International Battery Metals Ltd.

Consolidated Financial Statements
(Expressed in Canadian dollars)
January 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
International Battery Metals Ltd.

Opinion

We have audited the accompanying consolidated financial statements of International Battery Metals Ltd. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a loss of $5,346,297 for the year ended January 31, 2019 and, as of that date, the Company's accumulated deficit was $9,313,674. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Guy Thomas.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

May 31, 2019

International Battery Metals Ltd.
Consolidated Statements of Financial Position
As at January 31, 2019 and 2018
(Expressed in Canadian dollars)

	Note		2019		2018
ASSETS					
Current assets					
Cash	17	$	410,835	$	231,346
Amounts receivable	17		77,640		24,895
Prepaid expenses			76,968		23,608
Total current assets			565,443		279,849
Intangible assets	5, 6		6,174,567		-
Deferred acquisition costs	5		-		703,277
		$	6,740,010	$	983,126
LIABILITIES					
Current liabilities					
Trade payables and other liabilities	11, 17	$	507,548	$	165,404
Loan payable	8		-		71,872
Total current liabilities			507,548		237,276
Shareholders' equity					
Share capital	9		11,001,633		2,656,465
Obligation to issue shares	5		591,451		
Reserves	10		3,960,345		2,178,310
Deficit			(9,313,674)		(4,088,925)
Accumulated other comprehensive income			(7,293)		
			6,232,462		745,850
		$	6,740,010	$	983,126

Nature and continuance of operations (Note 1)
Commitments (Note 12)

Approved and Authorized by the Board on May 31, 2019:

"John Burba" Director *"Logan Anderson"* Director

International Battery Metals Ltd.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended January 31, 2019 and 2018
(Expressed in Canadian dollars)

	Note		2019		2018
Expenses					
Advertising and promotion		$	970,798	$	591,793
General and administrative	11, 14		3,693,707		1,910,930
Amortization of intangible asset	6		542,920		-
Operating loss			(5,207,425)		(2,502,723)
Loan interest	8		(4,077)		(6,667)
Accretion expense	8		(134,795)		(65,205)
Gain on debt settlement			-		5,000
Impairment of exploration and evaluation properties	7		-		(400,374)
Loss for the year			(5,346,297)		(2,969,969)
Other comprehensive loss					
Foreign currency translation adjustments			(7,293)		-
Comprehensive loss for the year		$	(5,353,590)	$	(2,969,969)
Loss per share, basic and diluted	9	$	(0.13)	$	(0.14)
Weighted average number of common shares outstanding	9		40,069,450		20,766,575

International Battery Metals Ltd.
Consolidated Statements of Cash Flows
For the years ended January 31, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
Cash flows used in operating activities		
Loss for the year	$ (5,346,297)	$ (2,969,969)
Non-cash transactions:		
Share-based payments	826,048	1,093,737
Impairment of exploration and evaluation properties	-	400,374
Accretion expense	134,795	65,205
Accrued interest on loan payable	4,265	6,667
Amortization of property, plant and equipment	-	219
Gain on settlement of debt	-	(5,000)
Amortization of intangible asset	542,920	-
Changes in operating assets and liabilities:		
Amounts receivable	(52,745)	(11,065)
Prepaid expenses	(53,360)	(22,501)
Trade payables and other liabilities	331,212	114,520
Net cash used in operating activities	(3,613,162)	(1,327,813)
Cash flows from investing activities		
Deferred acquisition costs	-	(703,277)
Intangible assets	(509,025)	-
Exploration and evaluation assets	-	(350,554)
Net cash used in investing activities	(509,025)	(1,053,831)
Cash flows from financing activities		
Proceeds from issuance of shares and units	4,886,430	2,174,539
Share issuance costs	(377,461)	
Repayment of loan payable	(200,000)	-
Proceeds from loan payable	-	200,000
Net cash provided from financing activities	4,308,969	2,374,539
Increase (decrease) in cash	186,782	(7,105)
Effect of foreign exchange rate changes on cash	(7,293)	-
Cash, beginning of year	231,346	238,451
Cash, end of year	$ 410,835	$ 231,346

Supplemental Disclosures with Respect to Cash Flows (Note 15)

International Battery Metals Ltd.

Consolidated Statements of Changes in Shareholders' Equity
For the years ended January 31, 2019 and 2018
(Expressed in Canadian dollars)

	Common shares	Share capital	Reserves	Obligation to issue shares	Deficit	Accumulated other comprehensive income	Total equity
		$	$	$	$	$	$
Balance at January 31, 2017	16,849,760	924,961	391,718	-	(1,118,956)	-	197,723
Shares issued for							
Private placements	4,999,300	660,999	638,819	-	-	-	1,299,818
Share issue costs – cash	-	(45,654)	-	-	-	-	(45,654)
Share issue costs – warrants	-	(123,200)	123,200	-	-	-	-
Mineral property	150,970	49,820	-	-	-	-	49,820
Services	68,000	23,740	-	-	-	-	23,740
Warrants exercised	4,549,500	1,009,169	(171,794)	-	-	-	837,375
Stock options exercised	370,000	156,630	(73,630)	-	-	-	83,000
Stock options granted	-	-	1,069,997	-	-	-	1,069,997
Special unit warrants attached to loan	-	-	200,000	-	-	-	200,000
Loss for the year	-	-	-	-	(2,969,969)	-	(2,969,969)
Balance at January 31, 2018	26,987,530	2,656,465	2,178,310	-	(4,088,925)	-	745,850
Shares issued for							
Acquisition	10,236,496	4,913,734	-	(2,657,734)	-	-	2,256,000
Private placements	10,193,553	2,530,000	1,037,744	-	-	-	3,567,744
Share issue costs – cash	-	(377,461)	-	-	-	-	(377,461)
Share issue costs – shares issued	100,000	-	-	-	-	-	-
Share issue costs – special unit warrants	-	(109,547)	109,547	-	-	-	-
Share issue costs – incentive warrants	-	(433,212)	433,212	-	-	-	-
Share issue costs – stock options	-	(226,403)	226,403	-	-	-	-
Obligation to issue shares to finder for acquisition	-	-	-	48,000	-	-	48,000
Special unit warrants exercised	500,000	400,000	(200,000)	-	-	-	200,000
Warrants exercised	1,819,300	1,144,106	(225,070)	-	-	-	919,036
Warrants expired	-	105,765	(105,765)	-	-	-	-
Stock options exercised	605,000	398,186	(198,536)	-	-	-	199,650
Stock options expired	-	-	(121,548)	-	121,548	-	-
Share–based payments	-	-	826,048	-	-	-	826,048
Shares contingently issuable on acquisition of SAL	-	-	-	3,201,185	-	-	3,201,185
Foreign currency translation	-	-	-	-	-	(7,293)	(7,293)
Loss for the year	-	-	-	-	(5,346,297)	-	(5,346,297)
Balance at January 31, 2019	50,441,879	11,001,633	3,960,345	591,451	(9,313,674)	(7,293)	6,232,462

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

1. Nature and Continuance of Operations

International Battery Metals Ltd., (the "Company") was incorporated under the laws of the province of British Columbia on 29 July 2010. The Company trades on the Canadian Securities Exchange under the stock symbol "IBAT."

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

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

These consolidated 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.

The Company has not generated revenue from operations. The Company incurred a loss of $5,346,297 for the year ended January 31, 2019 and as of that date the Company's accumulated deficit was $9,313,674. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. Basis of Preparation

The consolidated financial statements of the Company were approved and authorized for issue by the Audit Committee of the Board of Directors on May 31, 2019.

The Company's consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Statement of compliance

The consolidated financial statements of the Company, including comparative, have been prepared in accordance with and using accounting policies in full compliance with IFRS and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

3. Summary of Significant Accounting Policies

Basis of consolidation

In addition to the Company, the consolidated financial statements incorporate the financial statements of its wholly owned subsidiaries in the United States, IBAT USA, Inc. and 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.

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.

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. Determining if there are any facts and circumstances indicating impairment loss is a subjective process involving judgment and a number of estimates and interpretations in many cases.

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 IBAT USA, Inc. is the U.S. dollar. Assets and liabilities are translated to the presentation currency at year-end foreign exchange rates and the results of their operations are translated at average foreign exchange rates for the year. The resulting translation adjustments are included in other comprehensive income (loss).

3. Summary of Significant Accounting Policies (Continued)

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 capitalization 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.

Exploration and evaluation properties

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area, are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use at that time.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

3. Summary of Significant Accounting Policies (Continued)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The net present value of reclamation costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of reclamation projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation properties.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that (i) net earnings (loss) attributable to common shareholders are adjusted for fair value gains or losses of warrants (if dilutive) and (ii) the weighted average number of common shares outstanding is adjusted for the number of shares that are potentially issuable in connection with stock options and warrants (if dilutive). The Company assumes that outstanding dilutive stock options and warrants were exercised and that the proceeds from such exercises (after adjustment of any unvested portion of stock options) were used to acquire common stock at the average market price during the reporting periods. For the years presented, this calculation proved to be anti-dilutive.

Share capital / warrants

Share issue costs are recorded as a reduction of share capital when the related shares are issued. When shares and warrants are issued together as units the proceeds are allocated between common share and share purchase warrants on a pro-rata basis based on relative fair values at the date of issuance. The fair value of common shares is based on the market closing price on the date the units are issued and the fair value of share purchase warrants is determined using the Black-Scholes Option Pricing Model as of the date of issuance. When compensation options are issued to agents who refer investors to the Company, their fair value is determined using the Black-Scholes Option Pricing Model as of the date of issuance. The fair value of compensation options is recorded as a reduction of share capital as share issue costs.

3. Summary of Significant Accounting Policies (Continued)

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve or share capital. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

Income taxes

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period, adjusted for amendments if any, to tax payable from previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established, where appropriate, on the basis of amounts expected to be paid to tax authorities.

Deferred tax is calculated based on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Financial instruments

Recognition, classification and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL"). Financial assets are recognized in the

3. Summary of Significant Accounting Policies (Continued)

statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its amounts receivable, trade payables and other liabilities and loan payable as financial assets and financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. Cash was measured at FVTPL.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivatives are carried at fair value and are reported as assets when they have a positive fair value and as liabilities when they have a negative fair value. Changes in the fair values of derivative financial instruments are reported in profit or loss. The Company does not have any derivatives for the years presented.

Impairment of financial assets
The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

3. Summary of Significant Accounting Policies (Continued)

Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed.

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. Parties are also considered to be related if they are subject to common control. 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.

Accounting standards adopted effective February 1, 2018

Effective February 1, 2018, the following standards were adopted:

IFRS 9, *Financial Instruments – Classification and Measurement*

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 without restatement. 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, FVTOCI and 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.

(Expressed in Canadian dollars)

3. Summary of Significant Accounting Policies (Continued)

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

IFRS 15, *Revenue from Contracts with Customers:*

IFRS 15 provides a single, five-step model to be applied to all contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The standard requires an entity to recognize revenue that reflects the transfer of goods and services for the amount it expects to receive when control is transferred to the customer.

Effective February 1, 2018, the Company adopted IFRS 15 which supersedes IAS 18 - Revenue, IAS 11 – Construction Contracts, and other revenue-related interpretations. The Company used the cumulative effect method to adopt the new standard and has applied transitional relief to contracts completed before January 1, 2018. As a result of the practical expedient, no changes are made to the revenue recognized under the previous revenue standard as the Company has transferred all of the goods or services identified during the comparative period. The Company had no contracts with customers on the date of initial application, therefore there were no transitional adjustments upon adoption.

Effective for annual periods beginning on or after January 1, 2019

IFRS 16, *Leases*

IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. This standard sets out a new model for lease accounting. The Company plans to adopt this standard on February 1, 2019 and the Company expects to recognize right-of-use assets and lease liabilities pertaining to its leased office space.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods are outlined below.

- Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments and share-based payments, the valuation of all liability and equity instruments including stock options and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

Judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are outlined below.

- 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 fair value of the assets acquired.

- The Company has determined that the functional currency of the parent company is the Canadian dollar. The functional currency of IBAT USA, Inc. has been determined to be the U.S. dollar based on mind and management in the United States, operating costs and budget in U.S dollars and expectation of future revenues in U.S. dollars.

- Significant judgment is involved in evaluating whether milestone performance share payments in the acquisition of SAL were probable of being achieved at the time of acquisition and how to account for them in an asset acquisition. The Company recognizes the fair value of contingently issuable shares and has classified it as equity. Contingently issuable shares are measured at fair value based on management's best estimate of the probability of the attainment of specified milestones. Changes in management's estimate of the probability of achieving the specified milestones could have a material impact on the valuation of the contingently issuable shares.

- Management has accounted for the warrants issued in relation to its royalty agreement (Note 5) as a signing incentive and has recorded their value as a share-based compensation expense due to uncertainty of future royalty revenues.

(Expressed in Canadian dollars)

4. Significant Accounting Judgments, Estimates and Assumptions (Continued)

- These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

5. Lithium Extraction Technology Asset Purchase

On April 12, 2018, the Company closed an asset purchase agreement with North American Lithium Inc. ("NAL") and SAL, a company formerly controlled by shareholders of NAL, pursuant to which the Company acquired (i) NAL's data, analysis and reports related to lithium extraction from oilfield brines for petro-lithium extraction projects for consideration of US$875,000 cash and (ii) 100% of the outstanding shares of SAL, which holds intellectual property for consideration of up to 25,309,488 common shares of the Company (the "Acquisition"). As part of the exchange, the Company granted a 5% gross profits royalty to NAL.

The 25,309,488 in share-based consideration for the acquisition is in the form of performance shares 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 12, 2018)	4,700,000
Shares on SAL and the Company filing three U.S. or foreign patent applications with respect to intellectual property	4,000,000
Shares on SAL the Company filing three additional patents with respect to intellectual property	5,536,496
Shares on SAL the Company filing three additional patents with respect to intellectual property	5,536,496
Shares upon the Company completing either of the following: one or more private placement 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 (issued on November 7, 2018)	5,536,496

During the year ended January 31, 2019, the Company applied deferred acquisition costs of $703,277, inclusive of an initial cash payment of US$575,000, to the asset purchase and the balance of the US$875,000 consideration for the Acquisition being $459,025 (US $350,000) was paid. The Company issued 4,700,000 common shares with a fair value of $2,256,000 on the date of closing the acquisition.

(Expressed in Canadian dollars)

5. Lithium Extraction Technology Asset Purchase (Continued)

The remaining shares are contingently issuable and their fair value was estimated using a probability-weighted analysis based on the probability of achieving the Milestones. The resulting valuation was recorded as obligation to issue shares of $3,201,185. On November 7, 2018, the Company issued 5,536,496 Milestone shares and transferred $2,657,734 from obligation to issue shares to share capital.

The Company incurred an additional $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, valued at $48,000. As at January 31, 2019, the Company has yet to issue these shares and has recorded an obligation to issue shares of $48,000.

The Acquisition was considered an acquisition of assets 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.

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

		Total
Purchase price:		
Performance shares	$	2,256,000
Shares contingently issuable on achieving milestones		3,201,185
Finder's fee		98,000
Transaction costs		1,162,302
	$	6,717,487
Net assets acquired:		
Intellectual property	$	6,717,487
	$	6,717,487

In November 2018, the Company entered into licensing agreements with Ensorcia Metals Corporation ("Ensorcia") and its wholly-owned subsidiaries, Sorcia Minerals LLC ("Sorcia") and Ensorcia Argentina LLC ("EAL") whereby the Company issued lithium extraction technology licenses to Sorcia and EAL in exchange for a six percent royalty (6%) on the gross sales price of all products produced and sold, less selling costs, using the Licensed Technology and a ten percent (10%) common membership interest in Sorcia and EAL. As a signing incentive, the Company issued 1,000,000 common share purchase warrants valued at $103,512 to Ensorcia for the agreement with Sorcia (note 10) which were expensed as a share-based payment expense to obtain a contract.

The investments in Sorcia and EAL are accounted for as investments carried at FVTPL. As the entities are shell holding companies, their fair value at initial recognition and January 31, 2019 are $nil.

6. Intangible Assets

On April 12, 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 $6,717,487. During the year ended January 31, 2019, the Company recorded amortization of $542,920 based on an estimated useful life of 10 years.

(Expressed in Canadian dollars)

7. Exploration and Evaluation Properties

The Company did not incur any exploration and evaluation expenditures during the year ended January 31, 2019.

The Company's exploration and evaluation properties expenditures for the year ended January 31, 2018 were as follows:

	Bygoo Tin Property	Woodbury Property	Total
ACQUISITION COSTS	$	$	$
Balance, January 31, 2017	-	-	-
Additions	389,574	100	389,674
Impairment write-down	(389,574)	(100)	(389,674)
Balance, January 31, 2018 and 2019	**-**	**-**	**-**
EXPLORATION AND EVALUATION COSTS			
Balance, January 31, 2017	-	-	-
Additions	10,700	-	10,700
Impairment write-down	(10,700)	-	(10,700)
Balance, January 31, 2018 and 2019	**-**	**-**	**-**
Total	**-**	**-**	**-**

Bygoo Tin Property

On May 24, 2017 the Company entered an option agreement, subsequently amended, with BeiSur OstBarat Agency Ltd. ("BOAL"). BOAL holds an option to earn a 51% undivided interest, with an option to acquire up to a further 25% interest in the Bygoo Tin Project (the "Property"), located in New South Wales, Australia. BOAL's interest in the Property is subject to an underlying agreement between BOAL and Riverston Tin Pty Ltd. ("Riverston").

During the year ended January 31, 2018, the Company paid $230,780 (AUD $228,000), reimbursed expenses of $108,974, and issued 150,970 shares valued at $49,820 as option payments.

During the year ended January 31, 2018, the Company defaulted on its option on this property. Accordingly, the property was written down to $nil.

7. Exploration and Evaluation Properties (Continued)

Woodbury Property

On July 24, 2017 the Company entered into an Option and Purchase and Sale Agreement with Woodbury Resources, LLC and Bi-Petro, Inc. whereby the Company had an option to purchase the oil and gas leases located primarily in Cumberland and Jasper Counties, Illinois. The Company paid $100 as an option payment.

The Company's option of the Woodbury property expired on December 24, 2017. Accordingly, the property was written down to $nil.

8. Loan 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 unit warrants (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. For the year ended January 31, 2019 the Company accrued interest of $4,077 (2018 - $6,667).

The Company has fair valued the cost of the special unit 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 year ended January 31, 2019, the Company recorded an accretion expense of $134,795 (2018 - $65,205) related to this debt.

The principle balance of the loan was repaid on April 17, 2018 and as at January 31, 2019 the principal balance was $nil (2018 - $71,872). A remaining balance of $10,932 of accrued interest is included in trade payables and other liabilities.

9. Share Capital

Authorized

Authorized share capital: an unlimited number of common shares with no par value.

Share Issuances

For the year ended January 31, 2019

a) The Company issued 2,319,300 common shares on the exercise of 2,319,300 warrants for proceeds of $1,119,036. 1,719,300 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 $433,212 using the Black-Scholes Option Pricing Model.

b) The Company issued 605,000 common shares on the exercise of 605,000 options for proceeds of $199,650.

c) On April 12, 2018, the Company issued 4,700,000 common shares for the Acquisition (Note 5) with a value of $2,256,000.

d) On April 13, 2018, the Company closed the first tranche of a non-brokered private placement, 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 half common share purchase warrant, with each whole warrant exercisable to purchase one additional common at an exercise price of $0.70 per share for a period of two years. The fair value of the warrants was $326,744 and was calculated using the Black-Scholes Option Pricing Model. The Company incurred share issuance costs of $58,499 associated with the financing.

e) 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 whole warrant exercisable to purchase one additional common share at an exercise price of $0.70 per share for a period of two years. The fair value of the warrants was determined using the Black-Scholes Option Pricing Model, as a result the Company recorded $629,000 in reserves. The Company incurred $317,562 in share issuance costs.

9. Share Capital (Continued)

As consideration for the services provided, a broker received finder's fees of 100,000 common shares valued at $42,000. The Company also granted 300,000 special unit warrants valued using the Black Scholes model at $109,547. Each special unit warrant will be exercisable at $0.35 for a period of 24 months from the date of issuance into one common share and one share purchase warrant. Each share purchase warrant will be exercisable to acquire an additional common share for 24 months from the date of issuance of the special unit warrant at a price of $0.35 per share.

In addition, 620,000 compensation options were granted and valued using the Black Scholes model at $226,403. 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.

f) On May 15, 2018, the Company closed the second tranche a 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 consisted of one common share and one half of one non-transferable share purchase warrant. Each whole 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 and the Company determined the value of these incentive warrants to be $82,000 using the Black-Scholes Option Pricing Model. In addition, the Company paid a finder's fee of $1,400.

g) On November 7, 2018, 5,536,496 shares were issued pursuant to the achievement of a milestone per the Acquisition (Note 5) and $2,657,734 was transferred from obligation to issue shares to share capital.

For the year ended January 31, 2018

a) The Company issued 4,549,500 common shares for warrants exercised for proceeds of $837,375. A value of $171,794 was transferred from reserves to share capital on exercise of warrants.

b) The Company issued 370,000 common shares for options exercised for proceeds of $83,000. A value of $73,630 was transferred from reserves to share capital on exercise of options.

(Expressed in Canadian dollars)

9. Share Capital (Continued)

c) On October 16, 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 valued at $123,200 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 1.56%; and expected life of 2 years. The value was allocated to the units using the relative fair value method resulting in a value allocation of $0.07/share and $0.19/warrant. The broker warrants were valued at $0.77/warrant.

d) On September 14, 2017, the Company issued 65,000 common shares for services valued at $0.35 per share for a total cost of $22,750.

e) On August 17, 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 1.25%; 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 valued at $0.33 per share as part of the consideration for the Bygoo Tin Property (Note 7) at a value of $49,820 and 3,000 common shares valued at $990 as a share-based payment for services performed on the transaction.

Weighted average breakdown

Per share amounts

	2019	2018
	$	**$**
Weighted average number of shares outstanding:		
Issued common shares as at February 1	26,987,530	16,849,760
Effect of common shares issued during the period	13,081,920	3,916,815
	40,069,450	20,766,575
Loss per share – basic and diluted	(0.13)	(0.14)

(Expressed in Canadian dollars)

10. Reserves

Stock options

The Company adopted a stock option plan (the "Plan") which provides eligible directors, officers, employees and consultants of the Company with the opportunity to acquire an ownership interest in the Company and is the basis for the Company's long-term incentive scheme. The Plan is administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. The maximum number of common shares issuable under the Plan shall not exceed 10% of the number of common shares of the Company issued and outstanding as of each award date, inclusive of all common shares reserved for issuance pursuant to previously granted stock options. The exercise price of options granted under the Plan will not be less than the closing market price of the Company's common shares on the exchange. The options have a maximum term of ten years from date of issue and vesting is determined by the Board.

The following table summarizes information regarding stock options outstanding and exercisable as at January 31, 2018:

Exercise price	Expiry date	Number of options outstanding and exercisable	Weighted-average remaining contractual life (years)
$0.35	May, 10 2020	620,000	1.27
$0.36	March, 8 2021	600,000	2.13
$0.33	June, 30 2022	95,000	3.41
$0.62	October, 23 2022	820,000	3.73
$0.45	January 12, 2023	50,000	3.95
$0.19	August 28, 2023	2,800,000	4.58
Total		**4,985,000**	**2.35**

During the year ended January 31, 2019, the Company granted 4,020,000 (2018 - 2,100,000) stock options to directors, employees and a broker with a total fair value of $948,939 (2018 - $1,069,997). The options vested immediately. As a result, the Company recognized a total of $722,536 (2018 - $1,069,997) in share-based payments for the options granted during the year and $226,403 (2018 - $nil) in share issuance costs.

During the year ended January 31, 2019, 330,000 (2018 – nil) stock options expired; as a result, reserves decreased by $121,548 (2018 - $nil).

(Expressed in Canadian dollars)

10. Reserves (Continued)

Warrants

As of January 31, 2019, share purchase warrants were outstanding as follows:

Exercise price	Expiry date	Balance January 31, 2018	Exercised	Granted	Expired, Cancelled or Forfeited	Balance January 31, 2019
$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	April 9, 2019		-	500,000	-	500,000
$0.70	April 13, 2020	-	-	1,596,777	-	1,596,777
$0.70	May 10, 2020	-	-	3,100,000	-	3,100,000
$0.70	May 15, 2020	-	-	400,000	-	400,000
$0.75	May 30, 2020	-	-	1,719,300	-	1,719,300
$0.16	November 7, 2020	-	-	1,000,000	-	1,000,000
Total		**6,364,800**	**(1,819,300)**	**8,316,077**	**(1,105,500)**	**11,756,077**

As at January 31, 2019, the weighted-average remaining contractual life of warrants outstanding is 1.14 years and the weighted average exercise price is $0.60.

As at January 31, 2019, 300,000 special unit warrants were outstanding (2018 - 500,000). Each special unit warrant outstanding at January 31, 2019 is exercisable at $0.35 for a period of 24 months from the date of issuance into one common share and one share purchase warrant. Each underlying share purchase warrant will be exercisable to acquire an additional common share for 24 months from the date of issuance of the special unit warrant at a price of $0.35 per share.

On November 8, 2018, the Company entered into a licensing agreement with Ensorcia and its wholly-owned subsidiary, Sorcia (Note 5). As consideration for entering into the licensing agreement, the Company issued to Ensorcia 1,000,000 common share purchase warrants exercisable for two years from January 1, 2019 at an exercise price of $0.163 per share. The warrants had a grant date fair value of $0.10 per warrant, or $103,512, determined using the Black-Scholes Options Pricing Model, and were recorded to share-based payment expense.

(Expressed in Canadian dollars)

10. Reserves (Continued)

Stock option and warrant transactions are summarized as follows:

	Warrants		Options	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding, January 31, 2017	5,755,000	0.20	340,000	0.10
Granted	5,159,300	0.52	2,100,000	0.45
Exercised	(4,549,500)	0.18	(370,000)	0.22
Expired	-	-	(170,000)	0.10
Outstanding, January 31, 2018	6,364,800	0.47	1,900,000	0.46
Granted	8,316,077	0.63	4,020,000	0.24
Exercised	(1,819,300)	0.51	(605,000)	0.33
Expired	(1,105,500)	0.25	(330,000)	0.36
Outstanding and exercisable, January 31, 2019	11,756,077	0.60	4,985,000	0.31

Fair value determination

Fair values were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2019		2018	
	Options	Warrants	Options	Warrants
Risk-free interest rate	1.77 - 2.25%	1.79 – 2.32 %	1.77 - 2.14%	1.79 – 2.04 %
Expected volatility	204 - 223%	130 - 260%	93 - 224%	162 - 260%
Expected life (years)	2.00 - 5.00	2.00	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.

(Expressed in Canadian dollars)

11. Related Party Transactions

Key management personnel compensation and other related party transactions

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

	For the year ended January 31, 2019 $	For the year ended January 31, 2018 $
Management fees, salaries and benefits (1)	546,342	178,837
Directors' fees (1)	51,000	30,000
Severance (1)	105,414	-
Retirement compensation (2)	40,000	-
Share-based compensation	722,536	613,699
	1,465,292	822,536

(1) Included in management fees, salaries and benefits under general and administrative expense.
(2) Included in consulting fees under general and administrative expense.

During the year ended January 31, 2019, other related party transactions consisted of the following:

- $16,000 in consulting fees paid to related parties, included in consulting fees under general and administrative expense;
- $124,500 in advertising and promotion fees paid to a related party, included in advertising and promotion expense; and
- $50,000 in cash finder's fees paid and $48,000 obligation to issue shares to a related party for the acquisition of SAL (note 5), capitalized to intangible assets as finder's fees.

Due from/to related parties

At January 31, 2019, $28,607 (2018 - $56,482) was due to related parties and is included in trade payables and accrued liabilities. The amounts were unsecured, non-interest bearing and due on demand.

At January 31, 2019, the Company has an obligation to issue 100,000 shares valued at $48,000 to an entity controlled by the Chief Financial Officer of the Company as part of the finders' fees related to the acquisition of SAL (note 5).

12. Commitments

On December 1, 2017, the Company entered into a lease agreement for office space. Under the terms of the lease, the Company is required to pay $5,492 per month commencing December 1, 2017 and continuing to February 27, 2020. Remaining minimum non-cancelable lease payments by fiscal year are 2020: $65,904 and 2021: $5,492, totaling $71,396.

(Expressed in Canadian dollars)

13. Income Taxes

Provision for income taxes

The provision (recovery) for income taxes differs from the amount that would have resulted by applying the combined Canadian federal and provincial statutory tax rates.

	For the year ended January 31, 2019 $	For the year ended January 31, 2018 $
Loss before income taxes	(5,346,297)	(2,969,969)
Expected income tax recovery	(1,444,000)	(780,000)
Change in statutory, foreign exchange rates and other	217,000	25,000
Permanent differences	222,000	288,000
Share issuance cost	(113,000)	(12,000)
Change in unrecognized deductible temporary differences	1,118,000	479,000
Income tax recovery	-	-

Deferred tax balances

The significant components of the Company's unrecorded deferred tax assets are as follows:

	As at January 31, 2019 $	As at January 31, 2018 $
Non-capital loss carryforward	1,630,000	633,000
Exploration and evaluation properties	173,000	173,000
Debt with accretion	-	(35,000)
Share issue costs	91,000	14,000
	1,903,000	785,000
Unrecognized deferred tax assets	(1,903,000)	(785,000)
Net deferred tax assets	-	-

As at June 30, 2018, the Company had non-capital tax loss carryforwards in Canada of $5,358,000 which can be applied to reduce future Canadian taxable income and will expire between 2030 and 2039. In addition, the Company had net operating tax loss carryforwards in the United States of $870,000 (USD$662,000) which can be applied to reduce future U.S. taxable income and will expire in 2039.

(Expressed in Canadian dollars)

14. General and Administrative Expenses

	For the year ended January 31, 2019 $	**For the year ended January 31, 2018 $**
Amortization of property, plant and equipment	-	219
Bank charges and interest	4,312	3,318
Consulting fees (Note 11)	920,281	524,662
Filing fees	58,552	34,960
Foreign exchange loss	18,970	3,853
Management fees, salaries and benefits (Note 11)	732,436	30,000
Meals and entertainment	10,638	11,044
Office and miscellaneous	58,862	(1,607)
Professional fees	907,642	193,993
Rent	86,810	8,200
Share-based compensation (Note 10, 11)	826,048	1,093,737
Travel	69,156	8,551
	3,693,707	1,910,930

(Expressed in Canadian dollars)

15. Supplemental Disclosures with Respect to Cash Flows

	For the year ended January 31, 2019 $	For the year ended January 31, 2018 $
Cash paid during the year for interest	-	-
Allocation of unit proceeds to warrants	1,037,744	638,819
Fair value of special unit warrants issued for finders' fees	109,547	123,200
Shares issued for mineral property	-	49,820
Allocation of deferred acquisition costs to intangible asset	703,277	-
Fair value of shares issued for acquisition (Note 5)	2,256,000	-
Fair value of contingently issuable shares for acquisition (Note 5)	3,201,185	-
Agent compensation warrants issued as finders' fees	226,403	-
Value of expired warrants transferred to share capital	105,765	-
Value of expired options transferred to deficit	121,548	-
Warrants and options exercised to share capital	623,606	-
Finders' warrants	542,759	-
Obligation to issues shares on acquisition	48,000	-
Contingently issuable shares on acquisition	543,451	

16. Capital Risk Management

The Company manages its capital structure and makes adjustments to it to effectively support the development and acquisition of technologies extraction and processing of lithium from various sources, as well as the acquisition of lithium resource properties. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficit and reserves.

The Company is dependent on external financing to fund its activities. In order to carry out the planned development and acquisitions and pay for general administrative costs, the Company will be using its existing working capital and will raise additional amounts as needed. The Company will continue to develop and acquire new technology if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended January 31, 2019. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

(Expressed in Canadian dollars)

17. Financial Instruments and Risk Management

Categories of financial instruments

	January 31, 2019	January 31, 2018
FINANCIAL ASSETS	**$**	$
FVTPL, at fair value		
Cash	410,835	231,346
Other assets, at amortized cost		
Amounts receivable	77,640	24,895
Total financial assets	488,475	256,241
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade payables and other liabilities	507,548	165,404
Loans payable	-	71,872
Total financial liabilities	507,548	237,276

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

The fair value of financial assets and financial liabilities at amortized cost is determined based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the consolidated financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments. Cash is measured using level 1 of the fair value hierarchy.

17. Financial Instruments and Risk Management (Continued)

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and amounts receivable. The Company manages its credit risk relating to cash by dealing only with high-rated financial institutions as determined by rating agencies. As at January 31, 2019, amounts receivable of $77,640 (2018 - $24,895) are comprised of Goods and Services Tax and Harmonized Sales Tax. As a result, credit risk is considered insignificant. The Company does not consider any of its financial assets to be impaired.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The table below summarizes the maturity profile of the Company's financial liabilities at January 31, 2019 and 2018:

As at January 31, 2019	**On demand**	**Less than 1 year**	**Total**
	$	$	$
Trade payables	130,216	-	130,216
Accrued liabilities	377,332	-	377,332
Total liabilities	507,548	-	507,548

As at January 31, 2018	**On demand**	**Less than 1 year**	**Total**
	$	$	$
Trade payables	110,404	-	110,404
Accrued liabilities	55,000	-	55,000
Loans payable (principal outstanding)	-	71,872	71,872
Total liabilities	165,404	71,872	237,276

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and the U.S. dollar will affect the Company's operations and financial results. The operating results and financial position of the Company are reported in Canadian dollars.

As at January 31, 2019, if the value of the Canadian dollar had strengthened or weakened by 5% against the U.S. dollar, with all other variables held constant, comprehensive loss would have been approximately $3,000 lower or higher respectively.

Other risks

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate risk and commodity price risk arising from financial instruments.

18. Segmented Information

The Company has a single reportable segment, the acquisition and development of advanced technology focused on Lithium brine extraction from oil field brines for petro lithium extraction projects. All non-current assets are domiciled in the United States.