ADVANTAGE LITHIUM CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JULY 31, 2017 AND 2016

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Advantage Lithium Corp.

We have audited the accompanying consolidated financial statements of Advantage Lithium Corp., which comprise the consolidated statements of financial position as at July 31, 2017 and July 31, 2016, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended July 31, 2017 and July 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Advantage Lithium Corp. as at July 31, 2017 and July 31, 2016, and its financial performance and its cash flows for the years ended July 31, 2017 and July 31, 2016 in accordance with International Financial Reporting Standards.

"D&H Group LLP"

Vancouver, B.C.
November 27, 2017

Chartered Professional Accountants

ADVANTAGE LITHIUM CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	July 31, 2017 $	July 31, 2016 $
ASSETS			
Current assets			
Cash		16,470,165	1,976,132
Amounts receivable		4,358	-
GST receivable		168,875	11,970
Prepaid expenses		166,802	833
Total current assets		16,810,200	1,988,935
Non-current assets			
Investment	5	338,606	-
Property, plant and equipment	6	83,269	-
Exploration and evaluation assets	7	39,114,820	100,000
Deferred share issue costs	8(b)(i)	-	10,750
Total non-current assets		39,536,695	110,750
TOTAL ASSETS		56,346,895	2,099,685
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	490,070	122,406
TOTAL LIABILITIES		490,070	122,406
SHAREHOLDERS' EQUITY			
Share capital	8	65,279,861	2,355,280
Share-based payments reserve		6,088,912	782,318
Share subscriptions received	8(b)(i)	-	1,264,500
Accumulated other comprehensive income		12,826	-
Deficit		(15,524,774)	(2,424,819)
TOTAL SHAREHOLDERS' EQUITY		55,856,825	1,977,279
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		56,346,895	2,099,685

Nature of Operations - see Note 1

Events after the Reporting Period - see Note 14

These consolidated financial statements were approved for issue by the Board of Directors on November 27, 2017 and are signed on its behalf by:

*/s/ **David Sidoo***
David Sidoo
Director

*/s/ **Nick DeMare***
Nick DeMare
Director

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

ADVANTAGE LITHIUM CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended July 31, 2017 $	2016 $
Expenses			
Accounting and administrative	9(b)	97,530	40,300
Advertising and promotion		275,469	-
Audit		25,673	11,750
Charitable donations		35,000	-
Conferences		57,005	-
Corporate development		129,700	-
Corporate finance fees and financial advisory services		462,000	-
Depreciation	6	2,175	-
Directors and officers compensation	9(a)	1,356,004	27,500
General exploration	9(a)	166,957	20,482
Insurance		11,900	-
Legal		298,118	90,364
Office		82,444	3,215
Professional fees	9(a)	293,066	96,631
Public relations		1,811,064	-
Regulatory fees		63,990	8,877
Rent		4,753	-
Salaries and benefits		27,620	-
Share-based compensation	8(e)	3,712,562	411,648
Shareholder costs		22,763	2,943
Transfer agent		24,305	6,254
Travel, meals and accommodation		523,919	27,953
		9,484,017	747,917
Loss before other items		(9,484,017)	(747,917)
Other items			
Interest income		100,904	10,805
Foreign exchange loss		(255,286)	(362)
Impairment	7	(3,461,556)	(129,090)
		(3,615,938)	(118,647)
Net loss for the year		(13,099,955)	(866,564)
Other comprehensive income		12,826	-
Comprehensive loss for the year		(13,087,129)	(866,564)
Loss per share - basic and diluted		$(0.17)	$(0.04)
Weighted average number of common shares outstanding		77,747,460	23,540,356

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

ADVANTAGE LITHIUM CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

	Year Ended July 31, 2017						
	Share Capital						
	Number of Shares	Amount $	Share-Based Payments Reserve $	Share Subscriptions Received $	Accumulated Other Comprehensive Income $	Deficit $	Total Equity $
Balance at July 31, 2016	24,102,990	2,355,280	782,318	1,264,500	-	(2,424,819)	1,977,279
Common shares issued for:							
- private placements	51,223,900	29,099,390	-	(1,264,500)	-	-	27,834,890
- share options exercised	1,277,500	382,825	-	-	-	-	382,825
- finders' warrants exercised	462,984	115,746	-	-	-	-	115,746
- exploration and evaluation assets	57,994,097	36,114,993	-	-	-	-	36,114,993
Share issue costs	-	(3,248,134)	1,093,793	-	-	-	(2,154,341)
Transfer on exercise of share options	-	246,788	(246,788)	-	-	-	-
Transfer on exercise of finders' warrants	-	212,973	(212,973)	-	-	-	-
Share-based compensation on:							
- share options	-	-	3,712,562	-	-	-	3,712,562
- warrants issued for exploration and evaluation assets	-	-	960,000	-	-	-	960,000
Unrealized gain on investment	-	-	-	-	12,826	-	12,826
Net loss for the year	-	-	-	-	-	(13,099,955)	(13,099,955)
Balance at July 31, 2017	135,061,471	65,279,861	6,088,912	-	12,826	(15,524,774)	55,856,825

	Year Ended July 31, 2016					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Share Subscriptions Received $	Deficit $	Total Equity $
Balance at July 31, 2015	23,291,990	2,273,193	392,307	-	(1,558,255)	1,107,245
Common shares issued for cash:						
- share options exercised	100,000	24,900	-	-	-	24,900
- finder's warrants exercised	711,000	35,550	-	-	-	35,550
Share subscriptions received	-	-	-	1,264,500	-	1,264,500
Transfer on exercise of share options	-	16,813	(16,813)	-	-	-
Transfer on exercise of finder's warrants	-	4,824	(4,824)	-	-	-
Share-based compensation	-	-	411,648	-	-	411,648
Net loss for the year	-	-	-	-	(866,564)	(866,564)
Balance at July 31, 2016	24,102,990	2,355,280	782,318	1,264,500	(2,424,819)	1,977,279

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

ADVANTAGE LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended July 31, 2017 $	Year Ended July 31, 2016 $
Operating activities		
Net loss for the year	(13,099,955)	(866,564)
Adjustments for:		
Depreciation	2,175	-
Share-based compensation	3,712,562	411,648
Impairment of exploration and evaluation assets	3,461,556	129,090
Changes in non-cash working capital items:		
Amounts receivable	(2,438)	-
GST receivable	(156,905)	(11,090)
Prepaid expenses	(165,969)	-
Accounts payable and accrued liabilities	187,744	116,462
Net cash used in operating activities	(6,061,230)	(220,454)
Investing activities		
Expenditures on exploration and evaluation assets	(6,494,842)	(229,090)
Additions to property, plant and equipment	(92,943)	-
Proceeds on disposal of exploration and evaluation assets	930,593	-
Net cash used in investing activities	(5,657,192)	(229,090)
Financing activities		
Issuance of common shares	28,333,461	60,450
Share subscriptions received	-	1,264,500
Share issue costs	(2,143,591)	(10,750)
Cash acquired on acquisition	22,585	-
Net cash provided by financing activities	26,212,455	1,314,200
Net change in cash during the year	14,494,033	864,656
Cash at beginning of year	1,976,132	1,111,476
Cash at end of year	16,470,165	1,976,132

Supplemental cash flow information - Note 12

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

1. Nature of Operations

The Company was incorporated under the laws of the Province of British Columbia on March 1, 2007. On July 5, 2016 the Company changed its name from North South Petroleum Corp. to Advantage Lithium Corp. The Company's common shares currently trade on the TSX Venture Exchange ("TSXV") under the symbol "AAL" and on the OTCQB under the symbol "AVLIF". The Company's registered and records office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company was considered to be a capital pool company by the TSXV and its common shares traded on the NEX Board of the TSXV. On August 30, 2016 the Company completed its Qualifying Transaction and met the requirements to be listed as a TSXV Tier 2 resource company engaged in the acquisition and exploration of unproven lithium mineral interests. Effective May 30, 2017 the Company's tier classification was upgraded from Tier 2 to Tier 1, the Company having met the requirements for a Tier 1 company.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of lithium properties. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations and conduct planned exploration programs on its existing exploration and evaluation assets for the next twelve months, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future. These consolidated financial statements do not reflect any adjustments related to conditions that occurred subsequent to July 31, 2017.

2. Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise stated.

Details of the Group

In addition to the Company, these consolidated financial statements include all subsidiaries. Subsidiaries are all entities over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

2. Basis of Preparation (continued)

Details of the Group

In addition to the Company, these consolidated financial statements include all subsidiaries. Subsidiaries are all entities over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

As at July 31, 2017 the subsidiaries of the Company are as follows:

Company	Location of Incorporation	Ownership Interest
Advantage Lithium Inc.	USA	100%
South American Salars Minerals Pty. Ltd. ("SAS Australia") (inactive)	Australia	100%
South American Salars S.A. ("SAS Argentina")	Argentina	100%

3. Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

(iii) Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

(iv) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

3. Summary of Significant Accounting Policies (continued)

(v) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 10.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Depreciation expense is allocated based on assumed useful life of property, plant and equipment. Should the useful life differ from the initial estimate, an adjustment would be made in the statement of operations.

(ii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

(iii) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

(iv) The assessment of any impairment of exploration and evaluation assets, and property, plant and equipment is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. As a result of this assessment, in fiscal 2017 management recorded an impairment charge of $3,461,556 (2016 - $129,090) on its exploration and evaluation assets. See also Note 7.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at July 31, 2017 and 2016 the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as loans and receivable. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

3. Summary of Significant Accounting Policies (continued)

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

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.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that an exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets, at a rate of 20% - 33% for office and field equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

3. Summary of Significant Accounting Policies (continued)

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Impairment of Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate and amount or timing of the underlying cash flows needed to settle the obligation. As at July 31, 2017 and 2016 the Company does not have any decommissioning obligations.

Financial Instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive income (loss). Cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amounts receivable are classified as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. Investments in common shares are classified as available-for-sale.

3. Summary of Significant Accounting Policies (continued)

Transaction costs associated with financial assets at FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. At July 31, 2017 and 2016 the Company has not classified any financial liabilities as fair value through profit or loss.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive income (loss), except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity. In this case the income tax is also recognized in other comprehensive income (loss) or directly in equity, respectively.

3. Summary of Significant Accounting Policies (continued)

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss Per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

3. Summary of Significant Accounting Policies (continued)

Comparative Figures

Certain of the prior fiscal year's comparative figures have been reclassified to conform with the current fiscal year's presentation.

Accounting Standards and Interpretations Issued but Not Yet Effective

As at the date of these consolidated financial statements, the following standards have not been applied in these financial statements:

(i) The completed version of IFRS 9, *Financial Instruments*, was issued in July 2014. The completed standard provides for revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. The new hedging guidance that was issued in November 2013 is incorporated into this new final standard. This final version of IFRS 9 will be effective for periods beginning on or after January 1, 2018, with early adoption permitted.

(ii) IFRS 15, *Revenue from Contracts with Customers*, outlines the principles for recognizing revenue from contracts with customers. The new standard establishes a new five-step model for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new standard is effective for annual periods beginning on or after January 1, 2018, and is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

(iii) IFRS 16, *Leases*, specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

Management is currently assessing the impact of these new standards on the Company's accounting policies and consolidated financial statement presentation.

4. Acquisition

On March 16, 2017 the Company, Orocobre Limited ("Orocobre") and Miguel Alberto Peral ("Peral") entered into a purchase agreement (the "Purchase Agreement") to acquire an initial 50% interest in the Cauchari Project, with an option to earn a further 25% interest, and a 100% interest in five other lithium brine projects (the "Argentine Properties"), located in the northern provinces of Jujuy, Salta and Catamarca in Argentina. The Purchase Agreement superceded prior letters of intent. On March 28, 2017 the Company completed the Purchase Agreement and issued a total of 54,500,000 common shares of the Company, at a fair value of $33,790,000, and 3,000,000 warrants, at a fair value of $960,000, and acquired a 100% interest in the issued and outstanding common shares of SAS Australia (the "Acquisition"). Each warrant entitles the holder to purchase an additional common share of the Company, at a price of $1.00 per share, expiring March 28, 2019. The fair value of the warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate of 0.74%; estimated volatility of 120%; expected life of 2 years; expected dividend yield of 0%; and estimated forfeiture rate of 0%.

SAS Australia owns 100% of the issued and outstanding shares of SAS Argentina which owns the Cauchari Project and the Argentine Properties.

(Expressed in Canadian Dollars)

4. Acquisition (continued)

The Company paid a finder's fee of $66,746 (US $50,000) cash and issued 150,000 common shares of the Company, at a fair value of $93,000, for total consideration of $159,746. The Company also incurred $185,350 for legal, filing and other transaction costs associated with the Acquisition.

The Acquisition was accounted for as an acquisition of the net assets of SAS Australia, as follows:

	$
Common shares issued	33,790,000
Warrants issued	960,000
Finder's fee	159,746
Transaction costs incurred	185,350
Advances to SAS Australia prior to acquisition	136,000
Acquisition cost	35,231,096

The acquisition cost was generally allocated to the individual identifiable assets and liabilities on the basis of their relative fair value at the date of purchase. The results of operations were recorded from the effective date of purchase.

Cost of the net assets acquired consists of:

	$
Net working capital	74,977
Exploration and evaluation assets	35,156,119
Net assets acquired	35,231,096

On closing of the Acquisition, two directors of Orocobre were appointed as directors of the Company and Peral was also appointed as a director of the Company.

5. Investment

	As at July 31, 2017			
	Number	Cost $	Accumulated Unrealized (Loss) Gain $	Carrying Value $
Common shares - LSC Lithium Corporation ("LCS")	256,520	325,780	12,826	338,606

During fiscal 2017 the Company received 256,520 LSC common shares from the assignment of the Santa Rita Option to LSC. See also Note 7(a).

(Expressed in Canadian Dollars)

6. Property, Plant and Equipment

	Office Equipment $	Field Equipment $	Total $
Cost:			
Balance at July 31, 2016	-	-	-
Additions	10,709	82,234	92,943
Balance at July 31, 2017	10,709	82,234	92,943
Accumulated Depreciation:			
Balance at July 31, 2016	-	-	-
Depreciation	(232)	(9,442)	(9,674)
Balance at July 31, 2017	(232)	(9,442)	(9,674)
Carrying Value:			
Balance at July 31, 2016	-	-	-
Balance at July 31, 2017	10,477	72,792	83,269

7. Exploration and Evaluation Assets

	July 31, 2017			July 31, 2016		
Property	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Argentina						
Cauchari Project	29,606,691	1,797,967	31,404,658	-	-	-
Argentine Properties	5,906,361	-	5,906,361	-	-	-
United States						
Clayton NE	447,702	1,356,099	1,803,801	17,500	-	17,500
Jackson Wash	-	-	-	17,500	-	17,500
Aquarius	-	-	-	17,500	-	17,500
Gemini	-	-	-	17,500	-	17,500
Neptune	-	-	-	17,500	-	17,500
Water Permit	-	-	-	12,500	-	12,500
	35,960,754	3,154,066	39,114,820	100,000	-	100,000

7. Exploration and Evaluation Assets (continued)

	Argentina			United States						Mexico	
	Cauchari Project $	Argentine Properties $	Stella Marys $	Clayton NE $	Jackson Wash $	Aquarius $	Gemini $	Neptune $	Water Rights $	Radius $	Total $
Balance at July 31, 2015	-	-	-	-	-	-	-	-	-	-	-
Acquisition costs											
Option payments	-	-	-	17,500	17,500	17,500	17,500	17,500	12,500	-	100,000
Balance at July 31, 2016	-	-	-	17,500	17,500	17,500	17,500	17,500	12,500	-	100,000
Exploration costs											
Assay analysis	3,151	-	-	141,116	9,548	-	-	-	-	-	153,815
Consulting	36,359	-	-	36,861	19,958	12,426	3,241	2,764	32,308	-	143,917
Depreciation	7,499	-	-	-	-	-	-	-	-	-	7,499
Drilling	635,737	-	-	697,998	355,588	-	-	116,318	-	-	1,805,641
Field support	747,435	-	-	-	-	-	-	-	-	-	747,435
Geological	81,141	-	-	253,802	96,649	10,523	4,719	39,807	-	-	486,641
Geophysical	-	-	-	61,005	54,225	1,545	48	95	-	-	116,918
Other	3,947	-	-	4,463	1,620	1,180	703	1,064	84	-	13,061
Land survey	-	-	-	44,755	-	5,840	4,250	-	-	-	54,845
Legal	-	-	-	7,175	1,280	3,254	45	45	101,889	-	113,688
Project management	-	-	-	87,681	34,021	3,692	1,379	11,289	10,838	15,223	164,123
Salaries and benefits	257,238	-	-	-	-	-	-	-	-	-	257,238
Rent / utilities	-	-	-	19,032	2,129	1,329	202	6,139	-	-	28,831
Travel	25,460	-	-	2,211	2,213	1,771	1,771	2,214	-	-	35,640
	1,797,967	-	-	1,356,099	577,231	41,560	16,358	179,735	145,119	15,223	4,129,292
Acquisition costs											
Issuance of common shares for:											
- Acquisition	28,124,611	5,665,389	-	-	-	-	-	-	-	-	33,790,000
- option payments	-	-	498,000	234,242	229,962	199,377	199,377	368,151	142,411	260,000	2,131,520
- finder's fees	77,407	15,593	-	17,583	17,583	17,583	17,583	17,583	12,559	-	193,474
Warrants issued for Acquisition	799,042	160,958	-	-	-	-	-	-	-	-	960,000
Cash payments for:											
- option payments	-	-	794,915	87,500	87,500	87,500	87,500	87,500	62,500	75,000	1,369,915
- finder's fees / related costs	209,827	42,267	64,858	10,059	9,902	7,992	7,992	15,574	5,710	-	374,181
Claims staking and purchases	681	11,789	1,979	80,818	74,029	43,793	41,828	89,734	-	34,228	378,879
Other	395,123	10,365	-	-	-	-	-	-	-	-	405,488
	29,606,691	5,906,361	1,359,752	430,202	418,976	356,245	354,280	578,542	223,180	369,228	39,603,457
Disposal	-	-	(1,256,373)	-	-	-	-	-	-	-	(1,256,373)
Impairment	-	-	(103,379)	-	(1,013,707)	(415,305)	(388,138)	(775,777)	(380,799)	(384,451)	(3,461,556)
Balance at July 31, 2017	31,404,658	5,906,361	-	1,803,801	-	-	-	-	-	-	39,114,820

7. Exploration and Evaluation Assets (continued)

(a) ***Argentina***

Cauchari Project and Argentine Properties

On March 28, 2017 the Company completed the Acquisition, as described in Note 4, and acquired an initial 50% interest in the Cauchari Project and a 100% interest in the Argentine Properties. The Company may increase its interest in the Cauchari Project by a further 25% by spending US $5,000,000 in exploration or completing a feasability study.

Orocobre retains a 1% gross revenue royalty on the Cauchari Project and Argentine Properties, and has a right of first refusal on brine production (and may enter into an offtake agreement in respect of such production).

Stella Marys Project

On September 8, 2016 the Company entered into a letter of intent (the "Santa Rita LOI") with Minera Santa Rita S.R.L. ("Minera Santa Rita") over the Stella Marys Project, located in Salta Province, Argentina. On October 28, 2016 the Company and Minera Santa Rita signed a definitive agreement (the "Santa Rita Option") under which the Company could acquire a 100% interest in the Stella Marys Project by making total cash payments of US $1,250,000 and issuance of a total of 1,500,000 common shares of the Company on or before September 20, 2017. The Company had made cash payments totalling US $600,000 and issued 600,000 common shares at a fair value of $498,000.

The Company also agreed to pay a finder's fee , calculated at a maximum of up to approximately $176,500, the actual amounts payable only upon cash payments and share issuances made. The Company has paid $64,858.

On June 2, 2017 the Company completed an assignment of the Santa Rita Option to LSC and the Company received cash payments totalling $930,593 for reimbursement of all option payments and related costs previously paid by the Company in connection with the Santa Rita Option. In addition the Company also received 256,520 common shares of LSC, at a fair value of $325,780, and a 2% royalty (the "Stella Marys Royalty") on the brine concentrate produced from the Stella Marys Project and has reached an agreement in principal with Orocobre to reduce the Stella Marys Royalty to 0.5% in return for receiving a 0.5% royalty on the brine concentrate produced from the tenements purchased by LSC from Orocobre in the Salinas Grandes Salar, Argentina. Accordingly, during fiscal 2017 the Company recorded an impairment of $103,379 to reflect the difference between the total proceeds received and the carrying amount of the Stella Marys Project. LSC will make all further cash and finder's fee payments and reimburse the Company in LSC common shares for any further common share issuances made by the Company. See also Note 14(c).

(b) ***United States***

On June 16, 2016, as amended and extended, the Company entered into an agreement (the "Nevada Sunrise Agreement") with Nevada Sunrise Gold Corp. ("Nevada Sunrise") in which the Company paid a non-refundable deposit of $100,000 and was granted an option to earn working interests of up to 70% in three lithium exploration projects, known as Clayton Northeast, Jackson Wash and Aquarius, and 50% interests in two lithium properties, known as Gemini and Neptune (collectively the "Optioned Properties"), located in the Clayton Valley and Lida Valley regions of Nevada, USA, and an option to acquire the State of Nevada Water Permit 44411 (the "Water Permit").

Terms of the Nevada Sunrise Agreement were as follows:

(i) *Initial Option Consideration*

The Company could its interest in two stages, with the initial stage being up to a 51% working interest from Nevada Sunrise in the Jackson Wash, Clayton Northeast and Aquarius properties and a

7. Exploration and Evaluation Assets (continued)

50% working interest in the Gemini and Neptune properties by making the following cash and share payments to Nevada Sunrise and incurring exploration expenditures as follows:

- upon TSXV acceptance of the Nevada Sunrise Agreement (the "Effective Date") a cash payment of $500,000 (the "Cash Payment");
- issuing common shares of the Company (the "Consideration Shares") equal to 4.9% of the issued and outstanding common shares of the Company, such percentage to be calculated on the day following the completion of the next equity financing by the Company totalling not less than $2,000,000 (the "Issuance Date"). The Consideration Shares shall be issued to Nevada Sunrise on the Issuance Date;
- within 24 months of the Effective Date, completing minimum exploration expenditures of $1,500,000 on the Optioned properties (the "Initial Expenditures"), such Initial Expenditures to include claim maintenance fees for all of the Optioned Properties; and
- making all underlying tenure holding costs.

Subject to the above being completed the Company will have earned a 51% interest in each of the Jackson Wash, Clayton Northeast and Aquarius properties and a 50% working interest in each of the Gemini and Neptune properties. Thereafter, the Company would have the option to either form a joint venture with Nevada Sunrise in respect of the Optioned Properties, or to proceed with the Second Option.

(ii) *Second Option Consideration*

Upon exercising the Initial Option the Company would have the right to increase its interest in the Jackson Wash, Clayton Northeast and Aquarius projects to a 70% interest by completing, within 48 months of the Effective Date, exploration expenditures totalling $3,000,000 (which includes the Initial Expenditures). Thereafter, the parties would form a joint venture for the purposes of the further development of the Optioned Properties.

On August 29, 2016 the Company received all corporate and regulatory approvals to complete the transaction under the Nevada Sunrise Agreement, to which the Company:

(i) made the Cash Payment of $500,000 and issued 2,071,447 common shares of the Company, at a fair value of $1,139,296, as the Consideration Shares;
(ii) issued 182,680 common shares of the Company, at a fair value of $100,474, and paid $45,670 cash as a finder's fee; and
(iii) issued 239,970 common shares of the Company, at a fair value of $234,223 in lieu of 600,000 Nevada Sunrise shares pursuant to the Underlying Payments Obligation, The Company also paid finder's fees of $11,559.

During fiscal 2017 the Company met all of the requirements and obligations required under the Initial Option Consideration and earned its initial 51% interests in each of the Clayton Northeast, Jackson Wash and Aquarius properties.

In July 2017 the Company determined to surrender all interests in the Jackson Wash, Aquarius, Gemini and Neptune properties and formal notice was provided to Nevada Sunrise on August 11, 2017. Accordingly, the Company recorded an impairment charge of $2,592,927 in fiscal 2017 for all costs incurred on these properties.

As at July 31, 2017 the Company continued to maintain its earned 51% interest in the Clayton Northeast property and its option to increase the earned interest to a 70% interest. See also Note 14(b).

7. Exploration and Evaluation Assets (continued)

Under the terms of the Nevada Sunrise Agreement the Company is required to issue its common shares in lieu of Nevada Sunrise shares. The number of shares the Company must issue will be calculated at the time of each share issuance based on a formula utilizing the 20 day volume weighted average prices of the Company and Nevada Sunrise. See also Note 14(a).

Water Rights

Nevada Sunrise granted to the Company the option (the "Water Permit Option") to acquire a 100% interest in the Water Permit, exercisable for a period of 120 days after the later of the date that the Company exercises the Initial Option, and the date that the Nevada State Engineer approves the application to transfer the Place of Use and Point of Diversion of the Water Permit to the Aquarius property.

In order to maintain the Water Permit Option the Company is required to:

(i) make a total of US $1,175,000 Water Permit cash payments until the exercise of the Water Permit Option;
(ii) pay all legal and other costs associated with the application to transfer the Place of Use and Point of Diversion of the Water Permit; and
(iii) pay all legal and other costs required to maintain the Water Permit.

In order to exercise the Water Permit Option the Company shall pay to Nevada Sunrise an amount equal to the sum of:

(i) the Water Permit cash payments made by Nevada Sunrise prior to the grant of the Water Permit Option;
(ii) the value of the Water Permit share payments made by Nevada Sunrise before the exercise of the Water Permit Option (which shall be established by multiplying the number of Nevada Sunrise shares issued by the 20-day volume weighted average price immediately prior to the date such Water Permit share payments were made);
(iii) the legal and other costs incurred by Nevada Sunrise to acquire and make the application to transfer the location of the Water Permit; and
(iv) US $200,000, payable in cash or a calculated value in shares, at the Company's option (the "Water Permit Option Payment").

After exercise of the Water Permit Option, the Company shall be solely responsible for making all remaining Water Permit cash payments and Water Permit share payments.

On November 30, 2016 Nevada Sunrise and the Company were advised that the Nevada State Engineer issued a ruling of forfeiture against the Water Permit. Nevada Sunrise is appealing the ruling and the Company has the right to maintain the Water Permit Option, but will have no obligation to make any payments to maintain the Water Permit Option pending the decision of the courts. If Nevada Sunrise is successful in its appeal the Company can maintain the Water Permit Option by reimbursing Nevada Sunrise for all payments made to the vendor of the Water Permit, all legal costs, plus 20%. Due to the uncertainty of the outcome of the appeal process the Company has determined to record an impairment provision of $380,799 in fiscal 2017 for all costs incurred to date on the Water Permit.

(c) ***Mexico***

On September 12, 2016 the Company entered a letter of intent (the "Radius LOI") with Radius Gold Inc. ("Radius") pursuant to which the Company was granted an option to acquire up to 100% interests in each of three projects (the "Radius Projects") located in Chihauhau and Coahuila States, Mexico. Under the Radius LOI the Company issued 250,000 common shares, at a fair value of $260,000 and paid $75,000. The Company subsequently determined to focus its exploration efforts on its Argentine properties and, on April 11, 2017, the Company terminated the Radius LOI and wrote-off $384,451 exploration and evaluation costs in fiscal 2017.

7. Exploration and Evaluation Assets (continued)

(d) ***Other***

On May 12, 2016 the Company entered into a letter of intent (the "CVL LOI") with Lithium X Energy Corp. ("Lithium X") whereby the Company would acquire an option to earn a 50% interest in Lithium X's wholly-owned CVL South Lithium Property located in Clayton Valley, Nevada, USA. The Company paid an initial non-refundable deposit of $129,090 (US $100,000). On June 22, 2016 the CVL LOI was terminated and the Company wrote-off the $129,090 deposit in fiscal 2016.

8. Share Capital

(a) ***Authorized Share Capital***

The Company's authorized share capital consists of an unlimited number of common shares without par value and unlimited preferred shares without par value. All issued common shares are fully paid.

(b) ***Equity Financings***

Fiscal 2017

During fiscal 2017 the Company completed the following private placements:

(i) 16,100,000 common shares, at $0.25 per share, for gross proceeds of $4,025,000. As at July 31, 2016 the Company had received $1,264,500 on account of the private placement and incurred $10,750 share issue costs. The Company paid finders' fees totalling $279,040 and issued 1,082,560 finders' warrants associated with the private placement. Each finders' warrant entitles the holder to purchase one common share of the Company, at a price of $0.25 per share, expiring August 19, 2018. The fair value of the finders' warrants has been estimated to be $497,978 using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate of 0.55%, estimated volatility of 120%; expected life of two years; expected dividend yield of 0%; and estimated forfeiture rate of 0%.

Directors and officers of the Company and close family members purchased 536,000 common shares for $134,000. The Company incurred $33,344 for filing and other costs associated with this private placement.

(ii) 8,456,900 units of the Company, at $0.60 per unit, for gross proceeds of $5,074,140. Each unit comprised one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share of the Company, at a price of $0.75 per share, expiring October 29, 2018. The Company paid finders' fees totalling $200,598 and issued 334,330 finders' warrants associated with the private placement. Each finders' warrant entitles the holder to purchase one common share of the Company, at a price of $0.60 per share, expiring October 20, 2016. The fair value of the finders' warrants has been estimated to be $217,315 using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate of 0.56%, estimated volatility of 120%; expected life of two years; expected dividend yield of 0%; and estimated forfeiture rate of 0%.

Directors and officers of the Company and close family members purchased 389,000 units for $233,400. The Company incurred $25,696 for legal, filing and other costs associated with this private placement.

(iii) On February 17, 2017 the Company completed a private placement offering of 26,667,000 transferable subscription receipts ("Subscription Receipts") at a price of $0.75 per Subscription Receipt (the "Offering Price") to raise aggregate proceeds of $20,000,250 (the "Offering"). The Offering was led by Eight Capital and Canaccord Genuity Corp. (together the "Agents").

(Expressed in Canadian Dollars)

8. Share Capital (continued)

Each Subscription Receipt entitles the holder to receive one unit of the Company without payment of additional consideration or further action. Each unit comprises a share and half a warrant (the "Unit"), each whole warrant ("Warrant") exercisable for one additional share for 24 months after closing at $1.00 a share. In the event that the closing sale price of the Company's common shares on the TSXV is greater than $1.50 per share for a period of 20 consecutive trading days at any time after the Subscription Receipts are exchanged for Units, the Company may accelerate the expiry date of the Warrants by issuing a press release and in such case the Warrants will expire on the 30th day after the date on which such press release is issued.

The Agents were paid Agents' fees totalling $1,043,065 and also issued 1,131,896 compensation warrants (the "Agents' Compensation Warrants"). The Agents' Compensation Warrants entitle the Agents to subscribe for Units, exercisable at a price of $0.75 per Unit for a period of 24 months following the closing of the Offering. Other finders (the "Finders") were paid finders' fees totalling $154,185. The Finders were also issued 352,422 compensation warrants (the Finders' Compensation Warrants). The Finder's Compensation Warrants have the same terms as the Agents' Compensation Warrants. The fair values of the Agents' Compensation Warrants and the Finders' Compensation Warrants, using the Black-Scholes option pricing model, have been estimated to be $288,633 and $89,868 respectively. The assumptions used were: risk-free interest rate of 0.74%, estimated volatility of 120%; expected life of two years; expected dividend yield of 0%; and estimated forfeiture rate of 0%.

On March 17, 2017 the Company filed its final prospectus qualifying the Units and was issued the Final Receipt. On March 27, 2017 the Company completed the exchange of the Subscription Receipts into Units.

Directors and officers of the Company and close family members purchased 803,668 units for $602,751.

The Company incurred $418,412 for legal, filing and other costs associated with this private placement.

Fiscal 2016

No financing was conducted during fiscal 2016.

(c) *Compensation Warrants*

A summary of the Company's compensation warrants at July 31, 2017 and 2016 and the changes for the years ended on those dates is presented below:

	2017		2016	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	-	-	-	-
Issued:				
- Agents' Compensation Warrants	1,131,896	0.75		
- Finders' Compensation Warrants	352,422	0.75	-	-
Balance, end of year	1,484,318	0.75	-	-

As at July 31, 2017 there were 1,484,318 compensation warrants outstanding and exercisable at an exercise price of $0.75 per share, expiring March 28, 2019. See also Note 8(b)(iii).

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(d) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at July 31, 2017 and 2016 and the changes for the years ended on those dates, is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	-	-	-	-
Issued	21,978,838	0.91	-	-
Exercised	(462,984)	0.25	-	-
Balance, end of year	21,515,854	0.92	-	-

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at July 31, 2017:

Number	Exercise Price $	Expiry Date
619,576	0.25	August 19, 2018
4,228,450	0.75	October 20, 2018
334,330	0.60	October 20, 2018
16,333,498	1.00	March 28, 2019
21,515,854		

See also Note 14(d).

(e) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During fiscal 2017 the Company granted share options to purchase 7,575,000 (2016 - 1,761,000) common shares and recorded compensation expense of $3,644,562 (2016 - $411,648).

The fair value of share options granted and vested is estimated using the Black-Scholes option pricing model using the following assumptions:

	2017	2016
Risk-free interest rate	0.50% - 0.96%	0.41% - 0.73%
Estimated volatility	85% - 120%	64% - 120%
Expected life	3 years - 5 years	3 years - 5 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted during fiscal 2017 was $0.48 (2016 - $0.31) per share option.

(Expressed in Canadian Dollars)

8. Share Capital (continued)

During fiscal 2017 the Company repriced share options previously granted to purchase 1,050,000 common shares, from original exercise prices ranging from $0.82 to $1.02 per share to a revised exercise price of $0.50 per share. The fair value of share options repriced has been estimated using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate 0.72% - 0.75%; estimated volatility 87%; expected life 2.25 years - 2.5 years; expected dividend yield 0%; and estimated forfeiture rate 0%. The value assigned to the re-pricing of the share options was $68,000.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at July 31, 2017 and 2016 and the changes for the years ended on those dates, is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	2,228,500	0.36	967,500	0.27
Granted	7,575,000	0.64	1,761,000	0.37
Exercised	(1,277,500)	0.30	(100,000)	0.25
Expired	(1,305,000)	0.76	(133,333)	0.20
Forfeited	-	-	(266,667)	0.20
Balance, end of year	7,221,000	0.59	2,228,500	0.36

The following table summarizes information about the share options outstanding and exercisable at July 31, 2017:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
200,000	200,000	0.27	June 8, 2018
591,000	591,000	0.50	July 7, 2019
1,030,000	1,030,000	0.90	September 16, 2019
175,000	175,000	0.50	September 16, 2019
775,000	775,000	0.50	September 20, 2019
100,000	100,000	0.50	October 27, 2019
600,000	600,000	0.90	January 19, 2020
200,000	200,000	0.80	February 7, 2020
950,000	616,666	0.50	May 30, 2022
2,600,000	2,600,000	0.50	June 8, 2022
7,221,000	6,887,666		

See also Note 14(d).

(f) *Escrow Shares*

On July 16, 2007 the Company and certain of its shareholders entered into an escrow agreement (the "CPC Escrow Agreement"). As at July 31, 2017, 57,496 (2016 - 76,666) common shares remained held in escrow under the CPC Escrow Agreement.

(Expressed in Canadian Dollars)

8. Share Capital (continued)

On August 12, 2016 the Company and certain of its shareholders entered into an escrow agreement (the "Value Security Escrow Agreement") under which 3,651,000 common shares of the Company were placed in escrow. As at July 31 2017, 1,825,500 common shares remained held in escrow under the Value Security Escrow Agreement.

9. Related Party Disclosures

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's current and former Board of Directors and its executive officers.

(a) During fiscal 2017 and 2016 the following compensation was incurred:

	2017 $	**2016** $
Professional fees and salaries	1,494,795	32,500
Share-based compensation	1,666,000	85,284
	3,160,795	117,784

During fiscal 2017 the Company allocated the $1,494,795 (2016 - $32,500) professional fees and salaries based on the nature of the services provided: expensed $1,356,004 (2016 - $27,500) to directors and officers compensation; $36,245 (2016 - $5,000) to general exploration costs; and capitalized $102,546 (2016 - $nil) to exploration and evaluation assets. As at July 31, 2017, $60,696 (2016 - $20,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) During fiscal 2017 the Company incurred $92,800 (2016 - $40,300) for accounting and administration services provided by a private company owned by the Company's CFO. As at July 31, 2017, $14,500 (2016 - $16,500) remained unpaid and has been included in accounts payable and accrued liabilities.

During fiscal 2017 the Company also recorded $81,000 (2016 - $39,456) for share-based compensation for share options granted to the private company.

(c) During fiscal 2017 the Company paid a total of $23,993 to the spouse of a director of the Company of which $19,291 (2016 - $nil) was for legal services and $4,702 (2016 - nil) for rental of office space.

(d) During fiscal 2017 the Company incurred $35,592 (2016 - $nil) for equipment rental provided by a private company controlled by a director of the Company. As at July 31, 2017, $8,805 remains unpaid and has been included in accounts payable and accrued liabilities.

(e) See also Notes 4 and 8(b).

(Expressed in Canadian Dollars)

10. Income Taxes

Deferred income tax assets and liabilities of the Company as at July 31, 2017 and 2016 are as follows:

	2017 $	2016 $
Deferred income tax assets		
Loss carry forwards	5,128,300	442,329
Tax basis of exploration and evaluation assets in excess of tax basis	549,700	-
Other	615,700	44,065
	6,293,700	486,394
Valuation allowance	(6,293,700)	(486,394)
Net deferred income tax assets	-	-
Deferred income tax liabilities	-	-

The recovery of income taxes shown in the statements of comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes as follows:

	2017 $	2016 $
Income tax rate reconciliation		
Combined federal and provincial income tax rate	26%	26%
Expected income tax recovery	3,406,000	225,307
Non-deductible share-based compensation	(965,300)	(107,028)
Share issuance cost	115,500	3,501
Other	(2,400)	(199)
Effect of different income tax rates	265,000	-
Unrecognized benefit of income tax losses	(2,818,800)	(121,581)
Actual income tax recovery	-	-

As at July 31, 2017 the Company has non-capital losses of approximately $7,264,600 (2016 - $1,701,300) and accumulated tax pools of approximately $2,368,100 (2016 - $169,482) carried forward for Canadian income tax purposes and are available to reduce taxable income of future years. The non-capital losses expire commencing in 2028 through 2037.

The Company also has non-capital losses of approximately $2,883,800 carried forward for US income tax purposes, which are available for application against future taxable income, expiring 2037.

The Company also has non-capital losses of approximately $6,120,400 carried forward for Argentine tax purposes, which are available for application against future taxable income of future years. The non-capital losses expire commencing 2017 to 2022.

Future income tax loss benefits which may arise as a result of these losses have not been recognized in the financial statements as their realization is unlikely.

(Expressed in Canadian Dollars)

11. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; and other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	July 31, 2017 $	July 31, 2016 $
Cash	FVTPL	16,470,165	1,976,132
Amounts receivable	Loans and receivables	4,358	-
Investment	Available-for-sale	338,606	-
Accounts payable and accrued liabilities	Other liabilities	(490,070)	(122,406)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's fair value of cash and investment under the fair value hierarchy are measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

11. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at July 31, 2017				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	16,470,165	-	-	-	16,470,165
Amounts receivable	4,358	-	-	-	4,358
Investment	-	-	338,606	-	338,606
Accounts payable and accrued liabilities	(490,070)	-	-	-	(490,070)

	Contractual Maturity Analysis at July 31, 2016				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	1,976,132	-	-	-	1,976,132
Accounts payable and accrued liabilities	(122,406)	-	-	-	(122,406)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian Dollar and major transactions are transacted in Canadian Dollars, US Dollars and Argentine Pesos. The Company maintains Argentine Peso bank accounts in Argentina and US Dollar bank accounts in Canada to support the cash needs of its foreign operations. Management does not hedge its foreign exchange risk. At July 31, 2017, 1 Canadian Dollar was equal to 0.80 US Dollar and 14.08 Argentine Pesos.

Balances are as follows:

	Argentine Pesos	US Dollars	CDN $ Equivalent
Cash	9,479,077	2,365,874	3,630,572
Amounts receivable	27,565	-	1,958
Accounts payable and accrued liabilities	(3,457,789)	(81,067)	(346,916)
	6,048,853	2,284,807	3,285,614

Based on the net exposures as of July 31, 2017 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar and Argentine Peso would result in the Company's comprehensive loss being approximately $325,000 higher (or lower).

(Expressed in Canadian Dollars)

11. Financial Instruments and Risk Management (continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or 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.

12. Supplemental Cash Flow Information

During fiscal 2017 and 2016 non-cash activities were conducted by the Company as follows:

	2017 $	2016 $
Operating activities		
Depreciation	7,499	-
Accounts payable and accrued liabilities	94,392	-
	101,891	-
Investing activity		
Expenditures on exploration and evaluation assets	(37,176,884)	-
Financing activities		
Issuance of share capital	37,839,254	-
Share issue costs	(1,093,793)	-
Share subscriptions received	(1,264,500)	-
Share-based payments reserve	1,594,032	-
	37,074,993	-

13. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company's exploration and evaluation assets are located in USA and Argentina and its corporate assets, comprising mainly of cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	As at July 31, 2017			
	Canada $	USA $	Argentina $	Total $
Current assets	16,124,147	10,720	675,333	16,810,200
Investment	338,606	-	-	338,606
Property, plant and equipment	-	-	83,269	83,269
Exploration and evaluation assets	-	1,803,801	37,311,019	39,114,820
	16,462,753	1,814,521	38,069,621	56,346,895

(Expressed in Canadian Dollars)

13. Segmented Information (continued)

	As at July 31, 2016		
	Canada **$**	**USA** **$**	**Total** **$**
Current assets	1,988,935	-	1,988,935
Exploration and evaluation assets	-	100,000	100,000
Deferred share issue costs	10,750	-	10,750
	1,999,685	100,000	2,099,685

14. Events after the Reporting Period

(a) On October 20, 2017 the Company issued 81,531 common shares, at a fair value of $48,919, to Nevada Sunrise under the terms of the Nevada Sunrise Agreement.

(b) On November 1, 2017 the Company and Nevada Sunrise entered into an asset purchase agreement to effect the sale their interests in the Clayton Northeast property to Pure Energy Minerals Limited ("Pure Energy") for a total of 7,000,000 Pure Energy common shares, of which the Company will receive 4,900,000 Pure Energy common shares. Prior to closing of the sale the Company intends to fully exercise its Second Option Consideration to earn a 70% interest in the Clayton Northeast property.

(c) On November 2, 2017 the Company issued the remaining 900,000 common shares pursuant to the Santa Rita option and LSC issued 588,000 LSC common shares to the Company as reimbursement.

(d) Subsequent to July 31, 2017:

(i) the Company repriced share options previously granted to purchase 800,000 common shares, from original exercise prices ranging from $0.80 to $0.90 per share to a revised exercise price of $0.50 per share;

(ii) share options to purchase 180,000 common shares of the Company, at exercise prices ranging from $0.50 to $0.90, expired without exercise;

(iii) granted share options to consultants to purchase 800,000 common shares at a exercise prices ranging from $0.50 to $0.60 per share expiring five years from the date of grant;

(iv) the Company issued 1,720,299 common shares for proceeds of $1,195,495 on the exercise of warrants and 300,000 common shares for proceeds of $150,000 on the exercise of share options; and

(v) the Company issued 206,292 units for proceeds of $154,719 on the exercise of compensation warrants. Each unit comprised one share and half a warrant, with each whole warrant exercisable for one additional share at an exercise price of $1.00 per share on or before March 28, 2019.