

2019

# LITHIUM ENERGY PRODUCTS INC.

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE NINE AND THREE MONTHS ENDED 30 JUNE 2019

STATED IN CANADIAN DOLLARS

#### 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 Condensed 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.

*"James Walker"*

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James Walker, CEO

*"Viktoriya Griffin"*

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Viktoriya Griffin, CFO



CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 June 2019	As at 30 September 2018
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 54,787	\$ 2,356
Amounts receivable	(8)	12,520	14,325
Prepaid amounts and other assets		34,140	12,285
Marketable securities	(7)	1,332	220,169
		<b>102,779</b>	<b>249,135</b>
<b>Non-current Assets</b>			
Deposits	(9)	2,912	2,912
Property and equipment	(10)	205,338	75,000
Exploration and evaluation assets	(11)	4,053,278	1,910,854
		<b>4,261,528</b>	<b>1,988,766</b>
		<b>\$ 4,364,307</b>	<b>\$ 2,237,901</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	(14)	\$ 651,359	\$ 273,400
Promissory note	(11)	103,955	-
Short term loan	(12)	36,521	-
		<b>791,835</b>	<b>273,400</b>
<b>EQUITY</b>			
<b>Equity Attributable to Shareholders</b>			
Share capital	(13)	\$ 18,461,617	\$ 18,359,117
Shares to be issued	(13)	1,470,863	-
Options - Contributed surplus	(13)	628,500	628,500
Warrants - Contributed surplus	(13)	1,446,671	1,446,671
Warrants to be issued	(13)	250,000	-
Deficit		(17,463,874)	(17,248,773)
		<b>4,793,777</b>	<b>3,185,515</b>
<b>Non-controlling Interest</b>		<b>(1,221,305)</b>	<b>(1,221,014)</b>
<b>Total Equity</b>		<b>3,572,472</b>	<b>1,964,501</b>
		<b>\$ 4,364,307</b>	<b>\$ 2,237,901</b>

Nature of operations and going concern ..... (1)	Capital management ..... (16)
Basis of preparation – Statement of Compliance..... (2)	Commitment ..... (17)
Related party transactions and obligations ..... (14)	Contingencies ..... (18)

The Condensed Interim Consolidated Financial Statements were approved by the Board of Directors on 28 August 2019 and were signed on its behalf by:

*"Paul Sarjeant"*

Paul Sarjeant, Director

*"Karl Marek"*

Karl Marek, Director



**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

	Note	Nine months ended 30 June 2019	Nine months ended 30 June 2018	Three months ended 30 June 2019	Three months ended 30 June 2018
<b>CONTINUING OPERATIONS</b>					
<b>Operating Expenses</b>					
Professional fees		\$ 185,284	\$ 36,846	\$ 67,940	\$ 22,138
Management fees	(14)	115,669	197,403	43,750	73,703
Transfer agent and filing fees		13,065	33,084	1,107	19,856
Office and general		12,370	13,618	4,111	5,794
Resource property expenses		10,702	5,393	3,601	600
Insurance		5,154	5,909	1,527	1,970
Interest expense		4,901	1,081	3,105	673
Gain (loss) from foreign exchange		4,080	(947)	8,575	328
Travel		4,051	332	1,252	239
Shareholder relations		232	377,450	-	366,245
Share-based payments	(13)	-	105,250	-	105,250
<b>Loss from Operations</b>		<b>\$ (355,508)</b>	<b>\$ (775,419)</b>	<b>\$ (134,968)</b>	<b>\$ (596,796)</b>
Gain from bargain purchase		188,984	-	188,984	-
Income from quarry sale		8,760	-	3,000	-
Loss on sale on marketable securities		(57,628)	-	-	-
Recovery of mineral properties	(11)	-	637,397	-	-
<b>Net Gain (Loss) and Comprehensive (Loss) for the period</b>		<b>\$ (215,392)</b>	<b>\$ (138,022)</b>	<b>\$ 57,016</b>	<b>\$ (596,796)</b>
<b>Net Loss and Comprehensive Loss Attributed to:</b>					
Shareholders		(215,101)	(137,213)	57,106	(596,707)
Non-controlling interest		(291)	(809)	(90)	(89)
		<b>\$ (215,392)</b>	<b>\$ (138,022)</b>	<b>\$ 57,016</b>	<b>\$ (596,796)</b>
<b>Basic and Diluted Loss per Share</b>		<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>	<b>\$ (0.03)</b>
<b>Weighted Average Shares Outstanding</b>		<b>13,251,884</b>	<b>8,631,714</b>	<b>13,563,375</b>	<b>8,945,268</b>



## LITHIUM ENERGY PRODUCTS INC.

Canadian Dollars

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to shareholders							Equity attributable to non-controlling interest		
	Shares	Share capital	Shares to be issued	Options	Warrants	Warrants to be issued	Deficit	Total	Total	
	#	\$	\$	\$	\$	\$	\$	\$	\$	
<b>BALANCE AS AT 1 OCTOBER 2017</b>	8,418,894	16,102,846	-	628,500	1,446,671	-	(16,237,305)	1,940,712	(1,219,000)	721,712
Shares issued for property	3,485,222	1,896,271	-	-	-	-	-	1,896,271	-	1,896,271
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 year	-	-	-	-	-	-	(1,011,468)	(1,011,468)	(2,014)	(1,013,482)
<b>BALANCE AS AT 30 SEPTEMBER 2018</b>	<b>12,804,116</b>	<b>18,359,117</b>	<b>-</b>	<b>628,500</b>	<b>1,446,671</b>	<b>-</b>	<b>(17,248,773)</b>	<b>3,185,515</b>	<b>(1,221,014)</b>	<b>1,964,501</b>
Shares issued for property	759,259	102,500	-	-	-	-	-	102,500	-	102,500
Shares to be issued for debt	-	-	39,383	-	-	-	-	39,383	-	39,383
Shares to be issued for amalgamation	-	-	1,431,480	-	-	-	-	1,431,480	-	1,431,480
Warrants to be issued for amalgamation	-	-	-	-	-	250,000	-	250,000	-	250,000
Net (loss) for the period	-	-	-	-	-	-	(215,101)	(215,101)	(291)	(215,392)
<b>BALANCE AS AT 30 JUNE 2019</b>	<b>13,563,375</b>	<b>18,461,617</b>	<b>1,470,863</b>	<b>628,500</b>	<b>1,446,671</b>	<b>250,000</b>	<b>(17,463,874)</b>	<b>4,793,777</b>	<b>(1,221,305)</b>	<b>3,572,472</b>



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended 30 June 2019	Nine months ended 30 June 2018	Three months ended 30 June 2019	Three months ended 30 June 2018
<b>OPERATING ACTIVITIES</b>				
<b>Gain (Loss) for the Period</b>	\$ (215,392)	\$ (138,022)	\$ 57,016	\$ (596,796)
<b>Items not Affecting Cash</b>				
Share-based payments	-	685,250	-	685,250
Shares to be issued	1,470,863	-	1,470,863	-
Warrants to be issued	250,000	-	250,000	-
Interest on shot-term loan	-	-	(686)	-
Interest on promissory note	1,455	-	1,090	-
Fair value of marketable securities	-	-	(57,628)	-
Impairment of mineral properties	-	-	-	637,397
	<b>1,506,926</b>	<b>547,228</b>	<b>1,720,655</b>	<b>725,851</b>
<b>Net Change in Non-cash Working Capital</b>				
Amounts receivable	1,805	29,209	(1,588)	(5,409)
Prepaid amounts and other assets	(21,855)	12,275	(2,431)	3,754
Accounts payable and accrued liabilities	377,959	113,962	278,511	98,677
	<b>357,909</b>	<b>155,446</b>	<b>274,492</b>	<b>97,022</b>
	<b>1,864,835</b>	<b>702,674</b>	<b>1,995,147</b>	<b>822,873</b>
<b>INVESTING ACTIVITIES</b>				
Disposal of marketable securities	218,837	-	56,296	-
Acquisition of property, plant and equipment	(130,338)	-	(130,338)	-
Deposits	-	35,704	-	35,704
Resource property expenditures	(78,532)	5,266	(11,489)	5,266
Exploration acquisition costs	(1,858,892)	(897,663)	(1,858,892)	(897,663)
	<b>(1,848,925)</b>	<b>(856,693)</b>	<b>(1,944,423)</b>	<b>(856,693)</b>
<b>FINANCING ACTIVITIES</b>				
Short term loan	36,521	-	(13,479)	-
	<b>36,521</b>	<b>-</b>	<b>(13,479)</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash</b>	<b>52,431</b>	<b>(154,019)</b>	<b>37,245</b>	<b>(33,820)</b>
Cash position – beginning of period	2,356	156,200	17,542	36,001
<b>Cash Position – End of Period</b>	<b>\$ 54,787</b>	<b>\$ 2,181</b>	<b>\$ 54,787</b>	<b>\$ 2,181</b>
<b>Supplementary Disclosure of Cash Flow Information:</b>				
Promissory note issued for property acquisition	\$ 102,500	\$ -	\$ -	\$ -
Shares issued for property acquisition	102,500	-	-	-



## 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 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 on whether properties held contain reserves that are economically recoverable.

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 factors 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.

On 1 April 2019, the Company completed its acquisition of American Strategic Minerals Inc. ("ASM") by way of a three-cornered acquisition and amalgamation among LEP, ASM and 1200944 B.C. Ltd., a wholly-owned subsidiary of LEP formed for the purpose of completing the amalgamation. In connection with the acquisition and amalgamation transaction, the amalgamated entity is a wholly-owned subsidiary of the Company and resulting Financial Statements are presented as a continuance of LEP.

During the nine months ended 30 June 2019, the Company set up a wholly-owned subsidiary in the United States named Lithium Energy Products USA.

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



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

<b>(Rounded 000's)</b>	<b>30 June 2019</b>	<b>30 September 2018</b>
Working capital (deficit)	\$ (689,000)	\$ (24,000)
Accumulated deficit attributed to shareholders	\$ (17,464,000)	\$ (17,249,000)

**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 consolidated financial statements for the year ended 30 September 2018.

**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 2018.

**4) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company’s accounting policies, 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 useful lives of property and equipment for the period ended 30 June 2019 and for the year ended 30 September 2018.

### 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; 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 June 2019.

#### 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 Financial Statements 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 June 2019 and 30 September 2018. 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.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

- 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 June 2019 and 30 September 2018, 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, and 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 June 2019, the Company held currency totalling the following:

	30 June 2019	30 September 2018
<b>CURRENCY</b>		
Canadian (Dollars)	\$ 54,777	\$ 1,884
US (Dollars)	\$ 7	\$ 364

**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 June 2019, the Company had a cash balance of \$54,787 to settle current liabilities of \$791,835 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.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 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 that there are minimal marketable securities risk as at 30 June 2019 due to the fact that the Company has disposed of all marketable securities and holds 500,000 warrants of Rover Metals Corp with fair value of \$1,332.

### 6) Amalgamation Transaction

On 1 April 2019, the Company completed its amalgamation transaction with ASM. Pursuant to the transaction, the shareholders of ASM received one common share of LEP and one-half warrant at an exercise price of \$0.16 for each two shares of ASM. A total of 14,184,800 shares and 7,092,400 warrants will be issued for this transaction.

### 7) Marketable securities

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

MARKETABLE SECURITIES	Number of shares	30 June 2019	Number of shares	30 September 2018
Argentum Silver Corp. – shares	-	-	1,250,000	212,500
Orford Mining Corp. – shares	-	-	34,862	7,669
Rover Metals Corp. – warrants	500,000	1,332	-	-
<b>Balance – End of Period</b>	<b>500,000</b>	<b>\$ 1,332</b>	<b>1,284,862</b>	<b>\$ 220,169</b>

#### Argentum Silver Corp.

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. During the nine months ended 30 June 2019, the Company sold all 1,250,000 shares of Argentum Silver Corp.

#### Orford Mining Corp.

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. During the nine months ended 30 June 2019, the Company sold all 34,862 shares.

#### Rover Metals Corp.

On 28 July 2017, 500,000 units of Rover Metals Corp. (“Rover”) was acquired by ASM at \$0.10. Each unit is comprised of one common share of Rover and one share purchase warrant to purchase an additional common share at \$0.20 per common share for a period of two years from the date of a TSX-V listing. Two officers of Rover are also directors of



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ASM. During the year ended 31 December 2018, Rover obtained public listing status for its securities. The fair value of the investment in marketable securities has been determined directly by reference to public price quotations in an active market. The fair value of the warrants as at 31 March 2019 was estimated using Black-Scholes pricing model assuming no expected dividends, volatility of 97%, expected life of 1.25 years, and a risk-free rate of 1.51%. 500,000 common shares of Rover were sold prior to the acquisition of ASM. The 500,000 warrants of Rover have a fair value of \$1,332 as at 30 June 2019.

### 8) Amounts receivable

Amounts receivable consists of:

	30 June 2019	30 September 2018
<b>AMOUNTS RECEIVABLE</b>		
Goods and services tax recoverable	\$ 12,520	\$ 14,325

GST receivable do not have collection risk.

### 9) Deposits

Deposits consist of:

	30 June 2019	30 September 2018
<b>DEPOSITS</b>		
Office Lease	\$ 2,912	\$ 2,912

As at 30 June 2019 and 30 September 2018, the balance of \$2,912 represents a deposit for office lease.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

10) Property and equipment

PROPERTY AND EQUIPMENT	Land	Equipment	Total
<b>COST</b>			
Balance as at 1 October 2017 and 30 September 2018	\$ 75,000	\$ 9,734	\$ 84,734
<b>Additions</b>	-	<b>140,946</b>	-
<b>Balance as at 30 June 2019</b>	<b>\$ 75,000</b>	<b>\$ 150,680</b>	<b>\$ 225,680</b>
<b>DEPRECIATION</b>			
Balance as at 1 October 2017 and 30 September 2018	\$ -	\$ 9,734	\$ 9,734
<b>Additions</b>	-	<b>10,608</b>	-
<b>Balance as at 30 June 2019</b>	<b>\$ -</b>	<b>\$ 20,342</b>	<b>\$ 20,342</b>
<b>CARRYING AMOUNTS</b>			
Balance as at 1 October 2017 and 30 September 2018	\$ 75,000	\$ -	\$ 75,000
<b>Balance as at 30 June 2019</b>	<b>\$ 75,000</b>	<b>\$ 130,338</b>	<b>\$ 205,338</b>

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

Depreciation is charged 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

### 11) Exploration and evaluation assets

The following table summarizes exploration and evaluation assets:

EXPLORATION AND EVALUATION ASSETS	Lost Sheep	Vanadium Ridge	Jackpot Lake	Willcox Playa	Ontario Properties	Total
<b>ACQUISITION</b>						
Balance as at 1 October 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
<b>Balance as at 30 September 2018</b>	<b>\$ -</b>	<b>\$ 312,000</b>	<b>\$ 954,958</b>	<b>\$ 600,588</b>	<b>\$ 4</b>	<b>\$ 1,867,550</b>
Additions	1,858,892	-	205,000	-	-	2,063,896
<b>Balance as at 30 June 2019</b>	<b>\$ 1,858,892</b>	<b>\$ 312,000</b>	<b>\$ 1,159,958</b>	<b>\$ 600,588</b>	<b>\$ 4</b>	<b>\$ 3,931,442</b>
<b>EXPLORATION EXPENDITURES</b>						
Balance as at 1 October 2017	\$ -	\$ -	\$ -	\$ 20,354	\$ -	\$ 20,354
Additions	-	-	-	22,950	-	22,950
<b>Balance as at 30 September 2018</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,304</b>	<b>\$ -</b>	<b>\$ 43,304</b>
Additions	11,489	-	52,825	14,218	-	78,532
<b>Balance as at 30 June 2019</b>	<b>\$ 11,489</b>	<b>\$ -</b>	<b>\$ 52,825</b>	<b>\$ 57,522</b>	<b>\$ -</b>	<b>\$ 121,836</b>
<b>CARRYING AMOUNTS</b>						
Balance as at 30 September 2018	\$ -	\$ 312,000	\$ 954,958	\$ 643,892	\$ 4	\$ 1,910,854
<b>Balance as at 30 June 2019</b>	<b>\$ 1,870,381</b>	<b>\$ 312,000</b>	<b>\$ 1,212,783</b>	<b>\$ 658,110</b>	<b>\$ 4</b>	<b>\$ 4,053,278</b>

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 Company holds outright five contiguous mineral properties located in the Red Lake Mining Division, Ontario, Canada.

#### 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.

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 retained a 20% interest in the project.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 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:

	Number of Shares	Fair Value of Shares	Cash
<b>Payment Due Date</b>			
26 July 2016 <sup>(i)</sup>	-	\$ -	\$ 70,000
12 August 2016 <sup>(ii)</sup>	1,100,000	330,000	-
22 January 2017 <sup>(i)</sup>	-	-	50,000
26 July 2017 <sup>(iii)</sup>	100,000	5,500	-
22 January 2018 <sup>(ii)</sup>	100,000	5,500	-
26 July 2018 <sup>(ii)</sup>	304,878	48,476	-
22 January 2019 <sup>(ii)</sup>	759,259	102,500	-
11 July 2019 <sup>(iii)</sup>	-	-	102,500
<b>Total</b>	<b>2,364,137</b>	<b>\$ 491,976</b>	<b>\$ 222,500</b>

(i) paid in cash

(ii) settled in shares

(iii) an unsecured demand promissory note

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.

Under the terms of the original agreement, the Company was to make a final payment of \$205,000 by 26 July 2019 to acquire a 100% of the Jackpot Lake Property. The vendor has agreed to immediately transfer a 100% interest in the Jackpot Lake Property for a payment of \$102,500 in LEP shares at the 10 January 2019 closing price of \$0.135 for a total of 759,259 shares and an unsecured demand promissory note in the amount of \$102,500, bearing interest at 3% per annum, which remained unpaid as at 30 June 2019.

Effective 11 January 2019, the Company acquired 100% of the Jackpot Lake Property.





## NOTES TO THE CONDENSED INTERIM 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.

During the year ended 30 September 2018, the Company paid the outstanding payments through issuance of shares. The Company has now completed all its payments due on the property and has fully acquired 100% of the project. The Company is the legal and beneficial owner of 100% interest in the property, except for the Gross Overriding Royalty ("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.

### 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 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.

### e) Loss Sheep Property

On 1 April 2019, the Company completed its acquisition of ASM, which had earned 100% interest in ten mineral claims situated in Juab County, Utah, USA, along with the right to utilize all facilities, equipment, and land associated with the Lost Sheep property.

## 12) Revolving Loan Payable

On 15 November 2017, ASM entered into a credit facility agreement with Clearwater, a company for which a director of ASM is a director and significant shareholder, whereby Clearwater is to provide ASM with a revolving credit facility of up to a maximum of US\$50,000. The revolving credit facility is unsecured and non-interest bearing. In return for this credit facility, ASM is to pay to Clearwater a financing charge of 20%, net of royalties, of all sales from the ore production of the Lost Sheep project as long as the credit facility is being used.

As at 30 June 2019, the Company owed \$36,521 to Clearwater.

## 13) Share capital

### a) Authorized:

Unlimited common shares without par value.

### b) Issued or allotted and fully paid:

During the nine months ended 30 June 2019:

On 1 April 2019, the Company completed its amalgamation transaction with ASM. Pursuant to the transaction, the shareholders of ASM received one common share of LEP and one-half warrant at an exercise price of \$0.16 for



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

each two shares of ASM. As at 30 June 2019, 14,184,800 shares and 7,092,400 warrants related to this transaction have not been issued.

During the nine months ended 30 June 2019, the Company issued 759,259 shares at the 10 January 2019 closing price of \$0.135 for a payment of \$102,500 in LEP shares to acquire 100% of the Jackpot Lake property refer to Note 11b.

The Company entered into debt settlement agreements with various arm's length and non-arm's length parties to the Company and plans to issue common shares of the Company to settle approximately \$39,383 of corporate debt owed.

### 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 Financial Statements have been restated to reflect the 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.

### **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 nine months ended 30 June 2019 and the year ended 30 September 2018 are as follows:



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

	30 June 2019	Weighted Average Exercise Price	30 September 2018	Weighted Average Exercise Price
<b>STOCK OPTION ACTIVITY</b>				
<b>Balance – Beginning of Period</b>	<b>271,250</b>	<b>\$ 1.55</b>	271,250	\$ 1.55
Issued	-	-	-	-
Expired	<b>(111,250)</b>	<b>1.93</b>	-	-
<b>Balance – End of Period</b>	<b>160,000</b>	<b>\$ 1.28</b>	271,250	\$ 1.55

Details of stock options outstanding as at 30 June 2019 and 30 September 2018 are as follows:

Issuance Date	Expiry Date	Exercise Price	30 June 2019	30 September 2018
1 April 2010	17 February 2019	\$ 2.00	-	12,500
1 April 2010	17 February 2019	\$ 2.00	-	1,250
13 October 2011	17 February 2019	\$ 6.00	-	10,000
10 July 2012	17 February 2019	\$ 3.00	-	20,000
28 February 2014	27 February 2019	\$ 1.00	-	67,500
10 April 2015	10 April 2020	\$ 1.00	<b>10,000</b>	10,000
25 January 2017	24 January 2022	\$ 1.30	<b>150,000</b>	150,000
			<b>160,000</b>	271,250

As at 30 June 2019, the outstanding options have a weighted average remaining life of 0.48 years and a weighted average exercise price of \$1.28. All of the outstanding options have vested.

Not included in the mentioned 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.

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.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### d) Warrants

Warrant activity during the nine months ended 30 June 2019 and the year ended 30 September 2018 are as follows:

WARRANT ACTIVITY	30 June 2019	Weighted average exercise price	30 September 2018	Weighted average exercise price
<b>Balance – Beginning of Period</b>	<b>1,500,000</b>	<b>\$ 2.00</b>	2,452,400	\$ 2.00
Issued	-	-	-	-
Expired	-	-	(952,400)	-
<b>Balance – End of Period</b>	<b>1,500,000</b>	<b>\$ 2.00</b>	1,500,000	\$ 2.00

Details of warrants outstanding as at 30 June 2019 and 30 September 2018 are as follows:

Expiry Date	Exercise Price	30 June 2019	30 September 2018
12 October 2019	\$ 2.00	155,000	155,000
2 November 2019	\$ 2.00	1,345,000	1,345,000
		<b>1,500,000</b>	1,500,000

As at 30 June 2019, the outstanding warrants have a weighted average remaining life of 0.33 years and a weighted average exercise price of \$2.00.

As at 30 June 2019, 7,092,400 warrants related to the amalgamation transaction with ASM have not been issued. Each warrant has an exercise price of \$0.16.

### e) Share-based payments

During the nine months ended 30 June 2019 and the year ended 30 September 2018, no stock options were granted or vested.

### 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 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. 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 30<sup>th</sup>, 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.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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.

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 the Company as at 30 June 2019 is an accumulated deficit of \$1,221,305 (2018 - \$1,221,014). For the nine months ended 30 June 2019, net loss and comprehensive loss of \$291 (30 June 2018 – loss of \$809) has been attributed to the non-controlling interest in these Financial Statements.

### 14) 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.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Related party transactions recorded as management fees and balances with related parties that are not disclosed elsewhere in the Financial Statements are as follows:

### RELATED PARTY DISCLOSURE

Name and Principal Position	Period <sup>(i)</sup>	Remuneration or fees <sup>(ii)</sup>	Amounts Payable and Accrued Liabilities	Prepaid expenses
Basil Botha, President and Director	2019	\$ -	\$ 4,517	\$ -
	2018	\$ 33,200	\$ 9,573	\$ -
Alpha Resources, Rent	2019	\$ 8,482	\$ 49,867	\$ -
	2018	\$ -	\$ -	\$ -
Clearline CPA – a company of which the former CFO was a partner	2019	\$ 12,000	\$ 27,597	\$ -
	2018	\$ 46,203	\$ 12,600	\$ -
Michael Hepworth VP Corporate Development and Director	2019	\$ 250	\$ -	\$ -
	2018	\$ -	\$ 394	\$ -
Paul Serjeant, Director	2019	\$ 1,250	\$ 1,287	\$ -
	2018	\$ -	\$ -	\$ -
James Walker, CEO	2019	\$ 72,000	\$ 88,100	\$ 4,200
	2018	\$ 72,000	\$ -	\$ 14,700
Michael Li, Director	2019	\$ 750	\$ 750	\$ -
	2018	\$ -	\$ -	\$ -
Viktoriya Griffin, CFO, other fees	2019	\$ 6,750	\$ -	\$ -
	2018	\$ -	\$ -	\$ -
Viktoriya Griffin, CFO, Management fees	2019	\$ 21,419	\$ 17,588	\$ -
	2018	\$ -	\$ -	\$ -
Alberto Hassan, Former director <sup>(iii)</sup>	2019	\$ 1,250	\$ 3,750	\$ 2,500
	2018	\$ -	\$ -	\$ -
Karl Marek, Director	2019	\$ -	\$ 100,225	\$ -
	2018	\$ -	\$ -	\$ -

<sup>(i)</sup> For the nine months ended 30 June 2019 and 2018.

<sup>(ii)</sup> Amounts disclosed were paid or accrued to the related party.

<sup>(iii)</sup> Resigned during the nine months period ended 30 June 2019.

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

## 15) 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
<b>30 June 2019</b>			
Current Assets	\$ 102,779	\$ -	\$ 102,779
<b>Non-Current Assets</b>			
Other non-current assets	78,000	-	78,000
Resource properties	2,182,278	1,871,000	4,053,278
<b>Liabilities</b>			
Current Liabilities	791,835	-	791,835
<b>30 September 2018</b>			
Current Assets	\$ 249,000	\$ -	\$ 249,000
<b>Non-Current Assets</b>			
Other non-current assets	78,000	-	78,000
Resource properties	312,000	1,599,000	1,911,000
<b>Liabilities</b>			
Current Liabilities	273,000	-	273,000

## 16) 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.

## 17) Commitment

Lease

During the year ended 30 September 2018, the Company entered into an agreement to extend the lease of the premises for two years, commencing 1 July 2018 and expiring 30 June 2020.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Company's remaining annual minimum lease payments as at 30 June 2019 are shown below:

Fiscal 2019	\$	4,778
Fiscal 2020		14,334
<b>Total</b>	<b>\$</b>	<b>19,112</b>

### 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. A similar lawsuit has been filed at the Ontario Small Claims Court. As at 30 June 2018, the Company is waiting for the court ruling.