international lithium corp.
Power of Blue Sky Discoveries + Green Technology

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2017

INTERNATIONAL LITHIUM CORP.

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017

I am pleased to present International Lithium Corp.'s ("ILC" or "the Company", www.internationallithium.com) annual financial statements for the financial year ended December 31, 2017. I became Chairman and CEO of the Company on March 14, 2018 having before that been a shareholder and then a director since January 23, 2017. I have long held the belief that the Company's strategic policy needs greater emphasis on the acquisition of new investment assets as it is notable that the Company's lithium property portfolio has not been added to since the Company's initial public offering ("IPO") in 2011. That said, the key issues for the Company over the past few years have been firstly the development of the Company's projects with its selected partners, and secondly funding where needed for the Company's share in those projects and ongoing operating expenses. The Company, with its partners, has made good progress with its projects but had not, certainly since the end of 2016, performed well with financing. Put simply, funds were not raised at the speed necessary to meet or exceed actual let alone anticipated cash calls on projects, and to meet salaries and other payables on a timely basis.

At the time of my appointment as Chairman and CEO, this situation threatened the Company's asset position and could have threatened its solvency. The Company was at risk of facing double dilution on a cash call for Mariana. Moreover, the Company had CAD$400,000 of maturing convertible debt to refinance in April 2018. Since then, and as detailed below, the Company has raised significant funds in the second half of March and April 2018 and has brought payments on its project portfolio and other payables substantially up to date including repayment of the maturing convertibles.

The Company incurred a comprehensive loss for 2017 of CAD$2,786,084. (2016: loss CAD$1,098,605). The variance from the previous year is attributable to two non-cash accounting transactions which include the valuation of stock options and a write-down in value associated with the reduction from 20.000% to 17.246% of the Company's ownership in Litio Minera Argentina, S.A. ("Litio"), the company which holds title to the Mariana property ("Mariana").

As an exploration company, the profit and loss is not, at this stage in the Company's evolution, the key measurement that the board of directors ("Board") uses to assess the performance or shareholder value of the Company. The Company is funding projects that it hopes will be valuable in the future. In doing so, it is inevitable that the costs of the projects themselves and the ongoing costs of running the Company will cause the Company to be cash-consuming and in a loss position until either there is production from projects or a capital event. Metrics that the Board looks at, or which it seeks to gain clarity on, are the estimates of resources and, for a project that is nearing feasibility, the estimated costs of getting to production using various technologies.

In the absence of the acquisition of new properties for several years, it is clear that financing was and remains the Company's main priority. The December 2017 private placement, which had sought to raise CAD$1,000,000, only succeeded in raising CAD$450,000 and the consequent shortfall in funding caused temporary liquidity issues. Since mid-March 2018, the Company has raised CAD$1,180,000 of funds, which has allowed the Company to bring all project cash calls up to date, repay the convertible debenture amounts due in April 2018, and bring payments of salaries and amounts due to other creditors substantially up to date. The Company has already initiated a further round of funding that will enable it to stay ahead of the funding curve, rather than revert to the cash flow problems that diverted management in 2017 and the first quarter of 2018. To this end, the Company has announced a further CAD$1,800,000 private placement, of which the Company expects to announce a first closing of CAD$275,000 very shortly. There is a lot more work to do over the next year on the funding front, and the Company estimates that around CAD$7,000,000 will be required to meet the Company's current projections of investment related project payments to mid-2019 and to refinance other convertible repayments of CAD$1,175,000 if these are not converted.

The Company's projects are, at a high level, in the following phases:

- Mariana in Argentina - the Company owns a 17.246% interest as at December 31, 2017 with Ganfeng Lithium Co. Ltd. ("Ganfeng Lithium") owning the other 82.754%. The Joint Venture set a US$ 17,000,000 budget for 2018 of which the Company is funding its share. This will enable useful work on further resource estimation to be carried out including a Preliminary Economic Analysis, which the Joint Venture presently intends to complete in the third quarter of 2018.
- Mavis Lake and Raleigh in Ontario, Canada - the Company has entered into an option agreement with Pioneer Resources Limited ("Pioneer Resources") whereby Pioneer Resources has the opportunity to earn 51% of the Company's 100% interest in the project; preliminary assessments announced by Pioneer Resources in early April 2018 are encouraging and the Company anticipates being in a position to release further details in due course.
- Avalonia in the Republic of Ireland - the Company own 45% with Ganfeng Lithium owning the other 55%. By spending US$10,000,000 on Avalonia, Ganfeng can increase its share from 55% to 79%. The Joint Venture has set a US$1,000,000 budget for 2018. This provides some confidence in the worth of the project and a commitment to achieving substantial progress.

The Company is not currently required to provide funding to Mavis Lake, Raleigh and Avalonia as its joint venture partners will do so under relevant governing agreements. However, funding by the Company will be an outcome if the current work demonstrates commercial prospects.

The fiscal year ended December 31, 2017 was challenging in terms of management change, and I hope that with my appointment the Company has now drawn a firm line under the past, allowing the Company to concentrate on value creation for its shareholders. The Company would like to thank Kirill Klip, who I replaced as Chairman and CEO in March 2018, for his contribution to the Company for over 9 years and his passion and enthusiasm in promoting the Company and the wider lithium industry. Kirill is a founding Director of the Company, and served as its Non-Executive Co-Chairman from its formation in 2010, as a wholly-owned subsidiary of TNR Gold Corp. He became President in 2012, a year after the IPO, and later became Chairman and CEO in January 2017. He remains on the Board as a Non-Executive Director. The Company would also like to thank the other directors who stood down for various reasons during the year ended December 31, 2017, namely founding Chairman and CEO Gary Schellenberg, founding President Mike Sieb, and former Non-Executive Directors, Wayne Spilsbury, Xiaoshen Wang and David Shen. All of them, and others, played a significant role in getting the Company and its lithium property portfolio to where it now is.

The Company intends to appoint additional directors during 2018 and expects a re-alignment of its relationship with TNR Gold Corp. consequent on the reduction of TNR Gold Corp.'s shareholding in the Company to less than 7% compared to over 20% only three years ago, and 100% on formation.

I would like to thank all our staff, our partners at Ganfeng Lithium and Pioneer Resources, our advisors, and our shareholders for their patience with us in what was a challenging year. I and other members of the Board are optimistic about the prospects for shareholder value creation in 2018 and 2019.

John Wisbey
Chairman and CEO
April 30, 2018

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
International Lithium Corp.

We have audited the accompanying consolidated financial statements of International Lithium Corp., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, 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.

Auditors' 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 auditors' 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.

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Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about International Lithium Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 30, 2018

INTERNATIONAL LITHIUM CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT DECEMBER 31,

	2017	2016
ASSETS		
Current		
Cash	$ 3,855	$ 44,945
Receivables (Note 4)	41,493	129,633
Marketable securities (Note 5)	23,072	32,131
Prepaids	30,433	27,911
	98,853	234,620
Available for sale securities (Note 6)	4,049,753	-
Investment in Blackstairs Lithium Limited (Note 6)	1,120,163	1,028,154
Investment in Litio Minera Argentina, S.A. (Note 6)	-	3,195,518
Exploration and evaluation assets (Note 7)	1,348,594	1,429,893
	$ 6,617,363	$ 5,888,185
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 8 and 11)	$ 338,824	$ 91,961
Convertible debentures (Note 9)	1,593,514	-
	1,932,338	91,961
Exploration loan (Note 10)	3,036,881	2,976,714
	4,969,219	3,068,675
Shareholders' Equity		
Share capital (Note 12)	9,074,133	8,585,214
Subscriptions received (Note 12)	113,140	-
Equity reserves (Note 12)	1,953,017	1,016,738
Equity component of convertible debentures (Note 9)	26,994	-
Accumulated other comprehensive loss (Note 6)	(73,489)	(16,246)
Deficit	(9,445,651)	(6,766,196)
	1,648,144	2,819,510
	$ 6,617,363	$ 5,888,185

Nature and continuance of operations (Note 1)
Commitments (Note 11)
Subsequent events (Note 18)

Approved and authorized by the Board on April 30, 2018

"John Wisbey" Director *"Maurice Brooks"* Director

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

INTERNATIONAL LITHIUM CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31,

	2017	2016
OPERATING EXPENSES		
Administration fees (Note 11)	$ 6,000	$ 27,000
Argentina administration	13,690	18,000
Consulting fees (Note 11)	573,534	463,138
Directors' fees (Note 11)	70,328	-
Foreign exchange gain	(182,085)	(79,403)
Interest and bank charges	375,054	237,023
Loss on equity investments (Note 6)	82,284	54,064
Management fees (Note 11)	-	90,000
Professional fees	169,760	203,792
Property investigation	9,287	-
Rent and office	61,500	124,608
Shareholder communications	76,661	89,064
Share-based payments (Note 11)	1,051,198	381,537
Transfer agent and filing fees	36,239	20,313
Travel and promotion	43,898	36,448
Total operating expenses	(2,387,348)	(1,665,584)
Loss on dilution of Litio Minera Argentina, S.A. (Note 6)	(666,314)	-
Operator income (Notes 6 and 7)	168,039	628,494
Gain (loss) on marketable securities (Note 5)	36,897	(13,335)
Recoveries against operating expenses	84,122	-
Recoveries in excess of carrying value (Note 7)	35,763	17,701
	(341,493)	632,860
Loss for the year	(2,728,841)	(1,032,724)
Foreign currency translation (Note 6)	(57,243)	(65,881)
Comprehensive loss for the year	$ (2,786,084)	$ (1,098,605)
Basic and diluted loss per common share	$ (0.03)	$ (0.01)
Weighted average number of common shares outstanding	89,325,375	83,703,674

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

INTERNATIONAL LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31,

	2017	2016
CASH FROM OPERATING ACTIVITIES		
Loss for the year	$ (2,728,841)	$ (1,032,724)
Items not affecting cash:		
Consulting fees settled by stock options	-	106,500
Loss (gain) on marketable securities	(36,897)	13,335
Accrued interest expense	371,388	175,738
Foreign exchange	(204,449)	217,634
Loss on equity investment	82,284	54,064
Dilution of Litio Minera Argentina, S.A.	666,314	-
Share-based payments	1,051,198	381,537
Recoveries in excess of carrying value	(35,763)	(17,701)
Changes in non-cash working capital items:		
Receivables	74,086	(116,328)
Prepaids	(2,522)	(20,413)
Accounts payable and accrued liabilities	90,695	295,432
Net change from operating activities	(672,507)	57,074
CASH FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(31,063)	(3,258,793)
Sale of marketable securities	94,219	-
Option payments	62,500	62,500
Equity investment funding	(1,546,531)	(1,598,455)
Recoveries on mineral property expenditures	51,416	2,833,734
Change in cash due to deconsolidation	-	(410,758)
Operator income from associate	-	40,483
Net change from investing activities	(1,369,459)	(2,331,289)
CASH FROM FINANCING ACTIVITIES		
Exploration loan	-	1,170,777
Convertible debentures issued, net of costs	1,693,666	-
Common shares issued, net of costs	-	622,220
Funds received for issuance of shares	113,140	-
Interest paid	(54,930)	-
Warrants exercised	84,000	-
Options exercised	165,000	46,500
Net change from financing activities	2,000,876	1,839,497
Change in cash for the year	(41,090)	(434,718)
Cash, beginning of year	44,945	479,663
Cash, end of year	$ 3,855	$ 44,945

Supplemental disclosure with respect to cash flows (Note 14)

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

INTERNATIONAL LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share capital							
	Number	**Amount**	**Equity reserves**	**Subscriptions Received**	**Equity component of convertible loan**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total**
Balance at December 31, 2015	77,133,046	$ 7,433,057	$ 1,012,138	$ -	$ -	$ 49,635	$ (5,952,673)	$ 2,542,157
Equity gain on carried interest	-	-	-	-	-	-	219,201	219,201
Private placement	7,870,000	622,220	-	-	-	-	-	622,220
Stock options exercised	2,550,000	529,937	(376,937)	-	-	-	-	153,000
Share-based payments	-	-	381,537	-	-	-	-	381,537
Loss for the year	-	-	-	-	-	(65,881)	(1,032,724)	(1,098,605)
Balance at December 31, 2016	87,553,046	$ 8,585,214	$ 1,016,738	$ -	$ -	$ (16,246)	$ (6,766,196)	$ 2,819,510
Equity component of convertible debentures issued	-	-	-	-	29,136	-	-	29,136
Equity conversion of convertible debentures	892,856	125,000	-	-	(2,142)	-	-	122,858
Equity gain on carried interest	-	-	-	-	-	-	49,386	49,386
Funds received in advance of issuance of shares	-	-	-	113,140	-	-	-	113,140
Stock options exercised	2,650,000	279,919	(114,919)	-	-	-	-	165,000
Warrants exercised	700,000	84,000	-	-	-	-	-	84,000
Share-based payments	-	-	1,051,198	-	-	-	-	1,051,198
Loss for the year	-	-	-	-	-	(57,243)	(2,728,841)	(2,786,084)
Balance at December 31, 2017	91,795,902	$ 9,074,133	$ 1,953,017	$ 113,140	$ 26,994	$ (73,489)	$ (9,445,651)	$ 1,648,144

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

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

International Lithium Corp. (the "Company") was incorporated under the Business Corporations Act, British Columbia on March 26, 2009 and is considered to be in the exploration stage with respect to its mineral properties. The Company's head office address is 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6. The registered and records office address is Suite 700 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8.

The Company is in the process of exploring and investing in mineral properties located in Argentina, Canada, and Ireland and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared by management 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 for the foreseeable future. The Company has incurred ongoing losses and expects to incur further losses in the development of its business. These circumstances comprise a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The following table provides information regarding the Company's working capital and accumulated deficit as at December 31, 2017 and December 31, 2016.

	2017	2016
Working capital (deficiency)	$ (1,833,485)	$ 142,659
Deficit	(9,445,651)	(6,766,196)

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of Consolidation and Presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned inactive subsidiary, International Lithium (US) LLC, a US company. All significant intercompany transactions and balances have been eliminated.

2. BASIS OF PREPARATION (cont'd…)

Basis of Consolidation and Presentation (cont'd…)

The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. When the Company ceases to control a subsidiary, assets, liabilities and non-controlling interests of the subsidiary are derecognized at their carrying amounts at the date when control is lost. Investment retained in the former subsidiary is recognized at its fair value and any gain or loss resulting from deconsolidation is recorded through profit or loss.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company and its subsidiaries.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant judgments relate to the recoverability of the investment in associate, functional currency of the Company and its subsidiary, the recoverability of capitalized amounts of exploration and evaluation assets, recognition of deferred tax assets and liabilities and the determination of the economic viability of a project.

The most significant estimates relate to the calculation of share-based payments, the valuation of deferred income tax amounts, impairment testing, consolidation of Litio Miner Argentina, S.A. ("Litio") and equity investment of Litio.

Share-based payments

Share-based payments, as measured with respect to stock options granted and re-priced, are estimated by reference to the Black-Scholes pricing model; a detailed discussion of management's estimates with respect to the pricing model is found in Note 12.

Impairment testing

The Company has reviewed its exploration and evaluation assets for indications of impairment and determined that there is no such indication.

Deferred income tax amounts

The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

Valuation of available for sale securities

The Company holds a 17.246% in Litio as at December 31, 2017. The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of, and near term business outlook for, the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow.

2. BASIS OF PREPARATION (cont'd…)

Significant accounting judgments and estimates (cont'd…)

Valuation of available for sale securities (cont'd…)

As at December 31, 2016, the Company held a 20% interest in Litio. The equity investment in Litio was subject to all estimates included in the financial information from the majority owner as well as estimates of impairment losses. The Company commenced equity accounting of Litio from July 13, 2016 and concluded December 26, 2017 (Note 6).

The assessment that the Company does not have significant influence over the investment in Litio as at December 26, 2017 results in the conclusion of the equity method for accounting for this investment. In making their judgement, management considered its percentage ownership, the composition of the Board of Directors of Litio, the common directors and management between Litio and the Company and the intercompany transactions and relationship with Litio and concluded that no significant influence exists.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency of the Company's associates are the Euro and US dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in loss for the year.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd...)

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

The Company has classified its cash and marketable securities as fair value through profit or loss, receivables as loans and receivables and available for sale securities have been classified as available for sale assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method. The Company classified its accounts payable and accrued liabilities, convertible debentures and exploration loan as other financial liabilities.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd...)

With the exception of available-for-sale ("AFS") financial assets, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent of the original carrying amount. In respect of AFS financial assets, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Investment in associate

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of associates are recognized through profit or loss during the period. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate.

Intercompany transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associates.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less cost to sell and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in associate is less than its carrying amount then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through profit or loss in the period that the reversal occurs.

Mineral properties – exploration and evaluation assets

Pre-exploration costs are expensed as incurred.

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

The carrying values of capitalized amounts are reviewed annually or when indicators of impairment are present. In the case of undeveloped properties these may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the intentions for the development of such a property.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 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 profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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 to an amount that 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.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company does not have any significant rehabilitation obligations.

Borrowing costs

Interest and other financing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs not directly attributable to a qualifying asset are expensed in the period incurred.

Share-based payments

The Company accounts for stock options granted to directors, officers and employees at the fair value of the options granted. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and share-based compensation is accrued and charged to operations, with an offsetting credit to share-based payment reserve, over the vesting periods. Stock options granted to non-employees are measured at the fair value of goods or services rendered or at the fair value of the instruments issued, if it is determined that the fair value of the goods or services received cannot be reliably measured. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

If and when the stock options are exercised, the applicable amounts of equity reserves are transferred to share capital.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants and convertible loan, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the convertible loans were converted and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, the calculations proved to be anti-dilutive.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered the deferred tax asset is not set up.

Warrants Issued in Equity Financing Transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of shares and a certain number of 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 transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves. Warrants that are issued as payment for agency fees or other transaction costs (Finder's Warrants) are assigned a value based on the Black- Scholes pricing model and included in reserves. When warrants are exercised, any reserves related to those warrants are reclassified from reserves to share capital.

New standard not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these consolidated financial statements. The new and revised standards are as follows:

IFRS 2 – Share Based Payments: the amendments eliminate the diversity in practice in the classification and measurement of particular share-based payment transactions which are narrow in scope and address specific areas of classification and measurement. It is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted provided it is disclosed. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standard not yet adopted (cont'd…)

IFRS 9 – Financial Instruments: Applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. At this point, the Company does not expect that the adoption of this standard will have a significant effect on the Company's disclosure requirements.

IFRS 15 – Clarifications to IFRS 15 "Revenue from Contracts with Customers" issued. The amendments do not change the underlying principles of the standard, but simply clarify and offer some additional transition relief. The standard is effective for annual periods beginning on or after January 1, 2018. The Company does not expect that the adoption of this standard will have any effect on the Company's consolidated financial statements.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration: addresses how to determine the 'date of the transaction' when applying IAS 21. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company is evaluating the effect of this standard on the Company's consolidated financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

4. RECEIVABLES

	2017	2016
Input tax credits	$ 5,993	$ 20,574
Receivable from associates	-	29,228
Related party receivables (Note 11)	35,500	61,656
Receivable from optionee	-	14,054
Other	-	4,121
Total	$ 41,493	$ 129,633

(Expressed in Canadian Dollars)

5. MARKETABLE SECURITIES

As at December 31, 2017, marketable securities consisted of shares of a publicly traded company, Pioneer Resources Limited ("Pioneer"). These shares were received as part of the option agreements on Mavis Lake and Raleigh Projects (Note 7). Marketable securities are measured at fair value by reference to quoted stock prices on established exchanges. During the year ended December 31, 2017, the follow transactions occurred:

	2017			2016		
	Shares		$	Shares		$
Opening balance	1,597,925	$	32,131	-	$	-
Received from Mavis option agreement	2,073,075		37,500	866,175		29,316
Received from Raleigh option agreement	735,662		10,763	731,750		16,150
Sale of marketable securities	(3,671,000)		(78,082)	-		-
Unrealized gain (loss)	-		20,760	-		(13,335)
Ending balance	735,662	$	23,072	1,597,925	$	32,131

6. INVESTMENTS IN ASSOCIATES

Avalonia Lithium Joint Venture

The Company was granted eight licenses in the Carlow and Wicklow counties, which cover the Leinster pegmatite belt in southeast Ireland.

Under the terms of an option agreement, GFL International Co. Ltd. ("GFL") has earned a 51% interest ("First Option") by incurring $300,000 in exploration expenditures and paying $25,000 in cash on the effective date of the agreement. The Company also received option payments of $475,000 with the transfer of the exploration rights for the Avalonia Lithium Project to a newly incorporated subsidiary, Blackstairs Lithium Limited ("BLL"), a company now owned jointly by the Company and GFL. During the year ended December 31, 2015, the Company sold an additional 4% interest in BLL to GFL for $126,000.

BLL is recognized as an equity investment of the Company. The management committee of the joint venture is comprised of one representative of each of the Company and GFL. Voting is proportionate to each party's participating interest which is, as at December 31, 2017 and 2016, 55% to GFL and 45% to the Company.

In order to earn an additional 24% interest in the Avalonia Lithium Project, GFL must incur $10,000,000 in exploration expenditures or produce a bankable feasibility study within 10 years of the effective date of the agreement. The Company will have a carried interest through to the completion of these exploration expenditures.

Once GFL has incurred a total of $10,000,000 in exploration expenditures within the agreed timeframe, or once a positive feasibility study has been produced, the Company's participating interest will be reduced to 21% without incurring additional costs. A participating interest that is subsequently diluted to less than 10% will be converted to a 1% NSR. The Company was initially the manager of the Avalonia Lithium Joint Venture and received a management fee of up to 10% on exploration expenditures. During the year ended December 31, 2016, the Company recorded $40,484 in operator income with respect to the Avalonia management. During the year end December 31, 2017, the Company ceased to be the manager of the Avalonia Lithium Project.

The Company accounts for its interest in BLL on an equity basis. As at December 31, 2017, the Company holds a 45% interest in BLL (December 31, 2016 – 45%). The functional currency of BLL is the Euro. Supplementary financial information regarding the Company's investment in BLL is presented below, after adjustments to align accounting policies to those of the Company and to translate to Canadian dollars in accordance with the Company's accounting policies.

(Expressed in Canadian Dollars)

6. INVESTMENTS IN ASSOCIATES (cont'd…)

Avalonia Lithium Joint Venture (cont'd…)

Blackstairs Lithium Limited

		December 31, 2017		December 31, 2016
Current assets	$	83,778	$	269,456
Non-current assets		2,472,679		2,052,127
Current liabilities		(67,206)		(36,906)
Net assets		2,489,251		2,284,677
The Company's share of the net assets – 45% (December 31, 2016 - 45%)	$	1,120,163	$	1,028,154

For the year ended December 31,		2017		2016
Loss for the year	$	(48,620)	$	(73,189)
Other comprehensive income (loss) – foreign currency translation		143,337		(144,022)
Total comprehensive income (loss)		94,717		(217,211)
The Company's share of comprehensive income (loss) – 45% (2016 - 45%)	$	42,623	$	(97,745)

Investment in associate – Blackstairs Lithium Limited		Year ended December 31, 2017		Year ended December 31, 2016
Balance, beginning of year	$	1,028,154	$	947,182
Equity gain on carried interest		49,386		219,201
Operator income		-		(40,483)
Loss on equity investment		(21,879)		(32,935)
Equity – other comprehensive income (loss)		64,502		(64,811)
Ending balance, investment in associate – Blackstairs Lithium Limited	$	1,120,163	$	1,028,154

Mariana Property Joint Venture (Argentina)

On July 12, 2016, the Company transferred 80% of its ownership in Litio Minera Argentina, S.A. ("Litio"), which holds title to the Mariana property, to GFL pursuant to the joint venture and investment agreements with GFL. The transfer of ownership diluted the Company's ownership in Litio from 100% to 20% resulting in deconsolidation of Litio and accordingly the Company's interest in Litio was recorded as an equity investment effective July 13, 2016.

GFL and the Company entered into a joint venture for operation of the Mariana property ("Mariana Property Joint Venture") with GFL having an 80% participating interest and the Company having a 20% participating interest in Litio Minera Argentina, S.A. The Mariana property is comprised of 13 mining licenses, covering approximately 22,133 hectares' land over Salar de Llullaillaco, located in Salta Province, Argentina. The Company was the Manager of the joint venture under which capacity the Company was able to charge administration fees of 7% to 10% on the

6. INVESTMENTS IN ASSOCIATES (cont'd…)

Mariana Property Joint Venture (Argentina) (cont'd…)

exploration expenditures incurred in the year. During the year ended December 31, 2017, the Company ceased to be the Manager.

The Mariana property has a Net Smelter Royalty ("NSR") of 2% of gross revenues received from sale by payer of all concentrate, metal and products derived from the Mariana property less appropriate costs, which can be reduced to 1% at the Company's option on payment of $1 million within 240 days of the commencement of commercial production. The NSR is payable to TNR Gold Corp.

In January 2017, a Cash Call requiring the Company to pay a capital contribution to the Mariana joint venture project was made and the Company did not make its required payment. The Company and GFL entered into a settlement agreement dated December 26, 2017 whereby: the Company's participating interest was reduced to 17.246% resulting in a dilution loss of $666,314, of which $642,975 was expensed due to change in ownership and $23,339 was charged to other comprehensive income (loss) due to foreign currency translation, the Company is required to make a one time payment in the amount of USD$105,890 ($132,387), which has been recorded in accounts payable and accrued liabilities. This payment, which was made after the year end, relates to reimbursements of expenditures and fees.

A participating interest that is diluted to less than 5% will be converted to a 1% NSR.

During the year ended December 31, 2017, the Company charged $168,039 (2016 - $291,085) in operator income for the Mariana project. GFL has since assumed management of the Mariana project.

Back-In Right

At any time and up until 120 days from the completion of a Feasibility Study (as described in National Instrument 43-101 - Standards of Disclosure for Mineral Projects) that demonstrates the feasibility of placing the Mariana Property or part thereof into commercial production, the Company will have the right to elect to "buy back" a 10% participating interest in the Mariana Property (the "Back-in Right") by giving written notice to GFL of the exercise of the Back-in Right.

If the Company exercises the Back-in Right, the Company must pay to GFL 10% of the total exploration costs incurred by GFL from March 14, 2014 to the time of the Company's election to exercise the Back-in Right. In addition to the payment of this fee, the Company must also pay to GFL interest on the fee at a rate of 10% per annum calculated annually on a straight-line basis and for each budget year accordingly. The fee, along with the interest amount, must be paid by the Company to GFL within 15 days of the Company's delivery of written notice to GFL of exercise of the Back-in Right.

(Expressed in Canadian Dollars)

6. INVESTMENTS IN ASSOCIATES (cont'd…)

Mariana Property Joint Venture (Argentina) (cont'd…)

Litio Minera Argentina, S.A.

The functional currency of Litio is the US dollar. Supplementary financial information regarding the Company's investment in Litio is presented below, after adjustments to align accounting policies to those of the Company and to translate to Canadian dollars in accordance with the Company's accounting policies.

Litio Minera Argentina, S.A.	December 26, 2017	December 31, 2016
Current assets	$ 3,441,449	$ 98,420
Non-current assets	15,827,380	7,428,657
Current liabilities	(1,485,145)	(984,089)
Net assets	17,783,684	6,542,988
The Company's share of the net assets – 20% as at December 26, 2017 (December 31, 2016 - 20%)	$ 3,556,737	$ 1,308,598

Litio Minera Argentina, S.A.	Year ended December 26, 2017	For the period from July 13 to December 31, 2016
Loss for the period	$ (302,028)	$ (105,645)
Other comprehensive loss – foreign currency translation	(842,118)	(5,351)
Total comprehensive loss	(1,144,146)	(110,996)
The Company's share of comprehensive loss – 20% as at December 26, 2017	$ (228,829)	$ (22,199)

Investment in associate - Litio Minera Argentina, S.A.	Year ended December 31, 2017	For the period from July 13 to December 31, 2016
Opening Balance	$ 3,195,518	$ 2,394,229
Additional equity investments (1)	1,702,699	823,488
Loss on dilution	(642,975)	-
Loss on equity investment	(60,405)	(21,129)
Equity – other comprehensive income (loss)	(145,084)	(1,070)
Reclassified to available for sale securities	(4,049,753)	-
Ending balance, investment in associate - Litio Minera Argentina, S.A.	$ -	$ 3,195,518

(Expressed in Canadian Dollars)

6. INVESTMENTS IN ASSOCIATES (cont'd…)

Mariana Property Joint Venture (Argentina) (cont'd…)

As the Mariana Property Joint Venture was no longer considered an investment in associate effective December 26, 2017, the carrying value of the investment in associate was transferred to available for sale securities with any gain (loss) on remeasurement recorded in profit or loss on the date of transfer, and any subsequent remeasurements recorded to other comprehensive income.

7. EXPLORATION AND EVALUATION ASSETS

December 31, 2017	Acquisition Costs	Exploration Costs	Recoveries and Option Payments	Property Total December 31, 2017
Canada				
Mavis Lake / Fairservice (Ontario)	$ 193,500	$ 1,245,748	$ (90,654)	$ 1,348,594
Raleigh Project (Ontario)	-	1,260	(1,260)	-
	$ 193,500	$ 1,247,008	$ (91,914)	$ 1,348,594

December 31, 2016	Acquisition Costs	Exploration Costs	Recoveries and Option Payments	Deconsolidation (Note 6)	Property Total December 31, 2016
Argentina					
Mariana (Note 6)	$ 1,948,553	$ 3,063,064	$ (2,450,452)	$ (2,561,165)	$ -
Canada					
Mavis Lake / Fairservice (Ontario)	193,500	1,411,302	(174,909)	-	1,429,893
Raleigh Project (Ontario)	16,315	23,588	(39,903)	-	-
	209,815	1,434,890	(214,812)	-	1,429,893
	$ 2,158,368	$ 4,497,954	$ (2,665,264)	$ (2,561,165)	$ 1,429,893

Title to mineral property interests

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Mavis Lake Lithium Project (Ontario)

The Mavis Lake Lithium Project (or "Mavis Lake - Fairservice") is wholly-owned by the Company and consists of a package of nineteen adjacent mineral claims which include thirteen unpatented mining claims (the Mavis claims) and six patented mining leases (the Fairservice property). This package covers the lithium-tantalum core of the Mavis Lake Pegmatite Group adjacent to Mavis Lake near Dryden, Ontario, Canada. The property is subject to a 5% net profits royalty. The Company has the option to purchase the royalty at any time for $1,000,000.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Mavis Lake Lithium Project (Ontario) (cont'd…)

Pioneer Option Agreement and Strategic Alliance

During the year ended December 31, 2016, the Company entered into an option agreement and strategic alliance ("Agreement") with Pioneer. Under the terms of the Agreement, Pioneer may earn up to an 80% interest in the Mavis Lake Lithium Project.

Pioneer may earn a 51% interest in the project by spending $1,500,000 on exploration activities within three years of the Agreement and paying to the Company a total of $375,000, half in cash and half in shares, over the same three years (the "Mavis First Earn-in"). Following the Mavis First Earn-in, the Company will be granted a 1.5% NSR, purchasable at any time for $1,500,000. During the year ended December 31, 2016, the Company received $37,500 in cash from Pioneer, a first instalment of Pioneer common shares valued at $29,316, and recoveries totalling $108,093. During the year ended December 31, 2017, the Company received $75,000 for option payments from Pioneer comprised of $37,500 in cash, a second instalment of 2,073,075 common shares valued at $37,500, and recoveries totaling $15,654 (Note 5).

Upon completion of the Mavis First Earn-in, Pioneer will be granted an option to earn an additional 29% by spending $8,500,000 within seven years ("Mavis Second Earn-in"). Completion of the Mavis First Earn-in and Mavis Second Earn-in would result in aggregate expenditures of $10,000,000 over a period of ten years. Thereafter, the Company and Pioneer will contribute on a pro-rata basis as to 20% and 80% respectively. An interest in the Mavis Lake Lithium Project diluted to 15% will be converted to a 1.5% NSR.

Raleigh Project

During the year ended December 31, 2016, the Company acquired the Raleigh Project by paying $6,000 to the vendor and performing additional staking. The Raleigh Project is comprised of 809 hectares of mineral claims in the Kenora Mining District of Ontario. The Raleigh Project was subject to a 1% NSR payable to the vendor which the Company repurchased during the year ended December 31, 2016 for $3,000.

During the year ended December 31, 2016, the Company entered into an option agreement with Pioneer whereby Pioneer may earn up to an 80% interest in the Raleigh Project.

Pioneer may earn a 51% interest in the project by spending $1,250,000 on exploration activities within three years of the Agreement and paying to the Company a total of $250,000, half in cash and half in shares, over the same three years (the "Raleigh First Earn-in"). Following the Raleigh First Earn-in, the Company will be granted a 1.5% NSR, purchasable at any time for $1,500,000. During the year ended December 31, 2016, the Company received $25,000 in cash from Pioneer and a first instalment of Pioneer common shares valued at $16,150 resulting in a recovery on the project in excess of carrying value of $17,701. During the year ended December 31, 2017, the Company further received $25,000 in cash from Pioneer and 735,552 Pioneer common shares valued at $10,763 resulting in a recovery on the project in excess of carrying value of $35,763 (Note 5).

Upon completion of the Raleigh First Earn-in, Pioneer will be granted an option to earn an additional 29% by funding, solely, the exploration expenditures and production of a pre-feasibility technical report within six years of completion of the Raleigh First-Earn In ("Raleigh Second Earn-in"). Thereafter, the Company and Pioneer will contribute on a pro-rata basis as to 20% and 80% respectively.

The Company has the option to pre-empt the Raleigh Second Earn-In by electing, in writing, to participate in a joint venture whereby the Company will contribute 49% and Pioneer 51%.

An interest in the Raleigh Lithium Project diluted to 15% will be converted to a 1.5% NSR.

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	2017	2016
Accounts payable and accrued liabilities (Note 11)	$ 338,824	$ 91,961
Total	$ 338,824	$ 91,961

All payables and accrued liabilities of the Company fall due within the next 12 months.

9. CONVERTIBLE DEBENTURES

On April 11, 2017, April 25, 2017, August 10, 2017, and November 22, 2017 the Company completed tranches of a private placement of convertible debentures in the amounts of $100,000, $425,000, $475,000, and $700,000 respectively, for total gross proceeds of $1,700,000. The convertible debentures mature on April 11, 2018, April 25, 2018, August 11, 2018, and January 31, 2019 respectively, are secured by a general security agreement (other than the $700,000 convertible debenture), bear interest at 15% per annum payable quarterly and the effective interest rate is determined to be 18%. The convertible debentures are convertible into common shares at the option of the holder at any time prior to maturity at a conversion price of $0.14 per common share. All or any part of the convertible debentures may be redeemed in cash, at any time, after July 11, 2017, July 25, 2017, November 10, 2017, and February 22, 2018 respectively.

The convertible debentures are compound financial instruments, consisting of a debt instrument and an equity conversion feature. The debt instrument was fair valued using a rate applicable to a non-compound debt instrument and is carried at amortized cost. The excess of the proceeds over the value assigned to the debt instrument was allocated as the fair value of the equity component of the convertible debentures. The following table summarizes the Company's convertible debentures as at December 31, 2017:

Balance, December 31, 2016	$ -
Proceeds on issuance of convertible debentures	1,700,000
Allocation to equity component	(29,136)
Converted loans	(122,858)
Issuance costs	(6,334)
Finance expense	106,772
Interest paid	(54,930)
Balance, December 31, 2017	$ 1,593,514
Equity component of convertible debentures, December 31, 2017	$ 26,994

During the year ended December 31, 2017, $125,000 in convertible debentures were converted to share capital as a result of the early conversion, $2,142 of the initial equity component was allocated to share capital.

(Expressed in Canadian Dollars)

10. EXPLORATION LOAN

In conjunction with the Mariana Property Joint Venture, GFL has made available to the Company a loan of up to US$2,000,000 ("Exploration Loan") to cover a portion of the Company's required contribution to the joint venture. The loan carries 10% interest per annum. The Company must repay the Exploration Loan and accrued interest within 30 days of receipt of its proportionate share of the proceeds from the Mariana Property Joint Venture, or NSR as applicable, until such time the Exploration Loan and accrued interest are repaid in full. The Company will not receive proceeds from the NSR until the Exploration Loan and accrued interest are repaid to GFL. In the event that no proceeds are derived from the joint venture, the Exploration Loan and accrued interest will be due by March 14, 2024.

The Exploration Loan is secured by a promissory note in the amount of US$2,000,000.

During the year ended December 31, 2017, the Company drew down US$Nil (2016 – US$450,000) on the Exploration Loan and accrued interest of US$203,830. The accumulated drawdown on the Exploration Loan as at December 31, 2017 was US$2,000,000 (December 31, 2016 - US$2,000,000). Total interest accrued as at December 31, 2017 was US$420,790 (2016 – US$220,790)

	December 31, 2017	December 31, 2016
Opening balance,	$ 2,976,714	$ 1,626,063
Draw down	-	1,170,777
Interest	264,607	208,677
Foreign exchange	(204,440)	(28,803)
Ending balance,	$ 3,036,881	$ 2,976,714

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

Management Compensation and other related party transactions

Transaction	Relationship	2017	2016
Management fees	A company controlled by a former director	$ 30,000	$ 90,000
Administration fees	Spouse of a former director	6,000	27,000
Administration fees (Argentina)	Officer of an equity investee	1,500	18,000
Exploration expenditures	Private company with a former common director	14,439	624,032
Exploration expenditures and consulting fees	Officer, company controlled by an officer	-	94,200
Rent	Private company with a former common director	-	28,400
Consulting fees	A company controlled by an officer	26,485	-
Consulting fees	Director	180,000	90,000
Consulting fees	A company controlled by a former officer	25,000	60,000
Consulting fees	Director and officer	144,000	-
Consulting fees	Director and interim officer	48,000	-
Consulting fees and exploration expenditures	Former director	7,987	25,751
Directors' fees	Four directors	70,328	-
Exploration expenditures	Private companies in which an officer has a significant shareholding	-	367,672

During the year ended December 31, 2017, the Company granted bonuses included in consulting fees totalling $Nil (2016 - $84,000) to directors and officers of the Company not otherwise included in the table above. These bonuses were settled by way of exercise of stock options.

At December 31, 2017, the Company had convertible debentures with a face value of $875,000 due to three directors of the Company (Note 9) and $700,000 due to TNR.

During the year ended December 31, 2017, management and directors were granted 5,100,000 (2016 – Nil) stock options with a fair value calculated under the Black-Scholes option-pricing model of $741,098 (2016 - $Nil).

During the year ended December 31, 2016, 5,025,000 stock options previously granted to key members of management and directors of the Company, having exercise prices of $0.10 to $0.25 per share, were re-priced to $0.06 per share. The re-pricing of options led to additional share-based payment expense of $308,702. The Company did not re-price any stock-options in the year ended December 31, 2017.

At December 31, 2017, due to related parties consisted of $69,323 (December 31, 2016 - $13,277) to various directors, officers and related companies for services detailed above and is included in accounts payable and accrued liabilities. At December 31, 2017, $35,500 (2016 - $7,560) was receivable from a significant shareholder. As at December 31, 2017, receivables included amounts of $Nil (2016 - $54,096) due from three directors of the Company which were settled during the year ended December 31, 2017.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (cont'd…)

Commitments - Consulting agreements

The Company has entered into consulting agreements with two officers of the Company for the provision of consulting services at a current cost of $180,000 and $72,000 per annum respectively. The agreements renew annually at the discretion of the Company's compensation committee. If either of the agreements are terminated without cause, the Company is required to pay a lump sum equal to the greater of (a) one months' fees for each period the consultant has acted on behalf of the Company and (b) twelve months' worth of fees. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to three times the prior twelve months' gross pay.

12. SHARE CAPITAL AND EQUITY RESERVES

Authorized share capital

As at December 31, 2017, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

Issued share capital

During the year ended December 31, 2017, the Company did not have any private placements.

During the year ended December 31, 2016, the Company issued 7,870,000 units ("Unit") at a price of $0.08 per Unit for gross proceeds of $629,600. Each Unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable at a price $0.12 for a period of three years. The Company paid finders' fees of $7,380 in connection with the financing.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance outstanding, December 31, 2015	-	$ -
Warrants issued	3,935,000	0.12
Balance outstanding and exercisable, December 31, 2016	3,935,000	$ 0.12
Warrants exercised	(700,000)	0.12
Balance outstanding and exercisable, December 31, 2017	3,235,000	$ 0.12

At December 31, 2017, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
3,235,000	$ 0.12	March 16, 2019

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND EQUITY RESERVES (cont'd…)

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, employees and consultants to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance outstanding, December 31, 2015	7,375,000	$ 0.15
Options granted	300,000	0.08
Options expired	(450,000)	0.06
Options exercised	(2,550,000)	0.06
Balance outstanding, December 31, 2016	4,675,000	$ 0.06
Options granted	7,400,000	0.165
Options exercised	(2,650,000)	0.06
Options cancelled	(325,000)	0.06
Balance outstanding and exercisable, December 31, 2017	9,100,000	$ 0.14

At December 31, 2017, options were outstanding enabling holders to acquire common shares as follows:

Number of Options	Exercise Price	Expiry Date
1,150,000	$ 0.06	January 8, 2018*
550,000	0.06	October 28, 2020
3,150,000	0.155	February 23, 2022
750,000	0.15	April 20, 2022
3,500,000	0.18	December 8, 2022
9,100,000		

*Expired subsequent to year end.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND EQUITY RESERVES (cont'd…)

Share-based payments

During the year ended December 31, 2017, the Company granted 7,400,000 (2016 – 300,000) stock options with a weighted average fair value of $0.14 (2016 - $0.06). The fair value of these options calculated using the Black-Scholes option-pricing model was $1,051,198 (2016 - $17,106).

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the year:

	2017	2016
Risk-free interest rate	1.35%	0.72%
Expected life of options	5 years	5 years
Expected annualized volatility	131.1%	141.8%
Dividend yield	- %	- %

Stock option re-pricing

During the year ended December 31, 2016, the Company re-priced 5,975,000 stock options having exercise prices of $0.10 to $0.25 per share and a weighted average of $0.17 per share. The re-pricing of options led to additional share-based payments expense of $364,431. The weighted average assumptions used for the Black-Scholes valuation of re-priced options were annualized volatility of 134.3%, risk-free interest rate of 0.48%, expected life of 1.04 years and a dividend rate of Nil%.

13. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the year ended December 31, is as follows:

	2017	2016
Loss before income taxes	$ (2,728,841)	$ (1,032,724)
Expected income tax (recovery)	$ (709,000)	$ (269,000)
Permanent difference	430,000	(119,000)
Change in statutory, foreign tax and foreign exchange rates	(46,000)	34,000
Tax effect of deconsolidation of subsidiary	-	574,000
Share issue costs	(2,000)	(2,000)
Adjustment to prior year provision for statutory tax returns	159,000	63,000
Change in unrecognized tax attributes and others	168,000	(281,000)
Income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

13. INCOME TAXES (cont'd…)

The significant components of the Company's deferred tax assets that have not been set up are as follows:

	2017	2016
Deferred income tax assets:		
Share issue costs and other	$ 134,000	$ 4,000
Non-capital loss carry forwards	1,024,000	973,000
Exploration and evaluation assets	87,000	100,000
Net deferred income tax assets not recognized	$ 1,245,000	$ 1,077,000

No deferred tax asset has been recognized in respect of the above because the amount of future taxable profit that will be available to realize such assets is not probable.

The Company has approximately $3,915,000 in non-capital losses for Canadian income tax purposes. These losses, if not utilized, will expire through 2037.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing activities during the year ended December 31, 2017 consisted of the Company:

a) Receiving marketable securities of $37,500 as option payments.

b) Accrued contributions within investment in Litio of $156,168 through account payable and accrued liabilities.

See note 6 and 9 for further non-cash items.

The significant non-cash investing and financing transactions during the year ended December 31, 2016 consisted of the Company:

a) Accruing financing costs of $32,942 through exploration and evaluation assets.

b) Accruing exploration expenditure recoveries of $14,054 through receivables.

c) Receiving marketable securities of $45,466 as option payments.

15. SEGMENT INFORMATION

The Company operates in one business segment which is the exploration of mineral properties. The geographic distribution of exploration and evaluation assets is disclosed in Note 7.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Financial assets and liabilities measured at fair value are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash and marketable securities are classified as fair value through profit or loss and are measured using level 1 inputs of the fair value hierarchy. Receivables, accounts payable and accrued liabilities, convertible debentures, and exploration loan are classified as loans and receivables.

Convertible debentures and exploration loan are measured at amortized cost. The fair value of the Company's long-term exploration loan approximates its carrying value as the balance accrues as amounts are forwarded from GFL and the interest rate is applied over time. The interest rate is considered to be comparable to other borrowing arrangements made available to the Company.

Risk management

In the mining industry there is always a risk over contractual interpretation of royalty rights and obligations, and it is possible that the Company's interpretation of its rights and obligations could be different from other parties' interpretation of them. The Company is exposed to varying degrees of financial instrument related risks:

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company considers that credit risk with respect to the receivables (Note 4) is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company will endeavour to raise funds for future use from equity financings and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing activities. The Company is exposed to risk that it will encounter difficulty in satisfying these obligations on maturity. The Exploration Loan is secured by a promissory note.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Risk management (cont'd…)

Liquidity risk (cont'd…)

There can be no assurance that the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the completion of other debt and/or equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in generating revenue, cash flows or earnings.

Market risk

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's policy is to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value. The exploration loan bears a fixed, simple interest rate of 10% and the convertible debentures bear interest at a fixed rate of 15%.

b) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly lithium. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

c) Foreign currency risk

The Company's operations are in Canada, Argentina, and Ireland. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The Company's operating expenses are incurred primarily in Canadian dollars. Exploration programs are in Canadian dollars. Activity in associates occurs in Argentina and Ireland and is denominated in US dollars, Argentinean Pesos and the Euro. The Company is also subject to fluctuations in the Euro, US dollar and Argentinean Peso in conducting exploration work and investment in Ireland and Argentina. Consequently, the Company's investments and expenditures are subject to currency transaction risk and currency translation risk. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

18. SUBSEQUENT EVENTS

Subsequent to December 31, 2017 the following events occurred:

a) The Company issued 2,250,000 units ("Unit") at a price of $0.20 per Unit for gross proceeds of $450,000. Each Unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable at a price $0.30 for a period of 24 months from closing. As at December 31, 2017, the Company received $88,140 in advance of the private placement.

b) The Company entered into a non-brokered private placement of convertible debentures, known as 2018 Series 1 Convertibles, in the principal amount of $1,180,000 with a director who is also an officer of the Company. The Debenture will mature on June 30, 2019 and bear interest at the rate of 15% per annum, payable quarterly. The debenture shareholder may convert at any time, all or a portion of the convertible loan principal into common shares of the Company at a price of $0.085 (8.5 cents) per common share. The Company has the right to repay the convertible loan on notice, at any time after three months from the date of advance. The convertible loan is secured by a general security agreement against the Company's assets.

c) Following issuance of the 2018 Series 1 Convertible, the Company repaid in full to two directors the outstanding balance of $400,000 of two maturing convertibles that had been issued in April 2017.

d) The Company granted 1,505,000 stock options to directors and officers of the Company. The Options are exercisable at $0.085 per share until five years from the date of grant and will become fully vested one year from the date of grant.

e) Issued 550,000 common shares relating to the exercise of stock options, the Company received $25,000 during the year ended December 31, 2017.

f) The Company entered into consulting agreements with two officers, who are also directors, of the Company for the provision of consulting services at a current cost of $180,000 and $120,000 per annum respectively. If either of the agreements are terminated without cause, the Company is required to pay a lump sum equal to twelve months' worth of fees. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to three times the prior twelve months gross pay.