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American Lithium Corp.

(An Exploration Stage Company)

Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian Dollars)



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
American Lithium Corp.

We have audited the accompanying consolidated financial statements of American Lithium Corp. which comprise the consolidated statements of financial position as at February 28, 2017 and February 29, 2016, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years ended February 28, 2017 and February 29, 2016, and the related notes comprising 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 as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of the 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 audits 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of American Lithium Corp. as at February 28, 2017 and February 29, 2016, and its financial performance and its cash flows for the years ended February 28, 2017 and February 29, 2016, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of American Lithium Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
June 16, 2017

American Lithium Corp.

(Expressed in Canadian Dollars)

Consolidated Statements of Financial Position

As at	February 28, 2017	February 29, 2016
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	856,401	153,371
GST receivable	48,925	670
Prepaid expenses and deposits	150,816	1,050
	1,056,142	155,091
Non-current assets		
Exploration and evaluation assets (Note 4)	17,840,854	1
Reclamation deposits (Note 5)	59,173	10,000
	18,956,169	165,092
LIABILITIES		
Current		
Accounts payable and accrued liabilities	144,430	12,047
Due to related parties (Note 6)	57,928	-
	202,358	12,047
EQUITY		
Share capital (Note 8)	27,297,218	5,518,697
Subscriptions receivable (Note 8)	(43,750)	-
Equity reserves	2,274,325	383,364
Deficit	(10,773,982)	(5,749,016)
	18,753,811	153,045
	18,956,169	165,092

Nature and continuance of operations (Note 1)

Commitments (Note 11)

Events after the reporting period (Note 13)

Approved on behalf of the Board of Directors on June 16, 2017:

/s/ Michael Kobler
Director

/s/ Andrew Squires
Director

American Lithium Corp.

(Expressed in Canadian Dollars)

Consolidated Statements of Loss and Comprehensive Loss

For the years ended:	February 28, 2017	February 29, 2016
	\$	\$
Expenses		
Consulting and management fees (Note 6)	775,940	968
Exploration and evaluation	1,072,671	-
General and administrative	115,328	16,037
Filing and listing fees	126,593	19,414
Foreign exchange	10,569	-
Insurance	45,220	-
Investor relations	38,214	-
Marketing and promotion	894,992	-
Professional fees	131,758	7,814
Registrar and transfer agent fees	31,349	-
Rent	123,379	-
Share-based payments (Notes 6 and 8)	1,477,787	93,705
Travel	181,166	-
Net Loss and comprehensive loss	(5,024,966)	(137,938)
Basic and diluted loss per share	(0.13)	(0.01)
Weighted average number of shares outstanding- basic and diluted	39,751,101	11,340,332

American Lithium Corp.

(Expressed in Canadian Dollars)

Consolidated Statements of Cash Flows

For the years ended:	February 28, 2017	February 29, 2016
	\$	\$
OPERATING ACTIVITIES		
Net loss for the year	(5,024,966)	(137,938)
Item not affecting cash:		
Share-based payments	1,477,787	93,705
Changes in non-cash working capital items:		
GST receivable and prepaid and deposits	(198,021)	(1,164)
Accounts payable and accrued liabilities	132,383	(12,808)
Due to related parties	57,928	-
Cash used in operating activities	(3,554,889)	(58,205)
INVESTING ACTIVITIES		
Cash on acquisition of subsidiaries	39,422	-
Reclamation deposit	(49,173)	-
Exploration and evaluation assets expenditures	(823,194)	-
Cash used in investing activities	(832,945)	-
FINANCING ACTIVITIES		
Loan interest	-	(2,422)
Common shares issued for cash	4,718,276	52,000
Warrant exercises	505,475	159,425
Option exercises	52,500	-
Share issue costs	(185,387)	-
Cash provided by financing activities	5,090,864	209,003
Change in cash and cash equivalents during the year	703,030	150,798
Cash and cash equivalents, beginning of year	153,371	2,573
Cash and cash equivalents, end of year	856,401	153,371
Cash paid for:		
Interest	-	413
Income taxes	-	-
Supplementary non-cash transactions:		
Shares and warrants issued for exploration and evaluation assets (Note 4)	17,017,660	-

American Lithium Corp.

(Expressed in Canadian Dollars)

Consolidated Statements of Changes in Equity For the years ended February 28, 2017 and February 29, 2016

	Number of shares	Share capital	Share subscriptions receivable	Equity reserves	Deficit	Total
		\$	\$	\$	\$	\$
Balance, February 28, 2015	11,009,948	5,277,793	-	319,138	(5,611,078)	(14,147)
Private placement	650,000	52,000	-	-	-	52,000
Shares issued for warrants	2,277,500	159,425	-	-	-	159,425
Equity reserves for warrants	-	29,479	-	(29,479)	-	-
Share-based payments	-	-	-	93,705	-	93,705
Comprehensive loss for the year	-	-	-	-	(137,938)	(137,938)
Balance, February 29, 2016	13,937,448	5,518,697	-	383,364	(5,749,016)	153,045
Private placements	19,539,493	4,775,770	-	-	-	4,775,770
Subscriptions receivable	-	-	(43,750)	-	-	(43,750)
Share issue costs	-	(289,904)	-	78,747	-	(211,157)
Shares issued for warrants	7,067,500	505,477	-	-	-	505,477
Equity reserves for warrants	-	30,450	-	(30,450)	-	-
Shares issued for options	525,000	52,500	-	-	-	52,500
Equity reserves on options	-	44,728	-	(44,728)	-	-
Shares issued for asset acquisitions	16,883,334	16,659,500	-	-	-	16,659,500
Share-based payments for asset acquisitions	-	-	-	409,606	-	409,606
Share-based payments	-	-	-	1,477,786	-	1,477,786
Comprehensive loss for the year	-	-	-	-	(5,024,966)	(5,024,966)
Balance, February 28, 2017	57,952,775	27,297,218	(43,750)	2,274,325	(10,773,982)	18,753,811

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

American Lithium Corp. (the "Company") was incorporated in the Province of British Columbia. The Company is engaged in the business of identification, acquisition and exploration of mineral interests. The Company's head office is located at Suite 1450, 701 West Georgia Street, Vancouver, British Columbia V6C 2T4 and registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, BC, V6C 3E8, Canada.

At the date of the consolidated financial statements, the Company has not identified a known body of commercial grade minerals on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

Management is targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

As at February 28, 2017, the Company was in the process of exploring its principal mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

The Company incurred a loss of \$5,024,966 (2016: \$137,938) for the year ended February 28, 2017. As at February 28, 2017, the Company had an accumulated deficit of \$10,773,982 (2016: \$5,749,016), which has been funded primarily by the issuance of equity. The Company's ability to continue as a going concern and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors give rise to a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION

These consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3. All amounts are expressed in Canadian dollars unless otherwise stated.

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Estimates with a significant risk of material adjustment are discussed in Note 3(a).

The assessment of the Company's ability to identify potential mineral reserves and obtain financing to fund the working capital requirements involves judgment. The judgment made by management with a significant risk of material adjustment is the going concern assumption.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on June 16, 2017.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Name	Jurisdiction	Parent company
1032701 B.C. Ltd.	British Columbia, Canada	American Lithium Corp.
1032701 Nevada Ltd.	Nevada, USA	1032701 B.C. Ltd.
1065604 B.C. Ltd.	British Columbia, Canada	American Lithium Corp.
1065604 Nevada Ltd.	Nevada, USA	1065604 B.C. Ltd.
1067323 B.C. Ltd.	British Columbia, Canada	American Lithium Corp.
1067323 Nevada Ltd.	Nevada, USA	1067323 B.C. Ltd.
1074654 B.C. Ltd.	British Columbia, Canada	American Lithium Corp.
1074654 Nevada Ltd.	Nevada, USA	1074654 B.C. Ltd.
Lillooet Mining Ltd.	British Columbia, Canada	American Lithium Corp.

On February 6, 2017, the Company disposed Lillooet Mining Ltd., along with the Reliance and Ava properties (see Note 4).

All intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The more significant areas are as follows:

- the estimates and assumptions used in the share-based payments;
- the determination that the Company has no decommissioning liabilities as at February 28, 2017; and
- the determination of recoverability on exploration and evaluation assets.

Critical judgments in applying accounting policies:

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

- the determination that the Company will continue as a going concern for the next year; and
- the assessment of the deferred income tax assets and liabilities are probable to be recovered from future income.

b) Functional currency

The majority of transactions are in Canadian dollars and therefore the reporting and functional currency of the Company and its subsidiaries is the Canadian dollar.

c) Financial instruments

Financial assets

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

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and receivables are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in the consolidated statements of comprehensive loss. As of February 28, 2017, the Company does not have any financial assets classified as held to maturity and available for sale.

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

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

Financial liabilities

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

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company is not exposed to any derivative instruments and foreign exchange hedges in place at this time.

d) Exploration and evaluation assets

The cost of acquiring and maintaining the Company's interest in its exploration and evaluation assets are capitalized on a property-by-property basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately.

Exploration and evaluation expenditures relate to the initial search for a mineral deposit and the subsequent evaluation to determine the economic potential of the mineral deposit. The exploration and evaluation stage commences when the Company obtains the legal right or license to begin exploration. This stage ends when management determines there is sufficient evidence to support the probability of future mining operations of economically recoverable reserves, and requires significant judgment on the part of management.

Exploration and evaluation expenditures are recognized in operations in the period in which they are incurred (see also Note 3o).

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Exploration and evaluation assets (continued)

Management reviews the carrying value of capitalized exploration and evaluation assets at least annually. The review is based on the Company's intentions for development of an undeveloped property. If a project does not prove viable, all unrecoverable costs associated with the project net of any previous impairment provisions are written off. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped property. Amounts shown for exploration and evaluation assets, net of write-downs and recoveries, are not intended to represent present or future values.

Title to exploration and evaluation assets 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 exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties are in good standing.

e) Impairment

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indications of impairment exist, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, as if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

f) Decommissioning liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for a decommissioning liability is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at February 28, 2017 and February 29, 2016, the Company had not incurred any decommissioning liabilities related to the exploration and development of its mineral properties.

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

h) Share-based payments

The Company has a stock option plan, which is described in Note 8. The fair value of equity settled stock options awarded to employees defined under IFRS 2 Share-based payments (i.e. employees for legal and tax purpose, directors and certain consultants), determined as of the date of grant, and awarded to non-employees defined under IFRS 2, as of the date of delivery of service, is recognized as share-based payments expense, included in general and administrative expenses in the statement of comprehensive loss, over the vesting period of the stock options based on the estimated number of options expected to vest, with a corresponding increase to equity.

i) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

j) 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 resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in the share warrant reserve. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

k) Loss per share

The Company uses the treasury stock method in computing loss per share. Under this method, basic loss per share is computed by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the year. For all periods presented the existence of warrants and options causes the calculation of fully diluted loss per share to be anti-dilutive. Accordingly, fully diluted loss per share information has not been shown.

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income taxes

The Company utilizes the asset and liability method of accounting for deferred taxes. Under the liability method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against the asset can be utilized.

m) New Accounting Pronouncements Adopted During the Year

During the year ended February 28, 2017, the Company did not adopt any new accounting standards and interpretations.

n) Recent accounting pronouncements

New accounting standards issued but not yet effective

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- IFRS 15: New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018.
- IFRS 16: Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

o) Change in accounting policy

Exploration and Evaluation Assets

Effective March 1, 2016, the Company voluntarily changed its accounting policy for its exploration and evaluation expenditures assets ("E&E") to expense exploration and evaluation costs on the consolidated statements of loss and comprehensive loss rather than capitalize them on the consolidated statement of financial position. The Company has determined that this change in accounting policy enhances the reliability of the financial statements because of the difficulty associated with demonstrating that these costs meet the definition of an asset. The Company also has determined that reflecting its E&E expenditures in the consolidated statements of loss and comprehensive loss and categorizing them as part of its operating activities in the consolidated statements of cash flows better reflects the economic substance of its operations. This change in accounting policy has been applied retrospectively but had no material effect on the comparative figures and as a result the opening deficit and the 2016 comparative figures were not restated.

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Reliance property	Ava property	Fish Lake Valley property	Atlantis property	Fish South property	Colorado property	San Emidio property	Clayton Valley BFF property	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, February 29, 2016 and 2015	1	-	-	-	-	-	-	-	1
Additions:									
Common shares issued	-	-	1,050,000	4,971,054	1,276,000	4,826,000	4,209,000	276,000	16,608,054
Warrants issued	-	-	-	-	409,606	-	-	-	409,606
Options payments in cash	-	-	171,639	-	233,745	-	128,880	129,259	663,523
Property costs incurred	-	-	118,550	27,974	-	-	8,759	4,388	159,671
Disposals	(1)	-	-	-	-	-	-	-	(1)
Balance, February 28, 2017	-	-	1,340,189	4,999,028	1,919,351	4,826,000	4,346,639	409,647	17,840,854

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Reliance Property and the Ava Property

The Company held a 100% interest in 977.749 hectares known as the Reliance group of claims in the Lillooet Mining Division, British Columbia.

The Company held a 100% interest in 1,320.539 hectares known as the AVA Property, located at the west end of Kamloops Lake, British Columbia.

On February 6, 2017, the Company disposed of the Reliance and Ava properties for proceeds of \$1 and was released from its obligations as part of a Sale Agreement. Since the properties were written down to \$1 in the prior year, no gain or loss was recorded.

Fish Lake Valley Project - Nevada, USA

On March 8, 2016, the Company entered into a Share Purchase Agreement to acquire 100% of 1032701 B.C. Ltd. ("1032701 BC") by issuing 4,000,000 common shares at a fair value of \$1,000,000 (see Note 8). 1032701 BC has a wholly-owned subsidiary, 1032701 Nevada Ltd. ("1032701 Nevada"), which holds the earn-in option as described below. For accounting purposes, this transaction is considered to be outside the scope of IFRS 3 *Business Combinations* since 1032701 BC was inactive prior to the transaction and its only asset was the Fish Lake Valley property and accordingly did not constitute a business. The transaction is accounted for in accordance with IFRS 2 *Share-based Payment* whereby the Company is deemed to issue shares in exchange for the net assets of 1032701 BC together with its right to earn a 100% interest in mineral claims of the Fish Lake Valley Project.

The "Fish Lake Valley Project" consists of a series of 98 placer claims comprising a total of 7,840 acres in Esmerelda County, Nevada, USA. Under an earn-in option agreement, the Company has the right to acquire a 100% undivided interest in the Fish Lake Valley Project by fulfilling the commitments outlined below:

- i. Initial Earn-in option: the Company may acquire the initial 80% undivided interest in the Fish Lake Valley Project should the following conditions be met:

	Common Shares	Cash	Exploration Expenditures
	#	US \$	US \$
Upon closing (issued and paid)	200,000	130,000	-
On or before the first anniversary of the closing	100,000	100,000	200,000
On or before the second anniversary of the closing	100,000	100,000	300,000
On or before the third anniversary of the closing	-	-	600,000
Total	400,000	330,000	1,100,000

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Fish Lake Valley Project - Nevada, USA (continued)

- ii. Subsequent Earn-in option: The Company may acquire an additional 20% of the Fish Lake Valley Project by paying to the Optionor an aggregate amount of US \$1,000,000 on or before the date that is 12 months after the exercise of the initial Earn-in Option.

The Optionor retains a 2.5% net smelter royalty (NSR), one half of which can be purchased for \$1,000,000 cash.

During the year ended February 28, 2017, the Company issued 200,000 common shares at fair value of \$50,000 and paid \$171,639 (US\$130,000) to the Optionor.

Atlantis Property - Nevada, USA

On May 6, 2016, the Company entered into a Share Purchase Agreement to acquire 100% of 1065604 B.C. Ltd. ("1065604 BC") by issuing 4,533,334 common shares at a fair value of \$4,760,000 (see Note 8). For accounting purposes, this transaction is considered to be outside the scope of IFRS 3 *Business Combinations* since 1065604 BC was inactive prior to the transaction and was limited to the holding of the Atlantis Property and accordingly did not constitute a business. The transaction is accounted for in accordance with IFRS 2 *Share-based Payment* whereby the Company is deemed to issue shares in exchange for the net assets of 1065604 BC together with its right to earn a 80% interest in mineral claims of the Atlantis Property.

Prior to the above noted acquisition, 1065604 BC entered into a Property Option Agreement with Nevada Sunrise Gold Corporation ("Optionor") to acquire a 80% undivided interest in the Atlantis Property. The Atlantis property consists of a series of 69 placer claims and 19 association placer claims, comprising a total of 2,882 acres, located in Esmeralda County, Nevada, USA. The required cash payments of \$164,046 (US\$48,050 and CAD\$100,000) were paid by 1065604 BC prior to the acquisition.

Under the earn-in option agreement dated, 1065604 BC has the right to acquire the interest by fulfilling the commitments outlined below:

	Common Shares	Cash	Exploration Expenditures
	#	\$	US \$
Upon closing date (paid) – in US\$	-	48,050	-
On or before April 28, 2016 (paid) – in CAD\$	-	100,000	-
Within 60 days of closing of acquisition (issued)	250,000	-	-
On or before the first anniversary of the closing	-	-	100,000
On or before the second anniversary of the closing	500,000	-	250,000
On or before the third anniversary of the closing	500,000	-	650,000
Total	1,250,000		1,000,000

During the year ended February 28, 2017, the Company issued 250,000 common shares at fair value of \$262,500 to the Optionor.

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Fish South Property - Nevada, USA

On June 1, 2016, the Company, through 1032701 Nevada Ltd., finalized an option agreement with TY & Sons Explorations (Nevada), Ltd. ("the Optionor"), who has the right to acquire a 100% interest in a series of mineral claims located in Esmeralda County, Nevada, USA (the "Fish South Property"), subject to a 2.5% NSR. Under an earn-in option agreement, the Company has the right to acquire a 80% undivided interest in the Fish South property by fulfilling the commitments outlined below:

	Common Shares	Warrants	Cash
	#	#	US\$
Within 60 days of closing to the property owner (paid)	-	-	78,800
Upon closing to the Optionor (issued and paid)	700,000	300,000	100,000
Within 4 months after closing to the property owner (issued)	300,000	-	-
On or before the first anniversary of the closing to the Optionor	500,000	-	-
On or before the second anniversary of the closing to the Optionor	500,000	-	-
Total	2,000,000	300,000	178,800

The Company granted 300,000 share purchase warrants entitling the Optionor to acquire 300,000 common shares at a price of \$1.10 per share for a period of three years. The fair value of the warrants is \$409,606 (see Note 8).

During the year ended February 28, 2017, the Company issued a total of 1,000,000 common shares at fair value of \$1,276,000 and paid \$233,745 (US\$178,800) to the property owner and Optionor.

Colorado Property - Nevada, USA

On May 24, 2016, the Company entered into an agreement to acquire all the outstanding share capital of 1067323 B.C. Ltd. ("1067323 BC"), a privately-held British Columbia based mineral exploration company, by issuing 6,000,000 common shares with a fair value of \$8,340,000 (see Note 8). 1067323 BC has a wholly-owned subsidiary, 1067323 Nevada Ltd. The 1067323 BC holds earn-in option agreements to acquire a 100% divided interest in the Fish Lake Valley property and the San Emidio property (described below). For accounting purposes, this transaction is considered to be outside the scope of IFRS 3 *Business Combinations* since 1067323 BC was inactive prior to the transaction and was limited to the holding of the Colorado Property and accordingly did not constitute a business. The transaction is accounted for in accordance with IFRS 2 *Share-based Payment* whereby the Company is deemed to issue shares in exchange for the net assets of 1067323 BC together with its right to earn a 100% interest in mineral claims of the Atlantis Property.

1067323 Nevada is a party to an earn-in option agreement with Colorado Exploration Inc. ("Optionor") to acquire a series of 193 placer and 44 lode claims, over 4,870 acres (1,971 hectares) in Fish Lake Valley, Nevada, USA (the "Colorado Property"). Under an earn-in option agreement, the Company has the right to acquire a 100% interest in the Colorado property, subject to a one percent (1.0%) net smelter returns royalty, by making a payment of \$200,000 and issuing 400,000 common shares to the Optionor.

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Colorado Property - Nevada, USA (continued)

During the year ended February 28, 2017, the Company issued a total of 400,000 common shares at a fair value of \$556,000 to the Optionor. The payment of \$200,000 was paid prior to the acquisition of 1067323 BC. Since 1067323 B.C. Ltd. holds both Colorado and San Emidio properties, the shares issued for the acquisition of this company were allocated between these two properties accordingly.

San Emidio Property - Nevada, USA

Pursuant to an earn-in option agreement between Lithium Corp. ("the Optionor") and 1067323 BC ("the Optionee"), the Company holds the rights to acquire the San Emidio property ("San Emidio Property"), representing a series of 28 placer claims, over 2,240 acres (907 hectares) in Nevada, USA.

According to the earn-in option agreement, the Company may acquire an initial 80% undivided interest in the San Emidio property if the following conditions are met:

	Common Shares	Cash	Exploration Expenditures
	#	US \$	US \$
Within 30 days following the effective date (issued and paid)	100,000	100,000	-
On or before the first anniversary of the closing	100,000	-	-
On or before the second anniversary of the closing	100,000	-	200,000
On or before the third anniversary of the closing	-	-	300,000
Total	300,000	100,000	500,000

The Company may acquire an additional 20% of the San Emidio property by paying to the Optionor, subject to a two-and-one-half (2.5%) percent net smelter returns royalty, 50% of which maybe repurchased at US\$1,000,000, an aggregate amount of US\$1,000,000 on or before the date that is 36 months after the exercise of the initial Earn-in Option.

During the year ended February 28, 2017, the Company issued 100,000 common shares at fair value of \$139,000 and paid \$128,880 (US\$100,000) to the Optionor.

Clayton Valley BFF Property - Nevada, USA

On July 5, 2016, the Company entered into an agreement to acquire all of the outstanding share capital of 1074654 B.C. Ltd. ("1074654 BC"), a privately held British Columbia mineral exploration company. 1074654 BC holds a right to acquire a 70% interest in a series of 77 placer claims comprising 1,540 acres, located in Esmeralda County, Nevada and known as "Clayton Valley BFF". The Company received TSX approval and closed the transaction on July 12, 2016. In consideration of all the outstanding share capital of 1074654, the Company assumed 1074654's obligations in respect of Clayton Valley BFF property.

Under an earn-in option agreement, the Company has the right to acquire a 70% undivided interest in the Clayton Valley BFF Property by fulfilling the commitments outlined below:

American Lithium Corp.

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For the years ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Clayton Valley BFF Property - Nevada, USA (continued)

	Common Shares	Cash	Exploration Expenditures
	#	US \$	US \$
Upon closing (issued and paid)	400,000	75,000	-
On or before the first anniversary of the closing	400,000	100,000	100,000
On or before the second anniversary of the closing	400,000	100,000	300,000
On or before the third anniversary of the closing	-	-	600,000
Total	1,200,000	275,000	\$1,000,000

During the year ended February 28, 2017, the Company issued 400,000 common shares at fair value of \$276,000 and paid \$96,982 (US\$75,000) to the Optionor.

5. RECLAMATION DEPOSITS

Reclamation deposits consist of term deposits and bonds, recorded at cost and held as security by the Provincial Government of British Columbia and the State of Nevada respectively, with regards to certain exploration properties described in Note 4.

6. RELATED PARTY TRANSACTIONS

Key management personnel

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 consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Key Management Personnel	2017 \$	2016 \$
Salaries and short term benefits ⁽ⁱ⁾	708,346	-
Share-based payments	1,087,818	-
	1,796,164	-

⁽ⁱ⁾Salaries and short term benefits include \$544,016 in Management and Consulting fees; \$130,130 in exploration and evaluation expense and \$34,200 in office expense; recorded on the Statement of Loss and Comprehensive Loss.

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS (continued)

During the year ended February 28, 2017, the Company entered into the following transactions with key management personnel:

Related party	Nature of transaction
Samantha Stewart ("Stewart")	Consulting fees for the management services of a former director
Anita Algie ("Algie")	Consulting fees for the management services of a former director and officer
Michael Kobler ("Kobler")	Consulting fees for the services provided by Michael Kobler the Executive Chair and Chief Executive Officer
Peter Born ("Born")	Consulting fees for the management services of a former director
Richard Ko ("Ko")	Consulting fees for the management services of a former director and officer
Betty Joy LeBlanc ("LeBlanc")	Consulting fees for the management services of a former officer
Dana Brock ("Brock")	Consulting fees for geological services provided by an officer
Alan Abrams ("Abrams")	Former independent director
Andrew Squires ("Squires")	Independent director
Marc Bruner ("Bruner")	Independent director
Pacific Equity Management Corp. ("PEM")	Management fees for services provided by former CEO and VP Corporate Development and current CFO and VP Finance.

- (a) Paid \$270,000 (2016: \$nil) to PEM pursuant to a Management Services Agreement entered into as of August 10, 2016 and amended on February 8, 2017 (see Note 11). PEM is a company controlled by two former directors and officers, and it provides daily management services to the Company. The payments are disclosed in key management personnel compensation within salaries and short term benefits.
- (b) Paid or accrued \$195,016 (2016: \$nil) to Kobler and to a company controlled by Kobler for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Granted stock options with a calculated fair value of \$435,127 (2016: \$nil) recorded in share-based payment.
- (c) Paid \$130,130 (2016: \$nil) to a company controlled by Brock, for geological services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Granted stock options with a calculated fair value of \$217,564 (2016: \$nil) recorded in share-based payments. As of February 28, 2017, the Company has \$17,928 payable to Kobler.

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS (continued)

- (d) Paid \$130,130 (2016: \$nil) to a company directed by Brock, for geological services, recorded in exploration and evaluation expense. In addition, the Company granted stock options with a calculated fair value of \$217,564 (2016: \$nil) recorded in share-based payments.
- (e) Granted stock options with a calculated fair value of \$163,173 (2016: \$nil) to Abrams in share-based payments. The payment is disclosed in key management personnel compensation within share-based payments.
- (f) Granted stock options with a calculated fair value of \$163,173 (2016: \$nil) to Squires in share-based payment. The payment is disclosed in key management personnel compensation within salaries and short term benefits.
- (g) Accrued \$50,000 (2016: \$nil) to Bruner for consulting. The accrual is disclosed in key management personnel compensation within share-based payments (see Note 11).
- (h) Paid \$10,000 (2016: \$nil) to Algie and to a company controlled by Algie, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits.
- (i) Paid \$5,000 (2016: \$nil) to Born and to a company controlled by Born, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits.
- (j) Paid \$5,000 (2016: \$nil) to Ko, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits.
- (k) Paid \$15,200 (2016: \$nil) to Stewart and to a company controlled by Stewart, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits.
- (l) Paid \$28,000 (2016: \$nil) to LeBlanc and to a company controlled by LeBlanc, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Granted stock options with a calculated fair value of \$108,782 (2016: \$nil) recorded in share-based payment.

7. 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 of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. The Company includes the components of shareholders' equity in its management of capital.

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

7. CAPITAL MANAGEMENT (continued)

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 to raise cash and obtain bridging loans from related parties.

The Company's investment policy is to invest its cash in investment instruments in financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

8. SHARE CAPITAL

Authorized

Unlimited number of common shares, without par value.

Issued

During the year ended February 28, 2017:

In April 2016, the Company completed a non-brokered private placement of 6,000,000 units at a price of \$0.25 per unit for gross proceeds of \$1,500,000. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable to acquire one additional common share at an exercise price of \$0.50 per share until April 6, 2020.

On April 1, 2016, the Company issued 4,000,000 common shares with a fair value of \$1,000,000 to acquire 1032701 B.C. Ltd. in accordance to the Share Purchase Agreement. In addition, the Company also issued 200,000 common shares with a fair value of \$50,000 for the Fish Lake Valley property in accordance to the option agreement. (see Note 4)

On May 4, 2016, the Company completed a non-brokered private placement of 3,333,333 units at a price of \$0.60 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable to acquire an additional common share at an exercise price of \$1.00 per share until May 4, 2019. In connection with this private placement, the Company issued 66,667 share purchase warrants as finder's fees at a price of \$1.00 per share until three years after the issue date with a fair value of \$51,869.

On May 16, 2016, the Company issued 4,533,334 common shares with a fair value of \$4,760,000 to acquire 1065604 B.C. Ltd. in accordance to the Share Purchase Agreement. In addition, the Company also issued 250,000 common shares with a fair value of \$262,500 for the Atlantis Property in accordance to the option agreement. (see Note 4)

In June 2016, the Company issued 1,000,000 common shares with a fair value of \$1,276,000 to TY & Sons Explorations (Nevada), Ltd. for the Fish South property in accordance to the option agreement. In addition, the Company also issued 300,000 warrants with a fair value of \$395,517 in accordance to the option agreement for \$409,606. (see Note 4)

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

On June 7, 2016, the Company issued 6,000,000 common shares with a fair value of \$8,340,000 to acquire 1067323 B.C. Ltd. in accordance to the Share Purchase Agreement. In addition, the Company also issued 500,000 common shares, of which 400,000 shares for the Colorado property and 100,000 shares for the San Emidio property with fair values of \$556,000 and \$139,000 respectively in accordance with the option agreements for \$556,000 and \$139,000 respectively. (see Note 4)

On July 14 2016, in accordance to the option agreement for Clayton Valley BFF Property, the Company issued 400,000 common shares with a fair value of \$276,000. (see Note 4)

On February 28, 2017, the Company completed a non-brokered private placement of 10,000,000 units at a price of \$0.125 per unit for gross proceeds of \$1,250,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable to acquire one additional common share at an exercise price of \$0.25 per share until February 28, 2020. In connection with this private placement, the Company issued 206,160 units as finder's fees, with a fair value of \$26,877.

During the year ended February 28, 2017, 7,042,500 common shares were issued upon the exercise of warrants at a purchase price of \$0.07 per common share for gross proceeds of \$492,975; and 25,000 common shares were issued upon the exercise of warrants at a purchase price of \$0.50 per common share for gross proceeds of \$12,500. Upon the exercise of stock options, 525,000 common shares were issued at \$0.10 per share.

The Company paid \$211,156 in share issue costs related to the private placements.

During the year ended February 29, 2016:

The Company completed a non-brokered private placement of 650,000 units at a price of \$0.08 per unit for gross proceeds of \$52,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into an additional common share at an exercise price of \$0.10 per share, has a grant date of September 15, 2015 and expires September 15, 2020.

2,277,500 common shares were issued on the exercise of warrants at a purchase price of \$0.07 per common share for gross proceeds of \$159,425. In connection with the exercise of the warrants, the company transferred \$29,479 from share warrant reserves to share capital.

Voluntary Pooling Agreement

On August 1, 2016, certain shareholders entered into a Voluntary Pooling Agreement (the "Agreement") with the Company to place a total of 14,153,333 common shares on escrow. Under the Agreement, 20% of the shares would be released on each of February 1, 2017, May 1, 2017, August 1, 2017, November 1, 2017 and February 1, 2018 respectively. As at February 28, 2017, the Company has 11,322,665 common shares remain pooled under the terms of the Agreement (2016 – nil) (see Note 13).

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

Warrants

Details of common share purchase warrants outstanding at February 28, 2017 are as follows:

Number of warrants	Exercise price	Remaining life (years)	Expiry date
680,000	\$ 0.07	1.81	December 20, 2018
650,000	\$ 0.10	3.55	September 17, 2020
2,975,000	\$ 0.50	3.10	April 6, 2020
1,708,334	\$ 1.00	2.18	May 4, 2019
300,000	\$ 1.10	2.25	June 1, 2019
10,206,160	\$ 0.25	3.00	February 28, 2020
16,519,494			

A summary of changes of warrants outstanding is as follows:

	Warrants	Weighted average exercise price
Balance, February 28, 2015	10,000,000	\$ 0.07
Exercised	(2,277,500)	0.07
Issued	650,000	0.10
Balance, February 29, 2016	8,372,500	\$ 0.16
Issued	3,000,000	0.50
Issued	1,708,334	1.00
Issued	300,000	1.10
Issued	10,206,160	0.25
Exercised	(7,042,500)	0.07
Exercised	(25,000)	0.50
Balance, February 28, 2017	16,519,494	\$ 0.38

The fair value of the 66,667 broker's warrants issued in connection with the private placements that closed on May 4, 2016 was estimated using the Black-Scholes option-pricing model is \$51,869. The following weighted average assumptions were used: Risk-free interest rate – 0.66%; Expected volatility – 174%; Expected dividend yield – nil; Expected life – 3 years; forfeiture rate – 20%.

The fair value of the 300,000 warrants issued in connection with the asset acquisition June 1, 2016 was estimated using the Black-Scholes option-pricing model is \$409,903. The following weighted average assumptions were used: Risk-free interest rate – 0.61%; Expected volatility – 163%; Expected dividend yield – nil; Expected life – 3 years; forfeiture rate – 0%.

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

Warrants (continued)

The fair value of the 206,160 broker's warrants issued in connection with the private placements that closed on February 28, 2017 was estimated using the Black-Scholes option-pricing model is \$26,877. The following weighted average assumptions were used: Risk-free interest rate –0.93%; Expected volatility – 136%; Expected dividend yield – nil; Expected life – 3 years; forfeiture rate – 0%.

The holders of the warrants granted on December 20, 2013 can only exercise the number of warrants which will result, when the shares are issued, in the holder's shareholding not exceeding 10% of the Company's issued and outstanding shares as at the date of the exercise.

Stock Options

The Company has established a stock option plan for directors, employees, and consultants. Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the Discounted Market Price policies of the TSX Venture Exchange. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The aggregate number of options granted to any one optionee in a 12 month period is limited to 5% of the issued shares of the Company. The options vest on the date of grant.

As at February 28, 2017, the following options were outstanding and exercisable:

Number of options	Exercise price	Remaining life (years)	Expiry date
555,000	\$ 0.10	3.55	September 14, 2020
75,000	\$ 1.70	4.18	May 2, 2021
750,000	\$ 1.13	4.18	May 5, 2021
250,000	\$ 1.57	1.29	June 13, 2018
500,000	\$ 0.175	2.96	February 13, 2020
2,130,000			

American Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

Stock Options (continued)

A summary of changes of stock options outstanding is as follows:

	Options	Weighted average exercise price
Balance, February 28, 2015 and February 29, 2016	1,080,000	\$ 0.10
Exercised	(525,000)	\$ 0.10
Granted	150,000	\$ 0.45
Cancelled	(150,000)	\$ 0.45
Granted	1,000,000	\$ 1.13
Cancelled	(250,000)	\$ 1.13
Granted	75,000	\$ 1.17
Granted	250,000	\$ 1.57
Granted	500,000	\$ 0.175
Balance outstanding and exercisable as at February 28, 2017	2,130,000	\$ 0.71

These options entitle the holder thereof the right to acquire one common share for each option held. The weighted average remaining life of outstanding options is 3.39 years.

On September 14, 2015, the Board of Directors of the Company approved the issuance 1,080,000 stock options to various consultants at an exercise price of \$0.10. These options were granted for a period of five years and vest upon issuance. The estimated fair value, \$93,705, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.77%, no annual dividends, expected volatility of 174% and a market price of shares at grant date \$0.09.

On April 4, 2016, the Board of Directors of the Company approved the issuance 150,000 stock options to various consultants at an exercise price of \$0.45. These options were granted for a period of three years and vest upon issuance. The estimated fair value, \$58,671, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.53%, no annual dividends, expected volatility of 157% and a market price of shares at grant date \$0.44.

On May 2, 2016, the Board of Directors of the Company approved the issuance 75,000 stock options to a consultant at an exercise price of \$1.17. These options were granted for a period of five years and vest upon issuance. The estimated fair value, \$80,415, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.92%, forfeiture rate of 0%, no annual dividends, expected volatility of 154% and a market price of shares at grant date \$1.17.

American Lithium Corp.

Notes to the Consolidated Financial Statements

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8. SHARE CAPITAL (continued)

Stock Options (continued)

On May 5, 2016, the Board of Directors of the Company approved the issuance 1,000,000 stock options to certain directors, officers and consultants at an exercise price of \$1.13. These options were granted for a period of five years and vest upon issuance. The estimated fair value, \$1,087,818, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.75%, forfeiture rate of 0%, no annual dividends, expected volatility of 171% and a market price of shares at grant date \$1.15.

On June 13, 2016, the Board of Directors of the Company approved the issuance 250,000 stock options to a consultant at an exercise price of \$1.57. These options were granted for a period of two years and vest upon issuance. The estimated fair value, \$193,928, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.48%, forfeiture rate of 0%, no annual dividends, expected volatility of 136% and a market price of shares at grant date \$1.24.

On February 13, 2017, the Board of Directors of the Company approved the issuance 500,000 stock options to certain consultants at an exercise price of \$0.175. These options were granted for a period of three years and vest upon issuance. The estimated fair value, \$56,954, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.93%, forfeiture rate of 0%, no annual dividends, expected volatility of 140% and a market price of shares at grant date \$0.15.

The weighted average fair value of the options at grant date was \$0.75.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's consolidated financial instruments consist of cash and cash equivalents, accounts payable and due to related parties. As at February 28, 2017, the Company classifies its cash and cash equivalents as fair value through profit and loss, and its accounts payable and due to related parties as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

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 volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. Accounts payable are classified under Level 3.

The Company's financial instruments are exposed to the following risks:

American Lithium Corp.

Notes to the Consolidated Financial Statements

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9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at February 28, 2017 relating to cash of \$856,401. All cash is held at a Canadian chartered bank and the Company considers the credit risk to be minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet accounts payable requirements. The Company maintained sufficient cash balances to meet its needs at February 28, 2017.

Foreign Exchange Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents and accounts payable and commitments that are denominated in a foreign currency. As at February 28, 2017, a 10% fluctuation in the foreign exchange rate of the United States dollar against the Canadian dollar would affect the Company's loss for the year by approximately \$1,600 and the commitments on the exploration and evaluation assets would increase by approximately \$165,600.

Interest Rate Risk

The Company has cash balances and only fixed interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of palladium, nickel, and gold. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

During the years ended February 28, 2017 and February 29, 2016, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

10. SEGMENTED INFORMATION

As of February 28, 2017, the Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The Company's interests in mineral properties are located in Nevada, USA.

American Lithium Corp.

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For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

11. COMMITMENTS

The Company rents premises under an operating lease at a cost of \$8,200 per month. The lease expires on April 30, 2017.

Pursuant to a Management Services Agreement dated as of August 10, 2016, the Company agreed to retain the services of the Chief Executive Officer, Chief Financial Officer; Vice President-Finance, Vice President Corporate Development and Administrator for a monthly retainer of \$20,000 per month to September 30, 2016, then \$30,000 thereafter. Effective February 15, 2017 the agreement was terminated and a new agreement was entered into. The new agreement is for a monthly fee of \$15,000 per month, and will provide the services of the Chief Financial Officer and Vice President-Finance for a minimum period of three months, and may be extended thereafter by mutual consent.

During the year ended February 28, 2017, the Company entered into a consulting agreement for considerations of \$128,000 and 150,000 options at or near market price for 5 years, granted in two tranches of 75,000 options each. On May 4, 2016, the Company granted 75,000 options and the remaining 75,000 options will be granted in the future.

Pursuant to a Management Consultant Agreement dated as of October 3, 2016, the Company engaged Marc Bruner as a consultant and the Chairman of the Company for a period of 12 months, and then on a month-to-month basis for a monthly fee of \$10,000.

12. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2017	2016
Combined statutory tax rate	26%	26%
Income tax recovery at combined statutory rate	\$1,306,491	\$ 35,864
Permanent difference	339,940	(24,363)
Change in deferred tax asset not recognized	(966,551)	(11,501)
Net deferred tax recovery	\$ -	\$ -

American Lithium Corp.

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For the years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

12. INCOME TAXES (continued)

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets are presented below:

	2017	2016
Non-capital losses carry forwards	\$ 1,295,878	\$ 366,725
Share issuance costs	39,146	1,753
Resource development and exploration costs	412,781	412,776
Net deferred tax assets not recognized	\$ 1,747,805	\$ 781,254

As at February 29, 2017, the Company has \$4,984,000 (2016: \$1,410,000) of non-capital losses carry forwards available to reduce taxable income for future years. These losses expire as follows:

2026	80,000
2027	100,000
2028	149,000
2029	226,000
2030	200,000
2031	130,000
2032	135,000
2033	97,000
2034	212,000
2035	35,000
2036	46,000
2037	3,574,000
	<u>4,984,000</u>

The Company also has certain allowances in respect of resource development and exploration costs of approximately \$19,428,000 (2016: \$1,588,000) which, subject to certain restrictions, are available to offset against future taxable income. The application of non-capital losses and resource development costs against future taxable income is subject to final determination of the respective amounts by the Canada Revenue Agency.

In assessing the realizability of deferred tax assets, management considers whether it is probable that the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

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For the years ended February 28, 2017 and February 29, 2016

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13. SUBSEQUENT EVENTS

- a) On March 20, 2017, the Company issued 100,000 common shares and paid USD\$100,000 in accordance to the option agreement for Fish Lake Valley Project as described in Note 4.
- b) On May 1, 2017, 2,830,667 common shares were released from voluntary pooling.
- c) On May 17, 2017, the Company issued 100,000 common shares in accordance to the option agreement for San Emidio Property as described in Note 4.
- d) On June 7, 2017, the Company issued 500,000 common shares in accordance to the option agreement for Fish South Property as described in Note 4.