ADVANTAGE LITHIUM CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
OCTOBER 31, 2017

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ADVANTAGE LITHIUM CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

	Note	October 31, 2017 $	July 31, 2017 $
ASSETS			
Current assets			
Cash		13,501,993	16,470,165
Amounts receivable		1,976	4,358
GST receivable		67,890	168,875
Prepaid expenses		165,786	166,802
Total current assets		13,737,645	16,810,200
Non-current assets			
Investment	5	946,680	338,606
Property, plant and equipment	6	105,719	83,269
Exploration and evaluation assets	7	41,725,446	39,114,820
Total non-current assets		42,777,845	39,536,695
TOTAL ASSETS		56,515,490	56,346,895
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	357,127	490,070
TOTAL LIABILITIES		357,127	490,070
SHAREHOLDERS' EQUITY			
Share capital	8	66,355,080	65,279,861
Share-based payments reserve		6,251,945	6,088,912
Accumulated other comprehensive income		64,680	12,826
Deficit		(16,513,342)	(15,524,774)
TOTAL SHAREHOLDERS' EQUITY		56,158,363	55,856,825
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		56,515,490	56,346,895

Nature of Operations - see Note 1

Events after the Reporting Period - see Note 13

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on December 20, 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 condensed consolidated interim financial statements.

ADVANTAGE LITHIUM CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended October 31, 2017 $	Three Months Ended October 31, 2016 $
Expenses			
Accounting and administrative	9(b)	17,906	28,000
Advertising and promotion		46,458	80,345
Audit		-	3,200
Charitable donations		20,000	15,000
Corporate development		260,651	133,703
Depreciation		1,134	-
Directors and officers compensation	9(a)	132,624	491,970
General exploration	9(a)	21,843	56,180
Insurance		3,199	-
Legal		28,007	108,326
Office		66,827	13,071
Professional fees		38,751	127,498
Regulatory fees		10,439	24,258
Rent		2,825	-
Salaries and benefits		21,259	6,426
Share-based compensation	8(d)	256,523	1,977,500
Shareholder costs		1,700	6,382
Transfer agent		3,265	9,124
Travel, meals and accommodation		50,088	164,481
		983,499	3,245,464
Loss before other items		(983,499)	(3,245,464)
Other items			
Loss on sale of investment	5	(39,456)	-
Interest income		48,291	7,684
Foreign exchange		(13,904)	15,873
		(5,069)	23,557
Net loss for the period		(988,568)	(3,221,907)
Other comprehensive income	5	51,854	-
Comprehensive loss for the period		(936,714)	(3,221,907)
Loss per share - basic and diluted		$(0.01)	$(0.08)
Weighted average number of common shares outstanding		135,074,936	40,432,898

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

ADVANTAGE LITHIUM CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Three Months Ended October 31, 2017

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Accumulated Other Comprehensive Income $	Deficit $	Total Equity $
Balance at July 31, 2017	135,061,471	65,279,861	6,088,912	12,826	(15,524,774)	55,856,825
Common shares issued for:						
- finders' warrants exercised	203,240	50,810	-	-	-	50,810
- exploration and evaluation assets	981,531	930,919	-	-	-	930,919
Transfer on exercise of finders' warrants	-	93,490	(93,490)	-	-	-
Share-based compensation on:						
- share options	-	-	256,523	-	-	256,523
Unrealized gain on investment	-	-	-	64,680	-	64,680
Re-classification on sale of investment	-	-	-	(12,826)	-	(12,826)
Net loss for the period	-	-	-	-	(988,568)	(988,568)
Balance at October 31, 2017	136,246,242	66,355,080	6,251,945	64,680	(16,513,342)	56,158,363

Three Months Ended October 31, 2016

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Share Subscriptions Received $	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 cash:						
- private placements	24,556,900	9,099,140	-	(1,264,500)		7,834,640
- share options exercised	812,500	200,825	-	-	-	200,825
- exploration and evaluation assets	2,676,345	1,668,543	-	-	-	1,668,543
Share issue costs	-	(1,243,183)	715,293	-	-	(527,890)
Transfer on exercise of share options	-	126,297	(126,297)	-	-	-
Share-based compensation	-	-	1,977,500	-	-	1,977,500
Net loss for the period	-	-	-	-	(3,221,907)	(3,221,907)
Balance at October 31, 2016	52,148,735	12,206,902	3,348,814	-	(5,646,726)	9,908,990

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

ADVANTAGE LITHIUM CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended October 31,	
	2017	2016
	$	$
Operating activities		
Net loss for the period	(988,568)	(3,221,907)
Adjustment for:		
Depreciation	1,134	-
Loss on sale of investment	39,456	-
Share-based compensation	256,523	1,977,500
Changes in non-cash working capital items:		
Amounts receivable	2,382	-
GST receivable	100,985	(48,881)
Prepaid expenses	1,016	(264,816)
Accounts payable and accrued liabilities	(38,551)	193,228
Net cash used in operating activities	(625,623)	(1,364,876)
Investing activities		
Exploration and evaluation assets	(2,656,099)	(1,402,794)
Property, plant and equipment	(23,584)	-
Proceeds from sale of investment	286,324	-
Net cash used in investing activities	(2,393,359)	(1,402,794)
Financing activities		
Issuance of common shares	50,810	8,035,465
Share issue costs	-	(517,140)
Net cash provided by financing activities	50,810	7,518,325
Net change in cash during the period	(2,968,172)	4,750,655
Cash at beginning of period	16,470,165	1,976,132
Cash at end of period	13,501,993	6,726,787

Supplemental cash flow information - Note 11

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

1. Nature of Operations

The Company was incorporated under the laws of the Province of British Columbia on March 1, 2007. 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 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 condensed consolidated interim 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 condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to October 31, 2017.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended July 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's financial statements for the year ended July 31, 2017.

Basis of Measurement

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

3. Subsidiaries

In addition to the Company, these condensed consolidated interim 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.

(Unaudited - Expressed in Canadian Dollars)

3. Subsidiaries (continued)

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%

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 February 17, 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.

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.

(Unaudited - Expressed in Canadian Dollars)

5. Investment

	As at October 31, 2017			
	Number	**Cost** $	**Accumulated Unrealized (Loss) Gain** $	**Carrying Value** $
Common shares - LSC Lithium Corporation ("LSC")	588,000	882,000	64,680	946,680

	As at July 31, 2017			
	Number	**Cost** $	**Accumulated Unrealized (Loss) Gain** $	**Carrying Value** $
Common shares - LSC Lithium Corporation ("LSC")	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. During the three months ended October 31, 2017 the Company sold the 256,520 LSC shares for proceeds of $286,324 recognizing a realized loss of $39,456 and a comprehensive loss of $12,826 on the re- classification of the sold LSC shares. The Company also received a further 588,000 LSC common shares. See also Note 7(a).

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
Additions	4,636	18,948	23,584
Balance at October 31, 2017	15,345	101,182	116,527
Accumulated Depreciation:			
Balance at July 31, 2016	-	-	-
Depreciation	(232)	(9,442)	(9,674)
Balance at July 31, 2017	(232)	(9,442)	(9,674)
Depreciation	(27)	(1,107)	(1,134)
Balance at October 31, 2017	(259)	(10,549)	(10,808)
Carrying Value:			
Balance at July 31, 2017	10,477	72,792	83,269
Balance at October 31, 2017	15,086	90,633	105,719

(Unaudited - Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets

	October 31, 2017			July 31, 2017		
Property	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Argentina						
Cauchari Project	29,966,246	3,973,592	33,939,838	29,606,691	1,797,967	31,404,658
Argentine Properties	5,927,094	-	5,927,094	5,906,361	-	5,906,361
United States						
Clayton NE	496,621	1,361,893	1,858,514	447,702	1,356,099	1,803,801
	36,389,961	5,335,485	41,725,446	35,960,754	3,154,066	39,114,820

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, 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
Rent / utilities	-	-	-	19,032	2,129	1,329	202	6,139	-	-	28,831
Salaries and benefits	257,238	-	-	-	-	-	-	-	-	-	257,238
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

(Table continued on next page)

7. Exploration and Evaluation Assets (continued)

(Table continued from previous page)

	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, 2017	31,404,658	5,906,361	-	1,803,801	-	-	-	-	-	-	39,114,820
Exploration costs											
Consulting	6,535	-	-	2,539	-	-	-	-	-	-	9,074
Drilling	1,179,247	-	-	-	-	-	-	-	-	-	1,179,247
Field support	632,655	-	-	-	-	-	-	-	-	-	632,655
Geochemical	31,908	-	-	-	-	-	-	-	-	-	31,908
Geological	76,484	-	-	-	-	-	-	-	-	-	76,484
Land survey	-	-	-	559	-	-	-	-	-	-	559
Other	744	-	-	2,160	-	-	-	-	-	-	2,904
Project management	-	-	-	390	-	-	-	-	-		390
Rent / utilities	-	-	-	146	-	-	-	-	-	-	146
Salaries and benefits	218,713	-	-	-	-	-	-	-	-	-	218,713
Supplies	8,249	-	-	-	-	-	-	-	-	-	8,249
Travel	21,090	-	-	-	-	-	-	-	-	-	21,090
	2,175,625	-	-	5,794	-	-	-	-	-	-	2,181,419
Acquisition costs											
Issuance of common shares for:											
- option payments	-	-	882,000	48,919	-	-	-	-	-	-	930,919
Claims staking and purchases	-	20,733	-	-	-	-	-	-	-	-	20,733
Cash payments for finder's fees	-	-	61,048	-	-	-	-	-	-	-	61,048
Other	359,555	-	-	-	-	-	-	-	-	-	359,555
	359,555	20,733	943,048	48,919	-	-	-	-	-	-	1,372,255
Recovery from LSC	-	-	(943,048)	-	-	-	-	-	-	-	(943,048)
Balance at October 31, 2017	33,939,838	5,927,094	-	1,858,514	-	-	-	-	-	-	41,725,446

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. As at October 31, 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. As at October 31, 2017 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 has agreed to 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. In October 2017 the Company issued the remaining 900,000 common shares, at a fair value of $882,000, and paid a finders fee of $61,048 pursuant to the Santa Rita option and LSC issued 588,000 LSC common shares, at a fair value of $882,000, and paid $61,048 to the Company as reimbursement.

(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 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").

7. Exploration and Evaluation Assets (continued)

Optioned Properties

During fiscal 2017 the Company met all of the requirements and obligations required to earn 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.

On November 1, 2017 the Company and Nevada Sunrise entered into an asset purchase agreement to effect the sale of 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. On November 30, 2017 the Company paid Nevada Sunrise $290,539 as its remaining obligation to exercise its option to earn a 70% interest in the Clayton Northeast property. On December 5, 2017 the asset purchase agreement was completed and the Company received 4,900,000 Pure Energy common shares.

Water Rights

Nevada Sunrise granted to the Company the option (the "Water Permit Option") to acquire a 100% interest in the Water Permit. In order to maintain the Water Permit Option the Company was 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 was required to 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").

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 paid to date on the Water Permit.

7. Exploration and Evaluation Assets (continued)

(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.

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***

Three Months Ended October 31, 2017

No equity financing was conducted by the Company during the three months ended October 31, 2017.

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.

(Unaudited - Expressed in Canadian Dollars)

8. Share Capital (continued)

(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").

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.

(c) *Compensation Warrants*

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

	2017		2016	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning and end of period	1,484,318	0.75	-	-

As at October 31, 2017 there were 1,484,318 compensation warrants outstanding and exercisable at an exercise price of $0.75 per share, expiring February 17, 2019. See also Note 8(b)(iii).

(Unaudited - 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 October 31, 2017 and 2016 and the changes for the three months ended on those dates, is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	21,515,854	0.92	-	-
Issued	-	-	5,645,340	0.65
Exercised	(203,240)	0.25	-	-
Balance, end of period	21,312,614	0.93	5,645,340	0.65

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

Number	Exercise Price $	Expiry Date
416,336	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	February 17, 2019
21,312,614		

See also Note 13.

(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 the three months ended October 31, 2017 the Company granted share options to purchase 800,000 (2016 - 3,025,000) common shares and recorded compensation expense of $210,523 (2016 - $1,977,500).

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	1.41%	0.50% - 0.58%
Estimated volatility	81% - 82%	120%
Expected life	5 years	3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted during the three months ended October 31, 2017 was $0.26 (2016 - $0.65) per share option.

(Unaudited - Expressed in Canadian Dollars)

8. Share Capital (continued)

During the three months ended October 31, 2017 the Company also 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. The fair value of share options repriced has been estimated at $46,000 using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate 1.17%; estimated volatility 82%; expected life 2.41 years - 2.50 years; expected dividend yield 0%; and estimated forfeiture rate 0%.

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 October 31, 2017 and 2016 and the changes for the three months ended on those dates, is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	7,221,000	0.59	2,228,500	0.36
Granted	800,000	0.54	3,025,000	0.87
Exercised	-	-	(812,500)	0.25
Expired	(180,000)	0.68	-	-
Balance, end of period	7,841,000	0.52	4,441,000	0.73

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

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
200,000	200,000	0.27	June 8, 2018
491,000	491,000	0.50	July 7, 2019
950,000	950,000	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
500,000	333,333	0.50	August 14, 2022
300,000	300,000	0.60	October 25, 2022
7,841,000	7,340,999		

See also Note 13.

(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 October 31, 2017, 45,996 common shares remained held in escrow under the CPC Escrow Agreement.

(Unaudited - 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 October 31 2017, 912,750 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 the three months ended October 31, 2017 and 2016 the following compensation was incurred:

	2017 $	2016 $
Professional fees and salaries	187,161	504,470
Share-based compensation	-	824,500
	187,161	1,328,970

During the three months ended October 31, 2017 the Company allocated the $187,161 (2016 - $504,470) professional fees and salaries based on the nature of the services provided: expensed $132,624 (2016 - $491,970) to directors and officers compensation; $nil (2016 - $4,500) to general exploration costs; and capitalized $54,537 (2016 - $8,000) to exploration and evaluation assets. As at October 31, 2017 $51,003 (July 31, 2017 - $60,696) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) During the three months ended October 31, 2017 the Company incurred $16,400 (2016 - $28,000) for accounting and administration services provided by a private company owned by the Company's CFO. As at October 31, 2017 $15,000 (July 31, 2017 - $14,500) remained unpaid and has been included in accounts payable and accrued liabilities.

During the three months ended October 31, 2017 the Company also recorded $nil (2016 - $31,500) for share-based compensation for share options granted to the private company.

(c) During the three months ended October 31, 2017 the Company paid a total of $15,866 (2016 - $nil) to the spouse of a director of the Company of which $13,041 (2016 - $nil) was for legal services and $2,825 (2016 - $nil) for rental of office space.

(d) During the three months ended October 31, 2017 the Company incurred $42,252 (2016 - $nil) for equipment rental provided by a private company controlled by a director of the Company. As at October 31, 2017 $nil (July 31, 2017 - $8,805) remained unpaid and has been included in accounts payable and accrued liabilities.

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

(Unaudited - Expressed in Canadian Dollars)

10. 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	October 31, 2017 $	July 31, 2017 $
Cash	FVTPL	13,501,993	16,470,165
Amounts receivable	Loans and receivables	1,976	4,358
Investment	Available-for-sale	-	338,606
Accounts payable and accrued liabilities	Other liabilities	(357,127)	(490,070)

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.

10. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at October 31, 2017				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	13,501,993	-	-	-	13,501,993
Amounts receivable	1,976	-	-	-	1,976
Accounts payable and accrued liabilities	(357,127)	-	-	-	(357,127)

	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)

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 October 31, 2017, 1 Canadian Dollar was equal to 0.78 US Dollar and 13.69Argentine Pesos.

Balances are as follows:

	Argentine Pesos	US Dollars	CDN $ Equivalent
Cash	20,292,441	2,434	1,485,402
Amounts receivable	27,059	-	1,977
Accounts payable and accrued liabilities	(3,262,149)	-	(238,287)
	17,057,351	2,434	1,249,092

Based on the net exposures as of October 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 $125,000 higher (or lower).

(Unaudited - Expressed in Canadian Dollars)

10. 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.

11. Supplemental Cash Flow Information

During the three months ended October 31, 2017 and 2016 non-cash activities were conducted by the Company as follows:

	2017 $	2016 $
Operating activity		
Accounts payable and accrued liabilities	94,392	271,926
Investing activities		
Expenditures on exploration and evaluation assets	(94,392)	(1,940,469)
LSC common shares received	(882,000)	-
	(976,392)	(1,940,469)
Financing activities		
Issuance of share capital	975,490	3,774,633
Share issue costs	-	(715,293)
Share subscriptions received	-	(1,264,500)
Share-based payments reserve	(93,490)	(126,297)
	882,000	1,668,543

12. 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 October 31, 2017			
	Canada $	USA $	Argentina $	Total $
Current assets	12,241,538	3,138	1,492,969	13,737,645
Investment	946,680	-	-	946,680
Property, plant and equipment	-	-	105,719	105,719
Exploration and evaluation assets	-	1,858,514	39,866,932	41,725,446
	13,188,218	1,861,652	41,465,620	56,515,490

(Unaudited - Expressed in Canadian Dollars)

12. Segmented Information (continued)

	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

13. Events after the Reporting Period

Subsequent to October 31, 2017 the Company:

(i) issued 1,887,954 common shares for proceeds of $1,515,580 on the exercise of warrants and 400,000 common shares for proceeds of $200,000 on the exercise of share options;

(ii) issued 712,120 units for proceeds of $534,090 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 February 17, 2019; and

(iii) granted share options to purchase 450,000 common shares at an exercise price of $1.07 to expire on or before December 11, 2022.

See also Notes 7(a) and 7(b).