International Battery Metals Ltd.

Consolidated Financial Statements
(Expressed in Canadian dollars)
January 31, 2020

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, 2020 and 2019, 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, 2020 and 2019, 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 $2,374,599 for the year ended January 31, 2020 and, as of that date, the Company's accumulated deficit was $10,903,251. 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.

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

June 24, 2020

International Battery Metals Ltd.
Consolidated Statements of Financial Position
As at January 31, 2020 and 2019
(Expressed in Canadian dollars)

	Note		2020		2019
ASSETS					
Current assets					
Cash	19	$	393,224	$	410,835
Amounts receivable	5, 19		8,643		77,640
Prepaid expenses			4,606		76,968
Total current assets			406,473		565,443
Intangible assets	6, 7		5,502,820		6,174,567
Right-of-use assets	8		5,303		-
Deferred acquisition costs	9		238,032		-
		$	6,152,628	$	6,740,010
LIABILITIES					
Current liabilities					
Trade payables and other liabilities	10, 11, 19	$	640,427	$	507,548
Lease liability	8, 19		5,572		-
Derivative liability	13, 19		1,087,855		-
Total current liabilities			1,733,854		507,548
Shareholders' equity					
Share capital	12		12,109,277		11,001,633
Obligation to issue shares	6, 14		591,451		591,451
Reserves	13		2,633,546		3,960,345
Deficit			(10,903,251)		(9,313,674)
Accumulated other comprehensive income			(12,249)		(7,293)
			4,418,774		6,232,462
		$	6,152,628	$	6,740,010

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 21)

Approved and Authorized by the Board on June 24, 2020:

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

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

International Battery Metals Ltd.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended January 31, 2020 and 2019
(Expressed in Canadian dollars)

	Note		2020		2019
Expenses					
Advertising and promotion	14	$	158,308	$	970,798
Amortization of intangible asset	7		671,747		542,920
General and administrative	8, 14, 16		1,644,013		3,693,707
Operating loss			(2,474,068)		(5,207,425)
Change in fair value of derivative liability	13		59,318		-
Finance costs	8, 19		(4,042)		(134,795)
Other income	10, 14		44,193		-
Loan interest	10		-		(4,077)
Loss for the year			(2,374,599)		(5,346,297)
Other comprehensive income (loss)					
Foreign currency translation adjustments			(4,956)		(7,293)
Loss and comprehensive loss for the year		$	(2,379,555)	$	(5,353,590)
Loss per share, basic and diluted	12	$	(0.04)	$	(0.13)
Weighted average number of common shares outstanding	12		53,731,223		40,069,450

International Battery Metals Ltd.
Consolidated Statements of Cash Flows
For the years ended January 31, 2020 and 2019
(Expressed in Canadian dollars)

Cash provided by (used in)		**2020**		**2019**
Cash flows used in operating activities				
Loss for the year	$	(2,374,599)	$	(5,346,297)
Non-cash transactions:				
Share-based payments		-		826,048
Unrealized foreign exchange		397		-
Finance costs		4,042		134,795
Accrued interest on loan payable		-		4,265
Depreciation expense		63,645		-
Amortization of intangible asset		671,747		542,920
Change in fair value of derivative liability		(59,318)		-
Changes in operating assets and liabilities:				
Amounts receivable		68,997		(52,745)
Prepaid expenses		72,362		(53,360)
Trade payables and other liabilities		185,380		331,212
Net cash used in operating activities		(1,367,347)		(3,613,162)
Cash flows used in investing activities				
Deferred acquisition costs		(238,428)		-
Intangible assets		-		(509,025)
Net cash used in investing activities		(238,428)		(509,025)
Cash flows from financing activities				
Proceeds from issuance of shares and units		1,731,331		4,886,430
Share issuance costs		(70,791)		(377,461)
Principal payments on lease liability		(67,419)		-
Repayment of loan payable		-		(200,000)
Net cash provided from financing activities		1,593,121		4,308,969
Increase (decrease) in cash		(12,654)		186,782
Effect of foreign exchange rate changes on cash		(4,957)		(7,293)
Cash, beginning of year		410,835		231,346
Cash, end of year	$	393,224	$	410,835

Supplemental Disclosures with Respect to Cash Flows (Note 17)

International Battery Metals Ltd.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended January 31, 2020 and 2019
(Expressed in Canadian dollars)

	Common shares	Share capital	Reserves	Obligation to issue shares	Deficit	Accumulated other comprehensive income	Total equity
		$	$	$	$	$	$
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
Shares issued for	-	-	-	-	-		
Private placements	12,579,287	1,731,331	-	-	-	-	1,731,331
Share issue costs – cash	-	(70,791)	-	-	-	-	(70,791)
Settlement	350,000	52,500	-	-	-	-	52,500
Reallocation of warrants to derivative liability	-	(1,147,173)	-	-	-	-	(1,147,173)
Warrants expired	-	541,777	(541,777)	-	-	-	-
Options expired	-	-	(785,022)	-	785,022	-	-
Foreign currency translation	-	-	-	-	-	(4,956)	(4,956)
Loss for the year	-	-	-	-	(2,374,599)	-	(2,374,599)
Balance at January 31, 2020	63,371,166	12,109,277	2,633,546	591,451	(10,903,251)	(12,249)	4,418,774

1. Nature and Continuance of Operations

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

The Company's head office is located at 625 Howe Street, Suite 1140, Vancouver, British Columbia, V6C 2T6 and the Company's registered and records office is located at located at 595 Burrard Street, Suite 2600, Three Bentall Centre, Vancouver, British Columbia V6C 1A5.

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 $2,374,599 for the year ended January 31, 2020 and as of that date the Company's accumulated deficit was $10,903,251. 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 Board of Directors on June 24, 2020.

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 comparatives, 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").

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, Inc. ("SAL") (Note 6).

3. Summary of Significant Accounting Policies (continued)

Basis of consolidation (continued)

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.

Deferred acquisition costs

Costs related to the acquisition of equipment are deferred until such time that the Company obtains control over the equipment.

Foreign currency

The functional and presentation currency of the Company and SAL 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

3. Summary of Significant Accounting Policies (continued)

USA, Inc., is the United States 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).

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.

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 issuance 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 issuance costs. When a warrant is forfeited or expires, the initial value recorded is reversed from reserves and credited to share capital.

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

3. Summary of Significant Accounting Policies (continued)

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. Over the vesting period, share-based payments are recorded as an operating expense and as reserves. When options are exercised, the consideration received is recorded as share capital and the related share-based payments originally recorded as reserves are transferred to share capital. When an option is forfeited or expires, the initial recorded value is reversed from reserves and credited to deficit.

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 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.

3. Summary of Significant Accounting Policies (continued)

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 lease 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 issued warrants exercisable in a currency other than the Company’s functional currency and as a result, these warrants are derivative financial instruments.

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.

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.

3. Summary of Significant Accounting Policies (continued)

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, 2019

IFRS 16 'Leases' ("IFRS 16")

Effective February 1, 2019, the Company adopted IFRS 16 which supersedes IAS 17 Leases ("IAS 17"). The Company has applied the new standard using the modified retrospective approach with no restatement of comparative periods. There were no adjustments to deficit as a result of adoption.

On adoption of IFRS 16, the Company recognized a right of use asset and lease liability of $68,948 in relation to a lease which had previously been classified as operating under IAS 17. The liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 10% at February 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company applied the following practical expedients when adopting IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied the exemption not to recognize right-of-use assets and liabilities for leases where the lease term ends within 12 months of the date of initial application;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight to determine the lease term where contracts contain options to extend or terminate the lease.

Under IFRS 16, the Company is required to assess the classification of a sublease with reference to the right-of-use asset, not the underlying asset. The Company has one sublease whereby the Company subleases a portion of its lease on a month-to-month basis. The sublease has been accounted for as an operating lease and rent payments are recognized as other income. On transition to IFRS 16, the Company did not recognize any lease assets or liabilities as its operating leases had a remaining term of less than 12 months from the date of initial application.

Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

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.

- The Company has determined that intangible asset costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets is determined using estimates relating to the useful life of the intangible asset.

- The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and derivative liabilities. The valuation techniques require the input of subjective assumptions including expected price volatility, interest rate, forfeiture rate, dividend yield and expected life. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

- The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

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.

- Critical judgment is involved in determining whether there are any indications of impairment for the intangible assets and may require significant measurement uncertainty.

(Expressed in Canadian dollars)

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

- The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. The Company has determined that the functional currency of the parent company and SAL is the Canadian dollar. The functional currency of its subsidiary, IBAT USA, Inc., has been determined to be the United States dollar.

- 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 6) as a signing incentive and has recorded their value as a share-based compensation expense due to uncertainty of future royalty revenues.

- 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. Amounts Receivable

	January 31, 2020	January 31, 2019
Other receivables	$ 132	$ -
GST receivable	8,511	77,640
	$ 8,643	$ 77,640

6. 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 also granted a 5% gross profits royalty to NAL.

(Expressed in Canadian dollars)

6. Lithium Extraction Technology Asset Purchase (continued)

The 25,309,488 in share-based consideration for the acquisition is in the form of milestone shares ("Milestone 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 and the Company filing three additional patents with respect to intellectual property	5,536,496
Shares on SAL and 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.

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 Milestone 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. As at January 31, 2020, the Company has an obligation to issue Milestone shares of $543,451 (2019 – $543,451).

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 (Note 14). As at January 31, 2020 the Company has yet to issue these shares and has recorded an obligation to issue shares of $48,000 (2019 - $48,000) (Note 14).

The acquisition of SAL was considered an acquisition of assets for accounting purposes. The total cost allocated to the intellectual property acquired is as follows:

		Total
Performance shares	$	2,256,000
Shares contingently issuable on achieving milestones		3,201,185
Finder's fee		98,000
Transaction costs		1,162,302
Total cost capitalized to intangible assets	$	6,717,487

(Expressed in Canadian dollars)

6. Lithium Extraction Technology Asset Purchase (continued)

In November 2018, the Company entered into licensing agreements as amended 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 to use Extraction Systems manufactured by the Company 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. The agreements can be terminated by the Company if the first extraction system is not installed or operational by June 30, 2021. 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 13) 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, 2020 and 2019 are $nil.

7. Intangible Assets

On April 12, 2018, upon completion of the Acquisition (Note 6), the Company acquired certain intellectual property (the "Intellectual Property"), from the shareholders of SAL. A continuity of the Company's intangible assets is as follows:

		Intellectual Property		Total
Cost				
Balance, January 31, 2018	**$**	-	**$**	-
Additions		6,717,487		6,717,487
Balance, January 31, 2019 and January 31, 2020	**$**	6,717,487	**$**	6,717,487
Accumulated Amortization				
Balance, January 31, 2018	$	-	$	-
Amortization		542,920		542,920
Balance, January 31, 2019		542,920		542,920
Amortization		671,747		671,747
Balance, January 31, 2020	**$**	**1,214,667**	**$**	**1,214,667**
Net Book Value				
At January 31, 2019	**$**	**6,174,567**	**$**	**6,174,567**
At January 31, 2020	**$**	**5,502,820**	**$**	**5,502,820**

(Expressed in Canadian dollars)

8. Leases

The Company's lease liability consists of a single lease for office space. The lease has imputed interest rate of 10% per annum and expires in February 2020.

Lease assets		**January 31, 2020**
At February 1, 2019	$	68,948
Depreciation expense		(63,645)
At January 31, 2020	$	5,303

At January 31, 2020, the Company's lease liability related to office leases is as follows:

Lease liability		**January 31, 2020**
Current portion	$	5,572
Long-term portion		-
Total lease liability	$	5,572

At January 31, 2020, the Company is committed to minimum lease payments as follows:

Maturity analysis		**January 31, 2020**
Less than one year	$	5,572
Total undiscounted lease liabilities	$	5,572

The adoption of IFRS 16 had the following impact for the year ended January 31, 2020:

Amounts recognized in profit or loss		**January 31, 2020**
Interest on lease liabilities	$	4,042
Income from sub-leasing right-of-use asset		42,700
Expenses relating to short-term leases		21,768

Amounts recognized in the statement of cash flows		**January 31, 2020**
Interest paid	$	4,042
Principal payments on lease liabilities		67,419
Expenses relating to short-term leases		21,768
Total cash outflows for leases	$	93,229

9. Deferred Acquisition Costs

On September 26, 2019, the Company, through its wholly owned subsidiary, entered into an agreement to purchase a reserve osmosis desalination system. Under the terms of the agreement, the Company is required to pay a total of US $450,577 (CAD $595,832). As at January 31, 2020, the Company had paid US $180,000 (CAD $238,032) which is included in deferred acquisition costs. The remaining balance of US $270,577 (CAD $357,800) is due in fiscal 2021.

(Expressed in Canadian dollars)

10. 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, 2020 the Company accrued interest of $Nil (2019 - $4,077).

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 one year. The value of the warrants was applied as a discount to the loan and amortized over the term of the debt. During the year ended January 31, 2020, the Company recorded a finance costs expense of $Nil (2019 - $134,795) related to this debt.

The principal balance of the loan was repaid on April 17, 2018 and as at January 31, 2020 the principal balance was $Nil (2019 - $Nil). A remaining balance of $10,932 (2019 - $10,932) of accrued interest is included in trade payables and other liabilities.

11. Trade Payables and Other Liabilities

	January 31, 2020	January 31, 2019
Trade payables	$ 545,857	$ 130,033
Accrued liabilities	94,570	377,515
	$ 640,427	$ 507,548

12. Share Capital

Authorized

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

Share Issuances

For the year ended January 31, 2020

a) On August 23, 2019, Company closed the first tranche of its private placement and issued 3,333,334 units at $0.105 USD per unit (approximately $0.14 CAD per unit) for proceeds of $350,000 USD ($465,774 CAD). Each unit consisted of one common share and one warrant. Each warrant is exercisable to purchase one common share at a price of $0.105 USD (approximately $0.14 CAD) per share for a period of two years. The fair value of the warrants was $290,614 and was calculated using the Black-Scholes Option Pricing Model. The Company incurred share issuance costs of 8,447 associated with the financing.

12. Share Capital (continued)

b) On September 19 and September 23, 2019, the Company closed a portion of the second tranche of its private placement and issued 3,333,332 units at $0.105 USD per unit (approximately $0.14 CAD per unit) for proceeds of $350,000 USD ($463,811 CAD). Each unit consisted of one common share and one warrant. Each warrant is exercisable to purchase one common share at a price of $0.105 USD (approximately $0.14 CAD) per share for a period of two years. The fair value of the warrants was $358,245 and was calculated using the Black-Scholes Option Pricing Model.

c) On November 7, 2019, the Company issued 350,000 common shares with a fair value of $52,500 in a settlement with a former director (Note 14).

d) On December 13, 2019, the Company closed the remaining portion of the second tranche of its private placement and issued 3,000,000 units at $0.103 USD per unit (approximately $0.137 CAD per unit) for proceeds of $309,000 USD ($406,928 CAD). Each unit consisted of one common share and one warrant. Each warrant is exercisable to purchase one common share at a price of $0.103 USD (approximately $0.137 CAD) per share for a period of two years. The fair value of the warrants was $216,477 and was calculated using the Black-Scholes Option Pricing Model.

e) On January 22, 2020, the Company closed the remaining portion of the second tranche of its private placement and issued 2,912,621 units at $0.103 USD per unit (approximately $0.137 CAD per unit) for proceeds of $309,000 USD ($394,817 CAD). Each unit consisted of one common share and one warrant. Each warrant is exercisable to purchase one common share at a price of $0.103 USD (approximately $0.137 CAD) per share for a period of two years. The fair value of the warrants was $281,837 and was calculated using the Black-Scholes Option Pricing Model.

For the year ended January 31, 2019

f) 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.

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

h) On April 12, 2018, the Company issued 4,700,000 common shares for the Acquisition (Note 6) with a value of $2,256,000.

i) 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.

(Expressed in Canadian dollars)

12. Share Capital (continued)

i) 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.

j) 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. 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.

k) 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.

l) On November 7, 2018, 5,536,496 shares were issued pursuant to the achievement of a milestone per the Acquisition (Note 6) and $2,657,734 was transferred from obligation to issue shares to share capital.

Weighted average breakdown

Per share amounts

For the year ended January 31,	**2020**	**2019**
	$	**$**
Weighted average number of shares outstanding:		
Issued common shares as at February 1	50,441,879	26,987,530
Effect of common shares issued during the year	3,289,344	13,081,920
	53,731,223	40,069,450
Loss per share – basic and diluted	(0.04)	(0.13)

(Expressed in Canadian dollars)

13. Reserves

Stock options

The Company has 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.

During the year ended January 31, 2020, 2,130,000 stock options were forfeited due the departure of directors the Company. As a result, the original share-based payment expense of $785,022 (2019 - $105,765) was reversed from reserves and credited to deficit.

The following table summarizes information regarding stock options outstanding and exercisable as at January 31, 2020:

Exercise price	Expiry date		Number of options outstanding and exercisable	Weighted-average remaining contractual life (years)
$0.35	May 10, 2020	*	620,000	0.27
$0.36	March 8, 2021		225,000	1.10
$0.33	June 30, 2022		50,000	2.41
$0.62	October 23, 2022		330,000	2.73
$0.45	January 12, 2023		50,000	2.95
$0.19	August 28, 2023		1,400,000	3.57
Total			**2,675,000**	**2.46**

* Expired subsequent to January 31, 2020

13. Reserves (continued)
Warrants

As of January 31, 2020, share purchase warrants were outstanding as follows:

Exercise price	Expiry date		Number of warrants outstanding and exercisable	Weighted average remaining life (years)
$0.40	April 9, 2020	*	500,000	0.19
$0.70	April 13, 2020	*	1,596,777	0.20
$0.70	May 10, 2020	*	3,100,000	0.27
$0.70	May 15, 2020	*	400,000	0.29
$0.75	May 30, 2020	*	1,719,300	0.33
$0.16	November 7, 2020		1,000,000	0.77
$0.14	August 23, 2021		3,333,334	1.56
$0.14	September 19, 2021		2,857,142	1.63
$0.14	September 23, 2021		476,190	1.65
$0.14	December 13, 2021		3,000,000	1.87
$0.14	January 22, 2022		2,912,621	1.98
Total			**20,895,364**	**1.18**

*Expired subsequent to January 31, 2020

As all of the warrants issued during the year ended January 31, 2020 were in a currency other than the Company's functional currency, these warrants have been accounted for as a derivative liability.

During the year ended January 31, 2020, 3,440,000 warrants expired. As a result, $541,777 (2019 - $121,548) was reversed from reserves and credited to share capital.

During the year ended January 31, 2019, the Company issued 1,000,000 common share purchase warrants valued at $103,512 to Ensorcia for the agreement with Sorcia (Note 6) which were expensed as a share-based payment expense to obtain a contract.

As at January 31, 2020, 300,000 special unit warrants were outstanding and exercisable (January 31, 2019 - 300,000). Each special unit warrant outstanding at January 31, 2020 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. Subsequent to January 31, 2020, the special unit warrants expired on May 10, 2020.

Derivative liability

The Company's derivative liability arises as a result of the issuance of warrants exercisable in United States dollars. As the denomination is different from the Canadian dollar functional currency, the Company recognizes a derivative liability for these warrants and remeasures the liability at the end of each reporting period using the Black-Scholes option pricing model.

(Expressed in Canadian dollars)

13. Reserves (continued)

A reconciliation of the changes in the derivative liability during the period is as follows:

Balance, January 31, 2019	-
Recognition upon issuance	1,147,173
Change in fair value	(59,318)
Balance, January 31, 2020	**1,087,855**

Stock option and warrant transactions are summarized as follows:

	Warrants		**Options**	
	Number	**Weighted average exercise price $**	**Number**	**Weighted average exercise price $**
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, January 31, 2019	11,756,077	0.60	4,985,000	0.31
Granted	12,579,287	0.14	-	-
Exercised	-	-	-	-
Expired or Forfeited	(3,440,000)	0.52	(2,310,000)	0.31
Outstanding and exercisable, January 31, 2020	20,895,364	0.34	2,675,000	0.30

Fair value determination

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

	2020		**2019**	
	Options	**Warrants**	**Options**	**Warrants**
Risk-free interest rate	-	1.33 – 1.74%	1.77 - 2.25%	1.79 – 2.32 %
Expected volatility	-	122 - 133%	204 - 223%	130 - 260%
Expected life (years)	-	2.00	2.00 - 5.00	2.00
Expected dividend yield	-	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)

14. 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, 2020 $	For the year ended January 31, 2019 $
Management fees, salaries and benefits (1)	562,526	546,342
Directors' fees (1)	55,000	51,000
Severance (1)	12,140	105,414
Retirement compensation (2)	-	40,000
Share-based compensation	-	722,536
	629,666	1,465,292

(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, 2020, other related party transactions consisted of the following:

- Included in advertising and promotion expense is $97,500 paid to a former director with $45,000 paid in cash and the remainder settled through the issuance of 350,000 common shares with a fair value of $52,500 (Note 12c).
- Included in other income is $12,000 of rental revenue earned from Ovation Science Inc., a company with a common CFO and directors;
- 2,310,000 stock options were forfeited due to the departure of directors of the Company.

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

- Included in advertising and promotion expense is $124,500 paid to a former director;
- Included in general and administrative expense is $16,000 in consulting fees paid to a former director;
- $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 6), capitalized to intangible assets as finder's fees.

Due from/to related parties

At January 31, 2020, $48,492 (2019 - $28,607) was due to directors and former directors and is included in trade payables and accrued liabilities. The amounts were unsecured, non-interest bearing and due on demand.

At January 31, 2020, the Company has an obligation to issue 100,000 (2019 – 100,000) shares valued at $48,000 (2019 – $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 6).

(Expressed in Canadian dollars)

15. 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, 2020 $	For the year ended January 31, 2019 $
Loss before income taxes	(2,374,599)	(5,346,297)
Expected income tax recovery	(641,000)	(1,444,000)
Change in statutory, foreign exchange rates and other	30,000	217,000
Permanent differences	148,000	222,000
Share issuance cost	(19,000)	(113,000)
Change in unrecognized deductible temporary differences	482,000	1,118,000
Income tax recovery	-	-

Deferred tax balances

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

	As at January 31, 2020 $	As at January 31, 2019 $
Non-capital loss carryforward	1,914,000	1,630,000
Exploration and evaluation properties	173,000	173,000
Intangible assets	209,000	-
Share issue costs	89,000	100,000
	2,385,000	1,903,000
Unrecognized deferred tax assets	(2,385,000)	(1,903,000)
Net deferred tax assets	-	-

As at January 31, 2019, the Company had non-capital tax loss carryforwards in Canada of $6,015,000 which can be applied to reduce future Canadian taxable income and will expire between 2030 and 2040. In addition, the Company had net operating tax loss carryforwards in the United States of $1,379,000 (USD $1,043,000) which can be applied to reduce future U.S. taxable income and will expire in between 2039 and 2040.

(Expressed in Canadian dollars)

16. General and Administrative Expenses

	For the year ended January 31, 2020 $	For the year ended January 31, 2019 $
Bank charges and interest	6,422	4,312
Consulting fees (Note 14)	546,502	920,281
Depreciation	63,645	
Filing fees	32,280	58,552
Foreign exchange loss	7,928	18,970
Management fees, salaries and benefits (Note 14)	677,258	732,436
Meals and entertainment	3,556	10,638
Office and miscellaneous	28,966	58,862
Professional fees	255,688	907,642
Rent	21,768	86,810
Share-based compensation (Note 13, 14)	-	826,048
Travel	-	69,156
	1,644,013	3,693,707

17. Supplemental Disclosures with Respect to Cash Flows

	For the year ended January 31, 2020 $	For the year ended January 31, 2019 $
Allocation to derivative liability	1,147,173	-
Initial recognition of right-of-use assets	68,948	-
Allocation of unit proceeds to warrants	-	1,037,744
Fair value of shares issued for settlement (Note 12 and 14)	52,500	-
Fair value of special unit warrants issued for finders' fees	-	109,547
Allocation of deferred acquisition costs to intangible asset	-	703,277
Fair value of shares issued for acquisition (Note 6)	-	2,256,000
Fair value of contingently issuable shares for acquisition (Note 6)	-	3,201,185
Agent compensation warrants issued as finders' fees	-	226,403
Value of expired warrants transferred to share capital	541,777	105,765
Value of expired options transferred to deficit	785,022	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

(Expressed in Canadian dollars)

18. 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, 2020. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

19. Financial Instruments and Risk Management

Categories of financial instruments

	January 31, 2020 $	January 31, 2019 $
FINANCIAL ASSETS		
FVTPL, at fair value		
Cash	393,224	410,835
Other assets, at amortized cost		
Amounts receivable	132	-
Total financial assets	393,356	410,835
FINANCIAL LIABILITIES		
FVTPL, at fair value		
Derivative liability	1,087,855	
Other liabilities, at amortized cost		
Trade payables and other liabilities	640,427	507,548
Lease liability	5,572	-
Total financial liabilities	1,733,854	507,548

19. Financial Instruments and Risk Management (Continued)

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. Derivative liability is measured at level 3 of the fair value hierarchy. The financial asset portion of amounts receivable does not include amounts due from a government agency as it is a statutory (not contractual) obligation.

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, 2020, amounts receivable of $8,511 are due from a government agency. 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 encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity by raising capital through the issuance of equity. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. The Company is exposed to liquidity risk.

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, 2020, 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 $2,000 lower or higher respectively.

19. Financial Instruments and Risk Management (Continued)

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.

20. 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.

21. Subsequent Events

COVID-19
The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

The Company has been delayed in finalizing the engineering and the sourcing of equipment and fabricators to build the initial mobile extraction unit for deployment in South America. As a result, the current proposed build of the Extraction System is expected to be delayed. These delays resulted in the Company agreeing to extend the Ensorcia Licensing agreement until June 30, 2021 due to the various issues, delays, and problems created by the coronavirus. Outside of the delays in financing, engineering, and construction of the Company's first Extraction System caused by the coronavirus, there are no known specific trends likely to affect or impact the Company, including trends in the Company's market(s) or political/regulatory trends.