audited 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.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to meet periodically and separately with the Board of Directors, Audit Committee, and management to discuss their audit findings.

The consolidated financial statements were approved by the Board of Directors on 17 January, 2019 and were signed on its behalf by:

"James Walker"

James Walker, CEO

"Viktoriya Griffin"

Viktoriya Griffin, CFO

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Lithium Energy Products Inc.:

We have audited the accompanying consolidated financial statements of Lithium Energy Products Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2018 and 2017, and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lithium Energy Products Inc. and its subsidiaries as at September 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of these consolidated financial statements, which states that Lithium Energy Products Inc. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Lithium Energy Products Inc. to continue as a going concern.

Vancouver, British Columbia
January 17, 2019



Chartered Professional Accountants



(Statement 1)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 September 2018	As at 30 September 2017
ASSETS			
Current Assets			
Cash		\$ 2,356	\$ 156,200
Amounts receivable	(8)	14,325	38,738
Prepaid amounts and other assets		12,285	29,573
Marketable securities	(7)	220,169	-
		249,135	224,511
Non-current Assets			
Deposits	(9)	2,912	2,912
Property and equipment	(10)	75,000	75,000
Exploration and evaluation assets	(11)	1,910,854	467,236
		1,988,766	545,148
		\$ 2,237,901	\$ 769,659
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(13)	\$ 273,400	\$ 47,947
EQUITY (STATEMENT 3)			
Equity Attributable to Shareholders			
Share capital	(12)	18,359,117	16,102,846
Options - Contributed surplus	(12)	628,500	628,500
Warrants - Contributed surplus	(12)	1,446,671	1,446,671
Deficit		(17,248,773)	(16,237,305)
		3,185,515	1,940,712
Non-controlling Interests		(1,221,014)	(1,219,000)
Total Equity		1,964,501	721,712
		\$ 2,237,901	\$ 769,659

Subsequent event	(11(b))		
Nature of operations and going concern	(1)	Capital management	(15)
Basis of preparation – Statement of Compliance	(2)	Contingencies	(18)
Related party transactions and obligations	(13)	Commitment	(16)

The consolidated financial statements were approved by the Board of Directors on 17 January, 2019 and were signed on its behalf by:

“Paul Sarjeant”

Paul Sarjeant, Director

“Alberto Hassan”

Alberto Hassan, Director



CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year Ended 30 September 2018	Year Ended 30 September 2017
CONTINUING OPERATIONS			
Operating Expenses			
Shareholder relations		\$ 333,676	\$ 104,479
Consulting fees	(13)	246,653	366,820
Share-based payments	(12)	120,000	191,000
Transfer agent and filing fees		48,626	26,219
Professional fees		44,047	133,254
Office and general		16,502	25,925
Resource property expenses		10,426	147,773
Insurance		7,900	8,023
Travel		3,502	22,174
Interest expense		1,418	1,837
Amortization		-	968
Loss from Operations		\$ (832,750)	\$ (1,028,472)
Recovery (impairment) of mineral properties	(11)	637,397	(914,024)
Gain on debt settlement	(12)	60,000	-
Unrealized gain		32,670	-
From foreign exchange loss		(299)	(21,439)
Loss on sale of interest in mineral property	(11)	(910,500)	-
Impairment of deposit		-	(212,092)
Net Loss and Comprehensive Loss for the year		\$ (1,013,482)	\$ (2,176,027)
Net Loss and Comprehensive Loss Attributed to:			
Shareholders		(1,011,468)	(2,173,268)
Non-controlling interest		(2,014)	(2,759)
		\$ (1,013,482)	\$ (2,176,027)
Basic and Diluted Loss per Share		\$ (0.10)	\$ (0.26)
Weighted Average Number of Shares Outstanding		10,094,172	8,296,305



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to shareholders						Total	Equity attributable to non-controlling interest	Total
	Shares	Share capital	Obligation to issue shares	Options	Warrants	Deficit			
	#	\$	\$	\$	\$	\$			
BALANCE AS 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 issuance	1,500,000	769,952	-	-	640,048	-	1,410,000	-	1,410,000
Obligation to issue shares	-	90,000	(90,000)	-	-	-	-	-	-
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 AS 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 AS 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 AS 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 AS 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



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – CONTINUED

	Equity attributable to shareholders							Equity attributable to non-controlling interest	Total
	Shares	Share capital	Obligation to issue shares	Options	Warrants	Deficit	Total		
	#	\$	\$	\$	\$	\$	\$		
BALANCE AS AT 1 OCTOBER 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 AS 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 gain for the period	-	-	-	-	-	548,477	548,477	(630)	547,847
BALANCE AS 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
Shares issued for debt	600,000	240,000	-	-	-	-	240,000	-	240,000
Shares issued for services rendered	300,000	120,000	-	-	-	-	120,000	-	120,000
Net (loss) for the period	-	-	-	-	-	(596,707)	(596,707)	(89)	(596,796)
BALANCE AS AT 30 JUNE 2018	9,518,894	16,682,846	-	628,500	1,446,671	(16,374,518)	2,383,499	(1,219,809)	1,163,690
Shares issued for property	3,285,222	1,676,271	-	-	-	-	1,676,271	-	1,676,271
Net (loss) for the period	-	-	-	-	-	(874,255)	(874,255)	(1,205)	(875,460)
BALANCE AS AT 30 SEPTEMBER 2018	12,804,116	18,359,117	-	628,500	1,446,671	(17,248,773)	3,185,515	(1,221,014)	1,964,501



LITHIUM ENERGY PRODUCTS INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Canadian Dollars

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended 30 September 2018	Year Ended 30 September 2017
OPERATING ACTIVITIES		
Loss for the year	\$ (1,013,482)	\$ (2,176,027)
Items not Affecting Cash		
Amortization	-	968
Impairment (recovery) of mineral properties	(637,397)	914,024
Impairment of deposit	-	212,092
Gain on debt settlement	(60,000)	-
Gain on FV of marketable securities	(32,670)	-
Loss on disposal of interest in mineral property	910,500	-
Shares issued for shareholder relation service	300,000	-
Share-based payments	120,000	191,000
	(413,049)	(857,943)
Net Change in Non-cash Working Capital		
Amounts receivable	24,413	(29,871)
Prepaid amounts and other assets	17,288	7,380
Accounts payable and accrued liabilities	225,452	(17,683)
Long term deposits	-	(2,912)
	(145,894)	(901,029)
INVESTING ACTIVITIES		
Proceeds from sale of interest in mineral properties	150,000	-
Resource property expenditures	(22,950)	(145,404)
Exploration acquisition costs	(135,000)	(191,259)
	(7,950)	(336,663)
FINANCING ACTIVITIES		
Proceeds from unit issuances	-	1,410,000
Unit issuance costs	-	(134,531)
	-	1,275,469
Net Increase (Decrease) in Cash	(153,844)	37,777
Cash position – beginning of year	156,200	118,423
Cash Position – End of year	\$ 2,356	\$ 156,200
Supplementary Disclosure of Cash Flow Information:		
Shares issued for resource property acquisition	\$ 1,896,271	\$ -
Shares issued to settle debt	240,000	-



NOTES TO THE 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 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 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 substantial 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.

During the year ended 30 September 2018, the board of directors authorized a 20-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts have been retrospectively restated for all periods presented, unless otherwise stated.

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 consolidated statement of financial position classifications used and such adjustments could be material.

(Rounded ‘000’s)	30 September 2018	30 September 2017
Working capital	\$ (24,000)	\$ 177,000
Accumulated deficit attributed to shareholders	\$ (17,249,000)	\$ (16,237,000)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2) Basis of preparation – Statement of Compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”).

These Financial Statements were authorized for issue by the Board of Directors and have been prepared under the historical cost convention, except for certain financial instruments, as set out in the summary of significant accounting policies (Note 3). In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

3) Summary of significant accounting policies

a) Basis of presentation

These Financial Statements incorporate the financial statements of Lithium Energy and the entities controlled by the Company, which consist of:

- Canadian Iron Metallics Inc. (“Canadian Iron”), which was incorporated on 11 September 2014 in Ontario, Canada, owned 85% by Lithium Energy.
- Griffith Iron Metallics Inc. (“Griffith Iron”), which was incorporated on 11 September 2014 in Ontario, Canada, wholly owned by Canadian Iron.
- Karas Iron Metallics Inc. (“Karas Iron”), which was incorporated on 11 September 2014 in Ontario, Canada, wholly owned by Canadian Iron.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Financial Statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

b) Foreign currency

These Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency. Both the parent and its subsidiaries use the Canadian dollar as their functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences and other changes in the carrying amount of the security. Translation differences are recognized in the income statement and other changes in carrying amount are recognized in equity.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Translation differences on non-monetary financial assets, such as investments in equity securities, classified as available-for-sale are reported as part of the fair value gain or loss and are included in equity.

c) Measurement uncertainty

The preparation of these Financial Statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas that require estimates as the basis for determining the stated amounts include assumptions related to the valuation of exploration and evaluation assets, and the deferred tax asset not recognized.

The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. These estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

d) Cash

The Company considers cash to include amounts held in banks and highly liquid investments with maturities at a point of purchase of three months or less.

e) Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence.

f) Property and equipment

Property and equipment are depreciated using the straight-line method based on estimated useful lives. Land is not depreciated.

Where an item of property and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property and equipment.

Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The depreciation method, useful life and residual values are assessed annually.

Property and equipment are stated, in the consolidated statement of financial position, at cost less accumulated depreciation and accumulated impairment losses. Assets in the course of construction are carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use. The cost of property and equipment includes directly attributed incremental costs incurred in their acquisition and installation.

Assets held under capital lease are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive loss.

Subsequent costs

The cost of replacing part of an item within property and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized as an expense as incurred.

Impairment

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the year.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

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
Equipment	3-5 years



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

g) Exploration and evaluation assets

The Company is currently in the exploration stage with all of its mineral interests. Exploration and evaluation costs include the costs of acquiring licenses, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of mineral properties acquired in a business combination.

Costs of acquisition and exploration of mineral properties are capitalized until either commercial production is established or a property is abandoned. Once commercial production has commenced, the net costs of the applicable property are charged to operations using the unit-of-production method based on estimated proven and probable recoverable reserves. The net costs related to abandoned properties are charged to income. Office and administration costs not specifically related to mineral projects are expensed in the year in which they occur.

The Company reviews the indicators of impairment of each property on an annual basis, at a minimum. This review generally is made by reference to the timing of exploration work, work programs proposed and the exploration results achieved by the Company and others. When the indicators of impairment exist, the carrying value of a property is compared to its net recoverable amount. An impairment adjustment is made for the decline in fair value.

The amounts shown for the exploration and evaluation assets represent costs incurred to date and do not reflect present or future values. Acquisition costs represent shares or cash paid to acquire the rights to the resource property, while exploration expenditures represent amounts paid to explore and develop the resource properties. The recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing to successfully complete their exploration program.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing.

h) Provision for reclamation and remediation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

i) 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.

j) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. 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.

k) Financial instruments

All financial instruments must be recognized, initially, at fair value on the statement of financial position. The Company has classified each financial instrument into the following categories: "held-for-trading," "loans and receivables," "other financial liabilities", and "fair value through profit and loss". Subsequent measurement of the financial instruments is based on their respective classification. Unrealized gains and losses on held-for-trading instruments are recognized in earnings. The other categories of financial instruments are recognized at amortized cost using the effective interest method. The Company had made the following classification

Financial Assets or Liabilities	Category
Cash	Loans and receivables
Marketable securities	Available-for-sale
Accounts payable and accrued liabilities	Other financial liabilities



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

l) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial 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.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

m) Share capital

Share capital issued for non-monetary consideration is recorded at an amount based on the quoted market value of the Company's shares at the time of issuance.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are measured at fair value on the date of issue using the Black-Scholes option pricing model and included in share capital with the common shares that were concurrently issued, based on their relative fair values. Broker compensation options are classified as issuance costs and a deduction from equity and measured at fair value on the date of issue using the Black-Scholes option pricing model.

After issuance the terms of warrants may be modified throughout the warrant life. At the time of the modification the warrant is valued under the new terms immediately preceding and immediately after the modification using the Black-Scholes pricing model. The incremental value in the warrants issued as compensation for services is added to warrant equity and a warrant modification expense is recorded to the consolidated statement of loss and comprehensive loss.

n) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized during the period that the employees earn the options. The fair value is recognized as an expense



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Forfeitures of stock options are accounted for as incurred.

o) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

p) Comprehensive loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit/loss such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss are presented in the Consolidated Statements of Comprehensive Loss and the Consolidated Statements of Changes in Equity.

4) New accounting standards not yet effective

The following accounting standards have been issued by the International Accounting Standards Board ("IASB") but are not yet effective for the Company; both the effective date and the expected impact are noted, based on the information currently available.

a) IFRS 9, Financial Instruments

IFRS 9, Financial Instruments: Classification and Measurement, introduces new requirements for the classification and measurement of financial instruments, a single forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January, 2018, with early adoption permitted. The Company will adopt IFRS 9 on 1 October 2018, but will not affect their measurement. The balance of the Company's financial assets is held at amortized cost, and will continue to do so under the IFRS 9 classification model. The Company has assessed that there will be no material reporting changes as a result of adopting the new standard, however, there will be enhanced disclosure requirements.

b) IFRS 15, Revenues from Contracts with Customers

IFRS 15, Revenue Recognition: provides for a single, comprehensive revenue recognition model for all contracts with customers. It contains a single principle based five step approach that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements. IFRS 15 is effective for annual periods beginning on or after 1 January, 2018, with early adoption permitted. The Company will adopt IFRS 15 on 1 October 2018 and does not expect that the adoption of IFRS 15 to have an effect on the Company's financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

c) IFRS 16, Leases

IFRS 16, Leases: introduces a new standard replacing IAS 17 Leases, that results in bringing many leases on balance sheet that are considered operating leases under IAS 17. Lessor accounting remains largely unchanged. IFRS 16 is effective for periods beginning on or after 1 January, 2019, with earlier adoption permitted if IFRS 15 has also been applied. Management is currently assessing the potential impact of the adoption of IFRS 16.

5) 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.

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 30 September 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.

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

6) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the 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 30 September 2018 and 2017. There have been no changes in levels during the year.

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.

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 30 September 2018 and 2017, the carrying value of cash is at fair value. Amounts receivable, 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 is 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 not exposed to significant foreign currency risk. As at 30 September 2018, the Company held currency totalling the following:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Currency	30 September 2018	30 September 2017
Canadian (Dollars)	1,884	30,927
US (Dollars)	364	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 30 September 2018, the Company had a cash balance of \$2,356, to settle current liabilities of \$273,400 that are due within one year. The Company is exposed to a significant liquidity risk as there is a shortfall in the cash balance to settle any immediate current liabilities that may fall due.

h) Marketable securities risk

Marketable securities risk is the sensitivity of the fair value of marketable securities to supply and demand for marketable securities. The Company manages this risk by continually monitoring the market pricing and trends of its portfolio of securities to determine the appropriate timing to complete any acquisition or dispositions. The Company has determined marketable securities risk at year end is minimal.

7) Marketable securities

The following is a summary of the Company's fair value of the marketable securities:

Marketable Securities	Number of shares	30 September 2018
Balance – Beginning of Year	-	\$ -
Argentum Silver Corp.	1,250,000	212,500
Orford Mining Corp.	477,569	7,669
Balance – End of Year	1,727,569	\$ 220,269

- a) On 2 July 2018, the Company signed an agreement with Argentum Silver Corporation, agreeing the sale of 80% interest in the Vanadium Ridge Property to Argentum. In exchange, Argentum has paid the Company \$150,000 cash and issued 1,250,000 Argentum shares. See Note10a for further details.
- b) In July 2018, Orford Mining Corporation (“Orford”) acquired Condor Precious Metals (“Condor”). The Company's 479,569 shares in Condor Precious Metals shares have been replaced by 34,862 Orford shares and 8,715 Orford warrants expiring 27 July, 2020.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8) Amounts receivable

Amounts receivable are comprised of:

	30 September 2018	30 September 2017
Goods and services tax recoverable	\$ 14,325	\$ 38,738

9) Deposits

CARRYING AMOUNTS	30 September 2018	30 September 2017
Balance – Beginning of Year	\$ 2,912	\$ 212,092
Impairment	-	(212,092)
Additions	-	2,912
Balance – End of Year	\$ 2,912	\$ 2,912

During the year ended 30 September 2017, the Company had recorded an impairment of \$212,092 for a security deposit comprised of refundable reclamation bond for three permits at the Willcox Playa Lithium Brine prospect, as the balance was deemed unrecoverable.

As at 30 September 2018, the remaining balance of \$2,912 represents a deposit for office lease.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10) Property and equipment

	Land	Computer Equipment	Field Equipment	Total
COST				
Balance as at 1 October 2016	\$ 75,000	\$ 9,734	\$ 53,055	\$ 137,789
Dispositions	-	-	(53,055)	(53,055)
Balance as at 30 September 2018 and 2017	\$ 75,000	\$ 9,734	\$ -	\$ 84,734
DEPRECIATION				
Balance as at 1 October 2016	\$ -	\$ 8,766	\$ 53,055	\$ 61,821
Depreciation for the year	-	968	-	968
Dispositions	-	-	(53,055)	(53,055)
Balance as at 30 September 2018 and 2017	\$ -	\$ 9,734	\$ -	\$ 9,734
CARRYING AMOUNTS				
Balance as at 30 September 2018 and 2017	\$ 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 CONSOLIDATED FINANCIAL STATEMENTS

11) Exploration and evaluation assets

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

EXPLORATION AND EVALUATION ASSETS

	Vanadium Ridge	Jackpot Lake	Willcox Playa	Little Rock	Ontario Properties	Total
ACQUISITION						
Balance as at 1 October 2016	\$ -	\$ 547,934	\$ 379,803	\$ 80,635	\$ 5	\$ 1,008,377
Additions	-	56,628	67,075	-	-	123,703
Impairment	-	(604,561)	-	(80,635)	(1)	(685,197)
Balance as at 30 September 2017	\$ -	\$ 1	\$ 446,878	\$ -	\$ 4	\$ 446,883
Additions	1,560,000	317,560	153,710	-	-	2,031,270
Dispositions	(1,248,000)	-	-	-	-	(1,248,000)
Recovery	-	637,397	-	-	-	637,397
Balance as at 30 September 2018	\$ 312,000	\$ 954,958	\$ 600,588	\$ -	\$ 4	\$ 1,867,550

EXPLORATION EXPENDITURES

Balance as at 1 October 2016	\$ -	\$ 32,836	\$ 3,384	\$ -	\$ -	\$ 36,220
Geological and consulting	-	164,092	7,050	-	-	171,142
Staking and claiming	-	-	1,882	-	-	1,882
Assaying	-	6,606	3,682	-	-	10,288
Admin and camp	-	2,983	4,355	-	-	7,338
Transportation	-	610	-	-	-	610
Impairment	-	(207,127)	-	-	-	(207,127)
Balance as at 30 September 2017	\$ -	\$ -	\$ 20,353	\$ -	\$ -	\$ 20,353
Staking and claiming	-	-	22,950	-	-	22,950
Balance as at 30 September 2018	\$ -	\$ -	\$ 43,303	\$ -	\$ -	\$ 43,303

CARRYING AMOUNTS

Balance as at 30 September 2017	\$ -	\$ 1	\$ 467,231	\$ -	\$ 4	\$ 467,236
Balance as at 30 September 2018	\$ 312,000	\$ 954,958	\$ 643,891	\$ -	\$ 4	\$ 1,910,853

a) Vanadium Ridge

During the year ended 30 September 2018, the Company announced the signing of a definitive agreement for the acquisition of a 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. The payment of purchase price has been fully paid by issuing the Vendor 2,500,000 common shares of the Company, \$135,000 cash payment and a 1% Net Smelter Returns Royalty.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On 2 July 2018, the Company signed an agreement with Argentum Silver Corporation to sell 80% interest in the Vanadium Ridge Property to Argentum. In exchange, Argentum has paid the Company \$150,000 cash and issued 1,250,000 Argentum shares. As a result, the Company retains a carried interest of 20% interest in the project.

b) 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") of 1%. In order to keep the Jackpot Lake property agreement in good standing, the Company must perform the following by the dates specified below:

Payment Due Date	Number of Shares	Cash
26 July 2016 ⁽ⁱ⁾	-	\$ 70,000
12 August 2016 ⁽ⁱⁱ⁾	1,100,000	-
22 January 2017 ⁽ⁱ⁾	-	50,000
26 July 2017 ⁽ⁱⁱ⁾	100,000	-
22 January 2018 ⁽ⁱⁱ⁾	100,000	-
26 July 2018 ⁽ⁱⁱ⁾	304,878	-
22 January 2019 ⁽ⁱⁱⁱ⁾	-	205,000
Total	1,604,878	\$ 325,000

(i) paid in cash

(ii) settled in shares

(iii) payment can be 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 year ended 30 September 2018, the Company paid the outstanding payments through issuance of shares and has accordingly reversed the prior year's impairment losses of \$637,397.

Effective 11 January, 2019 the Company acquired 100% of the Jackpot Late property in exchange for 759,259 common shares (at the closing price of \$0.135 per share) valued at \$102,500, and an unsecured demand promissory note in the amount of \$102,500, bearing interest at 3% per annum, and payable on or before July 11, 2019.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

c) 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 of 1%. The GOR of 1% is 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. The Company has now completed all its payments due on the property and has fully acquired 100% of the project.

Payment Due Date	Number of Shares	Cash
26 July 2016 ⁽ⁱ⁾	-	\$ 16,645
12 August 2016 ⁽ⁱⁱ⁾	749,042	-
29 July 2016 ⁽ⁱ⁾	-	41,613
8 June 2017 ⁽ⁱ⁾	-	67,075
8 June 2018 ⁽ⁱⁱ⁾	480,344	-
Total	1,229,386	\$ 125,333

(i) paid in cash

(ii) settled in shares

During the year ended 30 September 2018, the Company paid the outstanding payments through issuance of shares.

d) 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 an impairment of \$80,635.

e) 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 constituted 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.

12) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

During the year ended 30 September 2018:

During the year ended 30 September 2018, the board of directors authorized a 20-for-1 share consolidation. All share and per share information in these consolidated financial statements have been restated to reflect the



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

impact of the share consolidation. On the day of share consolidation, a total of 172,377,875 common shares were consolidated into 8,618,894 common shares.

On 27 April 2018, the Company completed the agreement to acquire the Vanadium Ridge property in exchange for the issuance of 2,500,000 common shares of the Company and \$135,000 in cash payment.

On 8 June 2018, The TSX Venture Exchange has given final approval of a shares for service agreement between the Company and a consultant in exchange for geological services. Pursuant to the terms of the Agreement, the Company issued 150,000 common shares of the Company to the consultant.

On 8 June 2018, the Company settled debts resulting from a consulting service agreement through the issuance of Shares to an arm's length party. Pursuant to the terms of the debt settlement agreement, the Company settled \$300,000 owing in Shares through the issuance of 600,000 common shares.

On 29 May 2018, the Company has entered into a data acquisition agreement to issue shares for the acquisition of mining data on a Vanadium mine located in Kamloops, British Columbia. The Company issued 150,000 common shares for the mining data.

The Company issued 200,000 shares valued at \$220,000 in full satisfaction of the 8 June 2017 and 8 June 2018 obligations for the acquisition of the Jackpot Lake property. In addition, the Company issued 304,878 shares on 17 July 2018 valued at \$97,560 in order to keep the Jackpot Lake property agreement in good standing (Note 10b).

The Company issued 480,344 shares in full satisfaction of the July 2017 and January 2017 obligations for the acquisition of the Wilcox property.

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 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. Each Warrant can be exercised into one 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. 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 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.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 years ended 30 September 2018 and 2017 are as follows:

STOCK OPTION ACTIVITY	30 September	Weighted	30 September	Weighted
	2018	Average Exercise Price	2017	Average Exercise Price
Balance – Beginning of Year	271,250	\$ 1.55	151,250	\$ 2.60
Issued	-	-	150,000	1.40
Expired	-	-	(30,000)	6.00
Balance – End of Year	271,250	\$ 1.55	271,250	\$ 1.60

Details of stock options outstanding as at 30 September 2018 and 2017 are as follows:

Issuance Date	Expiry Date	Exercise Price	30 September 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 2.05 years and a weighted average exercise price of \$1.55 as at 30 September 2018. All of the outstanding options have vested.

On 30 June 2017, the Company amended the terms of 20,000 options issued on 10 July 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 three 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 estimated at \$6,400.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d) Warrants

Warrant activity during the years ended 30 September 2018 and 2017 are as follows:

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

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

Expiry Date	Exercise Price	30 September 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:

	30 September 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:	1.08	1.34

e) Share-based payments

During the year ended 30 September 2018, no stock options were granted or vested. During the year ended 30 September 2017, the Company granted 3,000,000 incentive stock options to its directors, officer, and consultants and recognized share-based payments as follows:

	30 September 2017
Total Options Granted	150,000
Average exercise price	\$ 1.40
Estimated fair value of compensation	\$ 191,000
Estimated fair value per option	\$ 1.27

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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:

	30 September 2017
Risk free interest rate	0.82-1.17%
Expected stock price volatility	111-130%
Expected dividend yield	-
Expected option life in years	1.63-5

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.

As a result of the Company's 20-for-1 share consolidation, the numbers of options outstanding were adjusted, in accordance with existing provisions of the plans for these awards, such that the holders of these awards would be in the same economic position before and after effecting the share consolidation. Consequently, these adjustments did not result in a new measurement date for these awards.

All prior period numbers of options, restricted share units, performance share units and deferred share units as well as exercise prices and fair values per individual award have been retroactively adjusted to reflect the share consolidation.

f) Non-controlling interest

On 16 October 2014, the Company announced that it has entered into an investment agreement with OMC Investments Limited ("OMC"), of Hong Kong. The transaction closed on 28 November 2014, and the Company issued 19,048,000 units of the Company ("Units") by way of private placement at a price of \$0.05 per unit, for aggregate proceeds of \$952,400. OMC now holds approximately 11.31% of the issued and outstanding shares of the Company. Each Unit consists of one common share in the capital of Lithium and one common share purchase warrant (a "Warrant"). Each Warrant is exercisable for a period of three years from the date of closing of the Private Placement at an exercise price of \$0.05. These warrants expired on September 30th, 2018. The Company also issued 15 common shares of its subsidiary Canadian Iron to OMC, reducing its ownership share from 100% to 85%. Canadian Iron holds a 100% interest in Karas Iron and Griffith Iron. The Company's interests in the Karas and Griffith properties are held in Karas Iron and Griffith Iron, respectively.

In addition, the shareholders' agreement with OMC will allow OMC to progressively earn additional equity in Canadian Iron, up to a total of 70% of Canadian Iron's issued and outstanding shares, as follows:

- an additional 30% for \$8.2 million in funding from OMC for dewatering, resource drilling and environmental permitting ("Resource Definition Funding");
- an additional 5% for \$2 million in total funding for a preliminary economic assessment, funded 70% by OMC and 30% by Lithium; and
- an additional 20% for \$20 million in total funding for a feasibility study, funded 70% by OMC and 30% by Lithium, and assuming the feasibility study establishes technical and economic viability.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Should either party not fully contribute its share of funding to both the preliminary economic assessment and feasibility study, it may face dilution.

In connection with this transaction, Lithium has also agreed to enter into an option agreement with OMC on its other mineral properties. As of this Financial Statement OMC has not entered into any options agreements with LEP's other mineral properties. Should OMC fund the full \$8.2 million Resource Definition Funding, it has the right to acquire an 80% interest in either the El Sol, Whitemud and Papagonga properties. This may be increased to 90%, if within a five year period after earning 80%, OMC funds an additional \$1.5 million in expenditures on the property chosen.

The value attributed to the non-controlling interest in Canadian Iron as at 30 September 2018 is an accumulated deficit of \$1,221,014 (2017 - \$1,219,000) due to the impairment of the Company's mineral properties. Net loss and comprehensive loss of \$2,014 (2017 - \$2,759) has been attributed to the non-controlling interest in these Financial Statements.

13) Related party transactions and obligations

a) 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	Year ⁽ⁱ⁾	Remuneration or fees ⁽ⁱⁱ⁾	Share-based awards	Amounts Payable	Prepaid expenses
Basil Botha – President and Director, consulting fees	2018	\$ 35,200	\$ -	\$ 13,883	-
	2017	\$ 136,000	\$ 24,133	\$ 3,273	10,080
Clearline CPA – a company of which the CFO is a director, professional fees	2018	\$ 58,203	\$ -	\$ 25,200	-
	2017	\$ 48,000	\$ 15,083	\$ 8,437	-
Michael Hepworth, VP Corporate Development	2018	\$ -	\$ -	-	-
	2017	\$ 72,000	\$ 24,133	-	-
Paul Sarjeant, Director	2018	\$ -	\$ -	-	-
	2017	\$ 1,500	\$ 19,833	\$ 1,000	8,400
James Walker – CEO	2018	\$ 96,000	\$ -	\$ 36,222	-
	2017	\$ 87,000	\$ 21,117	-	-
Annie Storey, Director	2018	\$ 1,788	\$ -	-	-
	2017	\$ 1,000	\$ 15,083	\$ 500	-
Alberto Hassan, Director	2018	\$ -	\$ -	\$ 2,500	-
	2017	\$ 1,750	\$ 20,333	\$ 1,000	-

⁽ⁱ⁾ For the years ended 30 September 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 CONSOLIDATED FINANCIAL STATEMENTS

b) Obligations

On 27 April 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an interest bearing loan of \$35,000 at 1% a month compounded was issued. The loan was fully paid as at 30 September 2018.

14) Segmented disclosure

The Company has one reportable segment, being the acquisition and exploration of lithium resource properties. The following table provides segmented disclosure of assets and liabilities based on geographic location:

(Rounded to 000's)	Canada		US		Total
30 September 2018					
Current Assets	\$ 249,000	\$ -	\$ -	\$ -	\$ 249,000
Non-Current Assets					
Other non-current assets	78,000	-	-	-	78,000
Resource properties	312,000	1,556,000	-	-	1,868,000
Liabilities					
Current Liabilities	273,000	-	-	-	273,000
30 September 2017					
Current Assets	\$ 225,000	\$ -	\$ -	\$ -	\$ 225,000
Non-Current Assets					
Other non-current assets	78,000	-	-	-	78,000
Resource properties	-	467,000	-	-	467,000
Liabilities					
Current Liabilities	48,000	-	-	-	48,000

15) 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 year. 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16) Commitment

During the year ended 30 September 2016, the Company entered into a contract for office rent which expired 30 June 2018. During the year ended 30 September 2018, the Company entered into an agreement to extend the lease of the premises for an extension of two years commencing 1 July 2018 and expiring 30 June 2020.

Under the new agreement commencing 1 July 2018, the Company's total annual minimum lease payments are shown below:

Fiscal 2019	\$	18,790
Fiscal 2020		14,334
Total	\$	33,124

17) Income taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended 30 September, 2018 and 2017. The presentation of the prior year income tax note has been updated to conform with the current year presentation.

	30 September 2018	30 September 2017
Net loss before tax	\$ (2,176,027)	\$ (2,176,027)
Statutory tax rate	26.00%	26.00%
Expected income tax (recovery)	(565,767)	(565,767)
Non-deductible items	75,929	75,929
Change in deferred tax asset not recognized	489,220	489,220
Total income tax expense (recovery)	\$ -	\$ -

Details of deferred tax assets (liabilities) are as follows:

	30 September 2018	30 September 2017
Marketable securities	(4,410)	-
Capital loss carry-forwards	4,410	-
Net deferred tax assets (liabilities)	\$ -	\$ -



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The unrecognized deductible temporary differences as at 30 September, 2018 and 2017 are comprised of the following:

	30 September 2018	30 September 2017
Non-capital losses carry-forwards	\$ 5,128,643	\$ 4,338,657
Capital losses	167,332	200,000
Exploration and evaluation assets	8,305,169	8,021,639
Donation	1,550	1,550
Property and equipment	72,385	72,385
Financing costs	104,476	164,661
Total unrecognized deductible temporary differences	\$ 13,779,555	\$ 12,798,892

As at 30 September, 2018, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of \$5,128,643 (2017 - \$4,338,657) which may be carried forward to apply against future year's income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Year of Expiry	Taxable Loss
2032	\$ 156,463
2033	1,590,908
2034	1,180,071
2035	267
2036	475,457
2037	935,491
2038	789,986
Total	\$ 5,128,643

18) 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 30 September 2018, a similar lawsuit has been filed at the Ontario Small Claims Court and the Company is waiting for the court ruling.