

International Battery Metals Ltd.

(Formerly – Rheingold Exploration Corp.)

Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended October 31, 2018 and 2017

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection, 4.3 (3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of International Battery Metals Ltd. (the “Company”, formerly - “Rheingold Exploration Corp.”) have been prepared by and are the responsibility of the Company’s management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management’s best estimate and judgements based on information currently available.

The Company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Public Accountants for a review on interim financial statements by an entity’s auditor.

International Battery Metals Ltd.

(Formerly - Rheingold Exploration Corp.)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

As at	Note	October 31, 2018	January 31, 2018
		(Unaudited)	
ASSETS			
Current assets			
Cash		\$ 872,551	\$ 231,346
Amounts receivable		53,478	24,895
Prepaid expenses		183,681	23,608
Total current assets		1,109,710	279,849
Deferred acquisition costs	5	-	703,277
Intangible assets	5, 6	3,852,302	-
		\$ 4,962,012	\$ 983,126
LIABILITIES			
Current liabilities			
Trade payables and other payables		\$ 156,931	\$ 165,404
Loan payable	8	10,932	71,872
Total current liabilities		167,863	237,276
Shareholders' equity			
Share capital	9	7,222,949	2,656,465
Obligation to issue shares	9	55,000	-
Reserves	10	5,490,447	2,178,310
Accumulated comprehensive loss		(11,829)	-
Deficit		(7,962,418)	(4,088,925)
		4,794,149	745,850
		\$ 4,962,012	\$ 983,126

Subsequent Events (Note 13)

Approved and Authorized by the Board on December 31, 2018:"John Burba" Director"Logan Anderson" Director

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

International Battery Metals Ltd.

(Formerly - Rheingold Exploration Corp.)

Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

		Three months ended October 31,		Nine months ended October 31,	
	Note	2018	2017	2018	2017
Expenses					
Advertising and promotion		\$ 185,871	\$ 325,077	\$ 894,332	\$ 332,577
General and administrative		1,052,896	1,107,226	2,840,101	1,912,917
Accretion expense	8	-	-	134,795	-
Net loss before other items		(1,238,767)	(1,432,303)	(3,869,228)	(2,245,494)
Other income (expenses)					
Loan interest		-	-	4,265	-
Write-down of exploration and evaluation property	11	-	(233,505)	-	(233,505)
Gain on debt settlement		-	-	-	5,000
Net loss		(1,238,767)	(1,665,808)	(3,873,493)	(2,473,999)
Other comprehensive loss					
Foreign currency translation adjustments		(2,057)	-	(11,829)	-
Net loss and comprehensive loss for the year		\$ (1,240,824)	\$ (1,665,808)	\$ (3,885,322)	\$ (2,473,999)
Basic and diluted loss per share, basic and diluted					
		\$ (0.03)	\$ (0.07)	\$ (0.10)	\$ (0.01)
Weighted average number of common shares outstanding					
		44,905,383	24,109,427	39,554,769	20,036,874

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

International Battery Metals Ltd.

(Formerly - Rheingold Exploration Corp.)

Condensed Consolidated Interim Statements of Cash Flows

Nine Months Ended October 31, 2018 and 2017

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Notes	2018	2017
Operating activities			
Net loss for the period		\$ (3,873,493)	\$ (2,473,999)
Adjustments to reconcile net loss to net cash flows:			
Write-down of exploration and evaluation property	11	-	233,505
Share-based payments	10	784,210	1,343,198
Accretion expense		134,795	-
Changes in operating assets and liabilities			
Accrued interest on convertible debt		4,265	-
Increase in amounts receivable		(28,583)	(25,574)
Decrease in prepaid expenses		(160,073)	(363,302)
Increase (decrease) in trade payables and accrued liabilities		(8,473)	94,485
Net cash used in operating activities		\$ (3,147,352)	\$ (1,191,687)
Investing activities			
Lithium Extraction Technology Asset Purchase		\$ (509,025)	\$ -
Investment in private Company		-	(670,542)
Exploration and evaluation properties		-	(417,289)
Net cash used in investing activities		\$ (509,025)	\$ (1,087,831)
Financing activities			
Proceeds from issuance of shares	9	\$ 4,886,430	\$ 2,029,823
Share issuance costs	9	(377,019)	-
Proceeds from short-term debt	8	-	200,000
Repayment of loan payable	8	(200,000)	-
Net cash provided from financing activities		\$ 4,309,411	\$ 2,229,823
Increase (decrease) in cash		\$ 653,034	\$ (49,695)
Effect of foreign exchange rate changes on cash		\$ (11,829)	\$ -
Cash, beginning of period		\$ 231,346	\$ 238,451
Cash, end of period		\$ 872,551	\$ 188,756

Supplemental Disclosures with Respect to Cash Flows (Note 12)

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

International Battery Metals Ltd.

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Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Common Shares	Share Capital \$	Obligation to Issue Shares \$	Reserves \$	Accumulated OCI \$	Deficit \$	Total Equity \$
Balance at January 31, 2017	16,849,760	924,961	-	391,718	-	(1,118,956)	197,723
Shares issued for							
Cash	4,999,300	366,772	-	933,046	-	-	1,299,818
Share issue costs - cash	-	(29,120)	-	-	-	-	(29,120)
Share issue costs – warrants	-	(123,200)	-	123,200	-	-	-
Exploration and evaluation assets	150,970	49,820	-	-	-	-	49,820
Warrants exercised	3,904,500	815,539	-	(139,414)	-	-	676,125
Options exercised	370,000	156,630	-	(73,630)	-	-	83,000
Share-based payments	-	-	-	1,343,198	-	-	1,343,198
Net loss for the period	-	-	-	-	-	(2,474,469)	(2,474,469)
Balance as at October 31, 2017	26,274,530	2,161,402	-	2,587,118	-	(3,593,425)	1,146,095
Balance as at January 31, 2018	26,987,530	2,656,465	-	2,178,310	-	(4,088,925)	745,850
Shares issued for							
Acquisition	4,700,000	2,585,000	-	-	-	-	2,585,000
Private placements	10,293,553	2,316,000	-	1,251,744	-	-	3,567,744
Share issue costs – cash	-	(377,019)	-	-	-	-	(377,019)
Share issue costs – warrants	-	(596,645)	-	596,645	-	-	-
Share issue costs – special warrants	-	(109,547)	-	109,547	-	-	-
Share issue costs – stock option	-	(226,398)	-	226,398	-	-	-
Obligation to issue shares to finder for acquisition	-	-	55,000	-	-	-	55,000
Warrants exercised	2,319,300	576,907	-	542,129	-	-	1,119,036
Options exercised	605,000	398,186	-	(198,536)	-	-	199,650
Share-based payments	-	-	-	784,210	-	-	784,210
Currency translation adjustment	-	-	-	-	(11,829)	-	(11,829)
Net loss for the period	-	-	-	-	-	(3,873,493)	(3,873,493)
Balance as at October 31, 2018	44,905,383	7,222,949	55,000	5,490,447	(11,829)	(7,962,418)	4,794,149

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

International Battery Metals Ltd.

(Formerly - Rheingold Exploration Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended October 31, 2018 and 2017

(Expressed in Canadian Dollars)

1. Nature and Continuance of Operations

International Battery Metals Ltd. (formerly Rheingold Exploration Corp.), (the “Company”) was incorporated under the laws of the province of British Columbia on 29 July 2010. The Company changed its name from Rheingold Exploration Corp. to International Battery Metals. Ltd. on August 28, 2017.

The Company’s head office is located at Suite 510 744 West Hastings Street, Vancouver, British Columbia, V6C 1A5 and the Company’s registered and records office is located at 725 Granville Street, Pacific Centre, Suite 400, Vancouver, BC V7Y 1G5.

The Company is an advanced technology company focused on Lithium brine extraction from oil field brines for petro lithium extraction projects.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

2. Basis of preparation and consolidation

These condensed consolidated interim financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) IAS 34 “Interim Financial Reporting”.

All inter-company transactions and balances have been eliminated upon consolidation. The Company’s functional and presentation currency is the Canadian dollar.

These condensed consolidated interim financial statements do not include all of the information required for complete annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the year ended January 31, 2018.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on December 31, 2018.

3. Summary of Significant Accounting Policies

The same accounting policies are used in the preparation of these condensed consolidated interim financial statements as for the most recent audited annual financial statements and reflect all the adjustments necessary for fair presentation of the results for the interim periods presented, with exception to the following:

International Battery Metals Ltd.

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Nine Months Ended October 31, 2018 and 2017

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (Continued)

Basis of Consolidation

In addition to the Company, the condensed consolidated interim financial statements incorporate the financial statements of its wholly owned subsidiary in the United States, Selective Adsorption Lithium (“SAL”) (Note 5). A subsidiary is an entity over which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A subsidiary is consolidated from the date upon which control is acquired by the Company and all intercompany transactions and balances have been eliminated on consolidation.

Financial Instruments – “IFRS 9”

Effective February 1, 2018, the Company adopted IFRS 9 which replaced IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). The Company applied the new standard retrospectively. The adoption of IFRS 9 did not have an impact on the Company’s consolidated financial statements. The nature and effects of the key changes to the Company’s accounting policies resulting from the adoption of IFRS 9 are summarized below.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss (“FVTPL”). The previous IAS 39 categories are eliminated. IFRS 9 bases the classification of financial assets on the contractual cash flow characteristics and the company’s business model for managing the financial asset. The differences between the two standards did not impact the Company at the time of transition.

Impairment of financial assets at amortized cost

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company’s receivables.

Transition

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 as at January 1, 2018 for each class of the Company’s financial assets and liabilities. There were no adjustments to the carrying amounts of financial instruments as a result of the change in classification from IAS 39 to IFRS 9. The Company has determined that the application of IFRS 9’s impairment requirements as at January 1, 2018 does not result in any additional impairment allowances.

	Measurement category	
	IAS 39	IFRS 9
Cash	FVTPL	FVTPL
Amounts receivable	Loans and receivables	Amortized cost
Trade payables and other payables	Other financial liabilities	Amortized cost
Loan payable	Other financial liabilities	Amortized cost

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3. Summary of Significant Accounting Policies (Continued)

Intangible assets

Intangible assets include patented technology acquired by the Company and have finite useful lives measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred. Amortization is recorded using the straight-line method and is intended to amortize the cost of the assets over their estimated useful lives as follows:

- Patented technology 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Foreign currency

The functional and presentation currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The Company has determined that the functional currency of its foreign subsidiary is the US Dollar. Assets and liabilities are translated to the presentation currency at the year-end rates of exchange, and the results of their operations are translated at average rates of exchange for the year. The resulting translation adjustments are included in the consolidated statements of net loss comprehensive loss.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are expensed in the period in which they are incurred unless certain criteria, including technical feasibility, commercial feasibility, intent and ability to develop and use the technology, are met for deferral and amortization. Costs incurred in obtaining licenses are recorded at cost less accumulated amortization and any impairment losses. Transaction costs relating to the acquisition of technologies are recorded as deferred acquisition costs until the transaction is completed.

New accounting pronouncements

IFRS 16 Leases: A new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 Leases and instead introduces a single lease accounting model. The standard is effective for annual periods beginning on or after January 1, 2019. The standard, made mandatory by the IASB, has not yet been adopted by the Company and is being evaluated to determine its impact.

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4. Significant Accounting Judgements, Estimates and Assumptions

In the preparation of the condensed consolidated interim financial statements the Company has made the following significant critical judgements and estimates:

- The Company made critical judgements to determine the accounting treatment of the acquisition of SAL as an asset acquisition. The benefit of the Company acquiring SAL was the acquisition of its intellectual property.
- Management concluded that because SAL did not possess the necessary inputs and processes capable of producing outputs it did not meet the definition of a business as defined by IFRS. Accordingly, the transaction was accounted for as an acquisition of assets and the fair value of the consideration aid was allocated to the assets acquired.
- Evaluating whether the costs incurred by the Company in its acquisition of SAL meet the criteria for capitalizing as intangible assets. Management determined that as the acquisition constituted an acquisition of assets, all transaction costs have been appropriately capitalized.
- The Company assesses the carrying values of its intangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current earnings. Recoverability is dependent upon assumptions and judgements regarding market conditions, costs of production and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, and future cash flows. A material change in assumptions may significantly impact the potential impairment of these assets.

Other significant judgements in applying the Company's accounting policies relate to the assessment of the Company's ability to operate as a going concern, functional currency determinations and the classification of its financial instruments.

5. Lithium Extraction Technology Asset Purchase

On April 13, 2018, the Company closed an asset purchase agreement with North American Lithium Inc. ("NAL") and Selective Adsorption Lithium ("SAL") a company controlled by shareholders of NAL pursuant to which the Company acquired NAL's data, analysis and reports related to lithium extraction from oil field brines for petro-lithium extraction projects for USD\$875,000 and acquired 100% of SAL which holds intellectual property for 25,309,488 common shares of the Company (the "Acquisition") at a price of \$0.225 per share. The Company granted a 5% gross profits royalty to NAL.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

5. Lithium Extraction Technology Asset Purchase (Continued)

Additional consideration for the acquisition is in the form of performance shares, which will be issued upon SAL achieving certain milestones (the “Milestones”) as follows:

Milestone	Number of performance shares to be issued
Shares on Closing Date (issued on April 13, 2018)	4,700,000
Shares on SAL and the Company filing three US or foreign patent applications with respect to intellectual property	4,000,000
Shares on SAL the Company filling three additional patents with respect to intellectual property	5,536,496
Shares on SAL the Company filling three additional patents with respect to intellectual property	5,536,496
Shares upon the Company completing either of the following: one or more private placements financing(s) resulting in the issuance of an aggregate of no less than 5,000,000 common shares in the Company; or completing a laboratory – scale pilot plant for the processing of lithium or lithium concentrates	5,536,496

As further consideration for the Acquisition the Company paid \$459,025 (US \$350,000) in cash. The 4,700,000 common shares had a deemed fair value of \$2,585,000 based on a closing price of \$0.55 of the Company’s stock on the date of the closing of the acquisition.

The Company incurred \$50,000 in costs associated with the closing of the Acquisition and is required to issue a finder’s fee of 100,000 common shares, deemed at fair value at the closing of the acquisition of \$55,000 based on a closing price of \$0.55 of the Company’s stock on the date of the closing of the acquisition. As at October 31, 2018, the Company has yet to issue these shares and has recorded an obligation to issue shares of \$55,000 for the finder's shares to be issued upon successful completion of the milestone.

The Acquisition was considered an asset purchase for accounting purposes and the acquisition of the net assets of SAL and accounted for using the acquisition method, whereby the purchase consideration was allocated to the estimated fair values of the identifiable assets and liabilities acquired at the date of the Acquisition.

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(Expressed in Canadian Dollars)

5. Lithium Extraction Technology Asset Purchase (Continued)

The purchase price was allocated to the net assets acquired in the acquisition as follows:

		Total
Purchase price:		
Performance shares	\$	2,585,000
Finder's fee		105,000
Transaction costs		1,162,302
	\$	3,852,302
Net assets acquired:		
Intellectual property	\$	3,852,302
	\$	3,852,302

6. Intangible Assets

On April 13, 2018, upon completion of the Acquisition (Note 5), the Company acquired certain intellectual property (the "Intellectual Property"), from the shareholders of SAL. The Intellectual Property was recorded at \$3,852,302. The acquired asset is considered to still be in development stage and is not amortized.

7. Related Party Balances and Transactions

Key management personnel compensation

Key management personnel includes directors and officers of the Company. The remuneration of directors and other members of key management are as follows:

For the nine months ended October, 31,		2018		2017
Share-based payments	\$	784,210	\$	1,343,198
Retirement compensation		40,000		-
Directors fees		45,000		15,000
Management fees, salaries and benefits		415,889		113,857
Severance		105,414		-
	\$	1,390,513	\$	1,472,055

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Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended October 31, 2018 and 2017

(Expressed in Canadian Dollars)

7. Related Party Balances and Transactions (Continued)

The Company entered into the following transactions with related parties for the nine months ended October 31, 2018:

- i. Incurred management fees of \$135,000 to a company controlled by the Chief Financial Officer of the Company;
- ii. Incurred salaries and benefits of \$233,889 to the Chief Executive Officer (“CEO”) and the Chief Legal Officer of the Company;
- iii. Incurred consulting fees of \$4,200 to a director of the Company;
- iv. Incurred directors fees of \$45,000 to directors of the Company; and
- v. Incurred \$40,000 in retirement compensation to a company controlled by the former CEO of the Company.

Included in management fees is a \$50,000 incentive cash bonus paid to a company controlled by a director of the Company due and paid upon the completion of the agreement with NAL. Further to the incentive package on the completion of the agreement are 100,000 common shares to be issued to the director of the Company. The Company has not yet issued the common shares.

During the nine months ended October 31, 2018. The Company terminated the employment contacts of two management members and paid out \$105,414 in severance fees.

Due from/to related parties

Trade payables and accrued liabilities of the Company include the following amounts due to related parties:

	As at October 31, 2018		As at January, 30 2018	
Directors of the Company	\$	34,000	\$	56,482
Total amount due to related parties	\$	34,000	\$	56,482

8. Loans Payable

On October 4, 2017, the Company entered into a loan agreement with Mackie Research Capital Corp. (the “Lender”) for \$200,000. The initial term of the loan was for a period of one year with interest payable at ten percent per annum, payable at maturity. As further consideration for providing the loan, the Company granted the Lender 500,000 special units (fair valued at \$200,000), exercisable at \$0.40 into an underlying unit of one common share and one common share purchase warrant. Each underlying warrant will be exercisable for a period of two years at an exercise price of \$0.52.

The Company has fair valued the cost of the warrants using the Black-Scholes Option Pricing model with the following assumptions: no expected dividends to be paid; volatility of 150% based on historical volatility; risk-free interest rate of 2.38%; and a term of 1 year. The discount is being amortized over the term of the debt. During the nine month period ended October 31, 2018, the Company recorded an accretion expense of \$134,795 (2017 - \$nil) related to this debt. The principle balance of the loan was repaid on April 17, 2018.

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Nine Months Ended October 31, 2018 and 2017

(Expressed in Canadian Dollars)

8. Loans Payable (Continued)

A summary of the loan is as follows:

	Amount
Loan proceeds	\$ 200,000
Loan costs (special units value)	(200,000)
	-
Interest accrued	10,932
Interest accreted	200,000
Loan repayment	(200,000)
Total	\$ 10,932

9. Share Capital

Share Issuances

Nine months ended October 31, 2018

During the nine month period ended October 31, 2018, the Company:

- a) Throughout the nine months ended October 31, 2018, the Company issued 2,319,300 common shares on the exercise of 2,319,300 warrants for proceeds of \$1,119,036. 2,219,300 common shares exercised were eligible for a warrant incentive program whereby the Company granted an additional warrant of \$0.75 per share for a period of two years from the date of issuance upon the exercise of certain outstanding warrants. The issuance of incentive warrants is accounted for as a modification to share purchase warrants reserve and the Company determined the fair value of these incentive warrants to be \$967,200 using the Black-Scholes Pricing Model.
- b) On May 22, 2018 the Company closed second tranche of its previously announced non-brokered private placement by issuing 799,999 units at a price of \$0.35 per unit for gross proceeds of \$280,000. Each unit consists of one common share and one half of one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.70 per common share for a period of two years. The Company paid a finder's fee of \$1,400.

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Nine Months Ended October 31, 2018 and 2017

(Expressed in Canadian Dollars)

9. Share Capital (Continued)

- c) On May 10, 2018, the Company closed a brokered private placement by issuing 6,200,000 units at a price of \$0.35 per unit for gross proceeds of \$2,170,000. Each unit consisted of one common share and one half of one transferable share purchase warrant, with each warrant exercisable to purchase one additional common share at an exercise price of \$0.70 per share for a period of two years. The Company had closing costs of \$317,120.

As consideration for the services provided, a broker received finder's fees of 100,000 common shares fair valued at \$0.42 per share based on the closing price of the Company's stock for a fair value of \$42,000, 620,000 compensation options, fair valued using the Black Scholes model at \$226,398 and 300,000 special unit warrants. Each compensation option is exercisable to purchase one common share at an exercise price of \$0.35 per share for a period of two years.

- d) On April 13, 2018 the Company issued 4,700,000 common shares for the Acquisition (Note 5) that a deemed fair value of \$2,585,000 based on a closing price of \$0.55 of the Company's stock on the date of the closing of the acquisition.
- e) On April 13, 2018 the Company closed a non-brokered private placement by issuing 3,193,554 units at a price of \$0.35 per unit for gross proceeds of \$1,117,744. Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable to purchase one additional common at an exercise price of \$0.70 per share for a period of two years and is subject to certain acceleration provisions. The Company incurred share issuance costs of \$58,499 associated with the financing.
- f) During the month of April the Company issued 605,000 common shares on the exercise of 605,000 options for proceeds of \$199,650.

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Nine Months Ended October 31, 2018 and 2017

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9. Share Capital (Continued)

Nine months ended October 31, 2017

- a) Throughout October 2017 the Company issued 1,904,500 common shares on the exercise of 1,904,500 warrants for proceeds of \$476,125.
- b) On October 13, 2017 the Company issued 200,000 common shares on the exercise of 200,000 options for proceeds of \$66,000.
- c) On October 12, 2017 the Company issued 4,324,300 units for gross proceeds of \$1,124,318 that comprised of one common share of the Company and one common share purchase warrant exercisable for 2 years for an additional share at a price of \$0.52. The Company paid \$29,120 as a finder's fee and issued 160,000 share purchase warrants which are exercisable for 2 years for \$0.52. The warrants have a fair value \$0.82 determined using the Black-Scholes Option Pricing model with the following assumptions: no expected dividends to be paid; volatility of 259% based on historical volatility; risk-free interest rate of 2.38%; and expected life of 2 years. The value was allocated to the units using the residual method resulting in a value allocation of \$0.07 per share and \$0.19 per warrant. The broker warrants were valued at \$0.77 per warrant.
- d) On August 11, 2017 the Company issued 170,000 common shares on the exercise of 170,000 options for proceeds of \$17,000.
- e) On August 8, 2017 the Company issued 675,000 units for gross proceeds of \$175,500 that comprised of one common share of the Company and one common share purchase warrant exercisable for 2 years for an additional share at a price of \$0.52. The warrants have a fair value \$0.29 determined using the Black-Scholes Option Pricing model with the following assumptions: no expected dividends to be paid; volatility of 250% based on historical volatility; risk-free interest rate of 2.27%; and expected life of 2 years. The value was allocated to the units using the residual method resulting in a value allocation of \$0.12/share and \$0.14/warrant.
- f) On August 1, 2017 the Company issued 150,970 common shares as a share-based payment as part of the consideration for the Bygoo Tin Property at a deemed value of \$49,820, which was based on the average trading value of the shares that day.
- g) On May 17, 2017 the Company issued 1,900,000 common shares on the exercise of 1,900,000 warrants for proceeds of \$190,000.
- h) On April 4, 2017 the Company issued 100,000 common shares on the exercise of 100,000 warrants for proceeds of \$10,000.

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9. Share Capital (Continued)

Obligation to issue shares

At the closing of the Acquisition (Note 5) the Company is required to issue a finder's fee of 100,000 common shares, deemed at fair value at the closing of the acquisition of \$55,000 based on a closing price of \$0.55 of the Company's stock on the date of the closing of the acquisition. As at October 31, 2018, the Company has yet to issue these shares and has recorded an obligation to issue shares of \$55,000 for the finder's shares to be issued upon successful completion of the milestone.

Per share amounts

	For the three-month period ended October 31,		For the nine-month period ended October 31,	
	2018	2017	2018	2017
Weighted average number of shares – basic:				
Issued common shares as at August 1 and February 1	44,905,383	16,949,760	26,987,530	16,849,760
Effect of common shares issued during the period	-	-	12,567,239	3,157,114
	44,905,383	16,949,760	39,554,769	20,036,874
Net loss per share – basic and diluted	(0.03)	(0.07)	(0.10)	(0.01)

10. Reserves

Stock Options

- On August 28, 2018 the Company granted 2,800,000 stock options to directors and management. The options are exercisable at a price of \$0.19 per share for a period of five years. The fair value of the stock options was determined to be \$520,672 calculated using the Black-Scholes Option Pricing Model.
- On May 10, 2018, as consideration for services provided, a broker received 620,000 compensation options, fair valued using the Black Scholes model at \$226,398. Each compensation option is exercisable to purchase one common share at an exercise price of \$0.35 per share for a period of two years.

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10. Reserves (Continued)

Stock Options (continued)

Stock options outstanding and exercisable as at October 31, 2018 were as follows:

Exercise price	Expiry date	Balance January 31, 2018	Expired	Exercised	Granted	Balance October 31, 2018
\$0.33	June 30, 2018	150,000	(150,000)	-	-	-
\$0.33	June 30, 2022	800,000	(100,000)	(605,000)	-	95,000
\$0.33	May 10, 2018	50,000	(50,000)	-	-	-
\$0.62	May 10, 2018	30,000	(30,000)	-	-	-
\$0.62	October 23, 2022	820,000	-	-	-	820,000
\$0.45	January 12, 2023	50,000	-	-	-	50,000
\$0.36	March 19, 2021	-	-	-	600,000	600,000
\$0.35	May 10, 2020	-	-	-	620,000	620,000
\$0.19	August 28, 2023	-	-	-	2,800,000	2,800,000
Total		1,900,000	(330,000)	(605,000)	4,020,000	4,985,000
Weighted average exercise price		0.46	0.36	0.33	0.24	0.31
Weighted average life in years		4.07	-	-	-	2.79

Share Purchase Warrants

- On June 18, 2018 the Company granted 1,719,300 additional incentive warrants exercisable for a period of two years at an exercise price of \$0.75 warrant. The issuance of incentive warrants is accounted for as a modification to share purchase warrants reserve and the Company determined the fair value of these incentive warrants to be \$554,645 using the Black-Scholes Pricing Model
- On May 10, 2018, as consideration for services provided, a broker received 300,000 special unit warrants. Each special unit warrant is exercisable for a period of two years at an exercise price of \$0.35 into one common share and one share purchase warrant. Each share purchase warrant is exercisable into one additional common share for a period of two years at an exercise price of \$0.35 per share.

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10. Reserves (Continued)

Share Purchase Warrants (continued)

Share purchase warrants outstanding as at October 31, 2018 were as follows:

Exercise price	Expiry date	Balance January 31, 2018	Exercised	Granted	Balance October 31, 2018
\$0.25	December 6, 2018	959,000	(100,000)	-	859,000
\$0.25	December 6, 2018	246,500	-	-	246,500
\$0.52	August 17, 2019	675,000	(50,000)	-	625,000
\$0.52	October 16, 2019	160,000	-	-	160,000
\$0.52	October 16, 2019	4,324,300	(1,669,300)	-	2,655,000
\$0.40	October 4, 2019	-	(500,000)	500,000	-
\$0.75	March 27, 2020	-	-	700,000	700,000
\$0.70	April 13, 2020	-	-	3,193,554	3,193,554
\$0.75	April 16, 2020	-	-	19,300	19,300
\$0.75	April 18, 2020	-	-	1,500,000	1,500,000
\$0.70	May 10, 2020	-	-	3,100,000	3,100,000
\$0.35	May 10, 2020	-	-	300,000	300,000
\$0.70	May 22, 2020	-	-	400,000	400,000
\$0.75	June 13, 2020	-	-	1,719,300	1,719,300
Total		6,364,800	(2,319,300)	11,432,154	15,477,654
Weighted average exercise price		0.47	-	-	0.63
Weighted average life in years		4.07	-	-	1.15

Fair Value Determination

The weighted average fair value of stock options granted was \$0.25 (2017 - \$0.52). The total calculated fair value of share-based payments recognized of \$784,210 (2017 - \$1,343,198) was granted to directors and officers of the Company.

Fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2018		2017	
	Options	Warrants	Options	Warrants
Risk-free interest rate	1.77 - 2.14%	2.12 - 1.79%	1.56 - 2.06%	1.25 - 1.56%
Expected share price	93.37 - 223.52%	93.37 - 210.00%	230.00 - 246.00%	250.00 - 260.00%
volatility				
Expected option/warrant life (years)	2.00 - 5.00	2.00	5.00	2.00
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

The expected volatility assumptions have been developed taking into consideration historical volatility of the Company's share price.

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10. Reserves (Continued)

Reserve transactions:

	Stock Option	Warrant	Reserves
	\$	Reserve	\$
		\$	
Balance at January 31, 2017	92,565	299,153	391,718
Private placement	-	933,046	933,046
Share issuance costs	-	123,200	123,200
Share-based payments	1,146,726	196,472	1,343,198
Stock options exercised	(73,630)	-	(73,630)
Warrants exercised	-	(139,414)	(139,414)
Balance at October 31, 2017	1,165,661	1,412,457	2,578,118
Balance as at January 31, 2018	1,088,932	1,089,378	2,178,310
Private Placement	-	1,251,744	1,251,744
Share issuance costs	226,398	706,192	932,590
Share-based payments	784,210	-	784,210
Stock options exercised	(198,536)	-	(198,536)
Warrants exercised	-	542,129	542,129
Balance at October 31, 2018	1,901,004	3,589,443	5,490,447

11. Exploration and Evaluation Properties

As at October 31, 2017, the Company was in default on its option on the Bygoo Tin Property. Given the uncertainty of the property, Management recognized an impairment writedown of \$233,505.

12. Supplemental Disclosures with Respect to Cash Flows

For the period ended October 31,	2018	2017
Cash paid during the year for interest	\$ 5,000	\$ 1,667
Allocation of proceeds to warrants attached to units	\$ 512,744	\$ 638,819
Fair value of warrants issued for finders' fees	\$ 664,192	\$ 123,200
Shares issued for mineral property	\$ -	\$ 49,820
Fair value of shares issued for acquisition	\$ 2,585,000	\$ -

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13. Subsequent Events

- a) On November 8, 2018, the Company entered into a licensing agreement (the “Licensing Agreement”) with Ensorcia Metals Corporation (“Ensorcia”) and its wholly-owned subsidiary, Sorcia Minerals LLC (“Sorcia”), whereby the Company will license its novel lithium extraction technology to Sorcia for use in extracting Lithium Carbonate from lithium bearing brine sources in the country of Chile.

As consideration for entering into the Licensing Agreement, the Company will receive a 6% royalty on the netback sales price of all products produced and sold using the Licensed Technology and has been granted a 10% common membership interest in Sorcia. The Company issued 1,000,000 common share purchase warrants pursuant to the license agreement exercisable for two years from January 1, 2019 at an exercise price of \$0.163 per share.

- b) On November 20, 2018, the Company entered into a second licensing agreement with Ensorica and its wholly-owned subsidiary, Ensorcia Argentina LLC (“EAL”), whereby the Company will license its lithium extraction technology to EAL for use in the extraction of lithium chloride from lithium bearing brine sources in the country of Argentina.

As consideration for entering into the Licensing Agreement, the Company will receive a 6% royalty on the netback sales price of all products produced and sold using the Licensed Technology and has been granted a 10% common membership interest in EAL.

- c) The Company issued 5,536,496 common shares pursuant to an asset purchase agreement (Note 5).