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American Lithium Corp.

Condensed Interim Consolidated Financial Statements

For the six months ended August 31, 2017 and 2016

(Expressed in Canadian Dollars)

American Lithium Corp.

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(Expressed in Canadian Dollars – Unaudited)

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

American Lithium Corp.

(Expressed in Canadian Dollars – unaudited)

Condensed Interim Consolidated Statements of Financial Position

	August 31, 2017	February 28, 2017
	$	$
ASSETS		
Current		
Cash	**110,737**	856,401
GST receivable	**6,239**	48,925
Prepaid expenses and deposits	**66,242**	150,816
	183,218	1,056,142
Non-current assets		
Exploration and evaluation assets (Note 4)	**17,639,529**	17,840,854
Reclamation deposits (Note 5)	**48,249**	59,173
	17,870,996	18,956,169
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	**127,462**	144,430
Due to related parties (Note 7)	**75,885**	57,928
	203,347	202,358
EQUITY		
Share capital (Note 9)	**27,372,218**	27,297,218
Subscriptions receivable	**-**	(43,750)
Equity reserves	**2,274,325**	2,274,325
Deficit	**(11,978,894)**	(10,773,982)
	17,667,649	18,753,811
	17,870,996	18,956,169

Nature and continuance of operations (Note 1)
Commitments (Note 12)

Approved on behalf of the Board of Directors on October 30, 2017:

/s/ Michael Kobler
Michael Kobler, Director

/s/ Andrew Squires
Andrew Squires, Director

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

American Lithium Corp.
(Expressed in Canadian Dollars – unaudited)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

	For the three months ended August 31,		For the six months ended August 31,	
	2017	2016	**2017**	2016
	$	$	**$**	$
Operating Expenses				
Consulting and management fees (Note 7)	**111,338**	166,664	**268,062**	274,464
Exploration and evaluation	**252,088**	455,503	**299,239**	455,503
Filing and listing fees	**13,317**	25,071	**18,768**	119,471
Foreign exchange	**7,495**	2,914	**8,442**	2,914
General and administrative	**2,416**	70,680	**6,352**	94,053
Insurance	**3,780**	37,660	**7,560**	37,660
Investor relations	**7,943**	-	**8,943**	33,214
Marketing and promotion	**24,218**	119,969	**49,046**	730,303
Professional fees	**30,603**	74,937	**67,702**	100,346
Registrar and transfer agent fees	**1,549**	4,160	**6,089**	11,693
Rent	**150**	26,436	**9,379**	51,336
Share-based payments	**-**	210,033	**-**	1,192,710
Travel	**17,779**	81,372	**29,797**	131,832
	(472,676)	(1,275,399)	**(779,379)**	(3,235,499)
Other item				
Write off of exploration and evaluation assets (Note 4)	**(425,533)**	-	**(425,533)**	-
Net Loss and comprehensive loss	**(898,209)**	(1,275,399)	**(1,204,912)**	(3,235,499)
Basic and diluted loss per share	**(0.15)**	(0.30)	**(0.21)**	(0.98)
Weighted average number of shares outstanding - basic and diluted	**5,861,531**	4,193,843	**5,833,107**	3,315,773

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

American Lithium Corp.

(Expressed in Canadian Dollars – unaudited)

Condensed Interim Consolidated Statements of Cash Flows

	For the six months ended August 31,	
	2017	2016
	$	$
OPERATING ACTIVITIES		
Net loss for the period	**(1,204,912)**	(3,235,499)
Item not affecting cash:		
Share-based payments	**-**	1,192,710
Foreign exchange	**8,442**	-
Write off of exploration and evaluation assets	**425,533**	-
Changes in non-cash working capital items:		
GST receivable	**42,686**	(27,806)
Prepaid expenses and deposits	**84,574**	(179,847)
Accounts payable and accrued liabilities	**(14,486)**	152,103
Due to related parties	**17,957**	-
Cash used in operating activities	**(640,206)**	(2,098,339)
INVESTING ACTIVITIES		
Drilling deposit	**-**	(72,773)
Exploration and evaluation asset expenditures	**(149,208)**	(751,038)
Reclamation deposits	**-**	(34,269)
Cash used in investing activities	**(149,208)**	(858,080)
FINANCING ACTIVITIES		
Common shares issued for cash	**-**	3,500,000
Proceeds from warrant exercises	**-**	204,055
Proceeds from option exercises	**-**	18,500
Shares subscriptions received	**43,750**	-
Share issue costs	**-**	(204,877)
Cash provided by financing activities	**43,750**	3,517,678
Change in cash during the period	**(745,664)**	561,259
Cash, beginning of period	**856,401**	153,371
Cash, end of period	**110,737**	714,630
Non-cash transactions:		
Transfer of fair value on exercise of warrants	**-**	30,450
Shares issued for exploration and evaluation assets (Note 4)	**75,000**	-

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

American Lithium Corp.

(Expressed in Canadian Dollars – unaudited)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

	Number of shares	Share capital $	Share subscription $	Equity reserves $	Deficit $	Total $
Balance at February 29, 2016	**1,393,804**	**5,518,697**	**-**	**383,364**	**(5,749,016)**	**153,045**
Private placement	933,333	3,500,000	-	-	-	3,500,000
Shares issue costs	-	(256,746)	-	51,869	-	(204,877)
Shares issued for warrants	263,650	195,305	8,750	-	-	204,055
Equity reserves on warrants	-	30,450	-	(30,450)	-	-
Shares issued for options	18,500	18,500	-	-	-	18,500
Shares issued for asset acquisitions	1,688,333	16,659,500	-	-	-	16,659,500
Share-based payments	-	-	-	1,192,710	-	1,192,710
Share-based payments for asset acquisitions	-	-	-	395,517	-	395,517
Loss for the period	-	-	-	-	(3,235,499)	(3,235,499)
Balance at August 31, 2016	**4,297,620**	**25,665,706**	**8,750**	**1,993,010**	**(8,984,515)**	**18,682,951**
Private placement	1,020,616	1,275,770	-	-	-	1,275,770
Subscriptions receivable	-	-	(43,750)	-	-	(43,750)
Shares issue costs	-	(33,158)	-	26,878	-	(6,280)
Shares issued for warrants	443,100	310,172	(8,750)	-	-	301,422
Shares issued for options	34,000	34,000	-	-	-	34,000
Equity reserves on options	-	44,728	-	(44,728)	-	-
Share-based payments	-	-	-	285,076	-	285,076
Share-based payments on asset acquisitions	-	-	-	14,089	-	14,089
Loss for the period	-	-	-	-	(1,789,467)	(1,789,467)
Balance at February 28, 2017	**5,795,336**	**27,297,218**	**(43,750)**	**2,274,325**	**(10,773,982)**	**18,753,811**
Subscriptions received	-	-	43,750	-	-	43,750
Shares issued for asset acquisitions	70,000	75,000	-	-	-	75,000
Loss for the period	-	-	-	-	(1,204,912)	(1,204,912)
Balance at August 31, 2017	**5,865,336**	**27,372,218**	**-**	**2,274,325**	**(11,978,894)**	**17,667,649**

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 810, 609 Granville Street, Vancouver, British Columbia V7Y 1H4 and registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, BC, V6C 3E8, Canada.

At the date of the condensed interim 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.

A number of alternatives are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. 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. 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 August 31, 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 $1,204,912 (2016 - $3,235,499) for the six months ended August 31, 2017. As at August 31, 2017, the Company had an accumulated deficit of $11,978,894 (February 28, 2017 - $10,773,982), 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 condensed interim 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 condensed interim consolidated financial statements.

(Expressed in Canadian Dollars – unaudited)

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended February 28, 2017.

The accounting policies applied in preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended February 28, 2017.

Principles of consolidation

The condensed interim 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed interim 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; 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 condensed interim 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) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) 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 costs are expensed as incurred. Costs directly related to the acquisition are capitalized once the legal rights to explore the exploration and evaluation assets are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

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.

d) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Recent accounting pronouncements

Changes in accounting standards

The Company has adopted the following accounting standards effective March 1, 2017 which has no significant impact on the condensed interim consolidated financial statements.

- Amendments to IAS 12, Income Taxes

New accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the six months ended August 31, 2017 and have not been applied in preparing these condensed interim consolidated financial statements:

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. Management does not anticipate this standard having a material effect on the Company's condensed interim consolidated financial statements.

IFRS 9 – Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Clarifications to IFRS 15 "Revenue from Contracts with Customers" issued. The amendments do not change the underlying principles of the standard, just clarify and offer some additional transition relief. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – Leases, establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard is effective for annual periods beginning on or after January 1, 2019.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

(Expressed in Canadian Dollars – unaudited)

4. EXPLORATION AND EVALUATION ASSETS

	Reliance	Fish Lake Valley	Atlantis	Fish South	Colorado	San Emidio	Clayton Valley BFF	Total
	$	$	$	$	$	$	$	$
Balance, February 29, 2016	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 payment 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
Write-off of exploration and evaluation assets	(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
Additions:								
Common shares issued	-	17,000	-	47,500	-	10,500	-	75,000
Maintenance fees	-	-	-	-	-	-	15,886	15,886
Options payments in cash	-	133,322	-	-	-	-	-	133,322
Write-off of exploration and evaluation assets	-	-	-	-	-	-	(425,533)	(425,533)
Balance, August 31, 2017	**-**	**1,490,511**	**4,999,028**	**1,966,851**	**4,826,000**	**4,357,139**	**-**	**17,639,529**

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 prior years, no gain or loss was recorded.

(Expressed in Canadian Dollars – unaudited)

4. EXPLORATION AND EVALUATION ASSETS (continued)

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 held 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 BC, the Company assumed 1074654 BC'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:

	Common Shares	**Cash**	**Exploration Expenditures**
	#	US $	US $
Upon closing (issued and paid)	40,000	75,000	-
On or before the first anniversary of the closing – July 5, 2017	40,000	100,000	100,000
On or before the second anniversary of the closing – July 5, 2018	40,000	100,000	300,000
On or before the third anniversary of the closing – July 5, 2019	-	-	600,000
Total	120,000	275,000	$1,000,000

During the year ended February 28, 2017, the Company issued 40,000 common shares at a fair value of $276,000 and paid $96,982 (US$75,000) to the Optionor.

During the three months ended August 31, 2017, the Company decided not to proceed with the acquisition and terminated the option agreement and wrote-off the related costs it had incurred to that point.

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 600,000 common shares with a fair value of $8,340,000 (see Note 9). 1067323 BC has a wholly-owned subsidiary, 1067323 Nevada Ltd. 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 was 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 was accounted for in accordance with IFRS 2 *Share-based Payment* whereby the Company was 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.

(Expressed in Canadian Dollars – unaudited)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Colorado Property - Nevada, USA (continued)

1067323 BC 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 40,000 common shares to the Optionor (issued at a fair value of $556,000).

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)	10,000	100,000	-
On or before the first anniversary of the closing – June 2, 2017 (issued)	10,000	-	-
On or before the second anniversary of the closing – June 2, 2018	10,000	-	200,000
On or before the third anniversary of the closing – June 2, 2019	-	-	300,000
Total	30,000	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 may be 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 10,000 common shares at a fair value of $139,000 and paid $128,880 (US$100,000) to the Optionor.

During the six months ended August 31, 2017, the Company issued 10,000 common shares at a fair value of $10,500 to the Optionor.

(Expressed in Canadian Dollars – unaudited)

4. EXPLORATION AND EVALUATION ASSETS (continued)

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 400,000 common shares at a fair value of $1,000,000 (see Note 9). 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 was 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 was accounted for in accordance with IFRS 2 *Share-based Payment* whereby the Company was deemed to issue shares in exchange for the net assets of 1032701 BC together with its right to earn a 100% interest in the 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 subject to the following:

	Common Shares	Cash	Exploration Expenditures
	#	US $	US $
Upon closing (issued and paid)	20,000	130,000	-
On or before the first anniversary of the closing – March 8, 2017 (complete)	10,000	100,000	200,000
On or before the second anniversary of the closing – March 8, 2018	10,000	100,000	300,000
On or before the third anniversary of the closing – March 8, 2019	-	-	600,000
Total	40,000	330,000	1,100,000

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 20,000 common shares at a fair value of $50,000 and paid $171,639 (US$130,000) to the Optionor.

During the six months ended August 31, 2017, the Company issued 10,000 common shares at a fair value of $17,000 and paid $133,322 (US$100,000) to the Optionor.

(Expressed in Canadian Dollars – unaudited)

4. EXPLORATION AND EVALUATION ASSETS (continued)

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 453,333 common shares at a fair value of $4,760,000 (see Note 8). For accounting purposes, this transaction was 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 was accounted for in accordance with IFRS 2 *Share-based Payment* whereby the Company was deemed to issue shares in exchange for the net assets of 1065604 BC together with its right to earn a 80% interest in the 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 March 14, 2016, 1065604 BC has the right to acquire the 80% interest by fulfilling the commitments outlined below:

	Common Shares	Cash	Exploration Expenditures
	#	$	US $
Upon closing (paid) – in US$	-	48,050	-
On or before April 28, 2016 (paid) – in CAD$	-	100,000	-
Within 60 days of closing of acquisition (issued)	25,000	-	-
On or before the first anniversary of the closing – May 11, 2017 (incurred)	-	-	100,000
On or before the second anniversary of the closing – May 11, 2018	50,000	-	250,000
On or before the third anniversary of the closing – May 11, 2019	50,000	-	650,000
Total	125,000		1,000,000

During the year ended February 28, 2017, the Company issued 25,000 common shares at a fair value of $262,500 to the Optionor.

(Expressed in Canadian Dollars – unaudited)

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)	70,000	30,000	100,000
Within 4 months after closing to the property owner (issued)	30,000	-	-
On or before the first anniversary of the closing to the Optionor – June 5, 2017 (issued)	50,000	-	-
On or before the second anniversary of the closing to the Optionor – June 5, 2018	50,000	-	-
Total	200,000	30,000	178,800

The Company granted 30,000 share purchase warrants entitling the Optionor to acquire 30,000 common shares at a price of $11.00 per share for a period of three years. The fair value of the warrants was $409,606 (see Note 9).

During the year ended February 28, 2017, the Company issued a total of 100,000 common shares at a fair value of $1,276,000 and paid $233,745 (US$178,800) to the property owner and Optionor.

During the six months ended August 31, 2017, the Company issued 50,000 common shares at a fair value of $47,500 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. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2017	February 28, 2017
	$	$
Accounts payable	**86,425**	92,117
Accrued liabilities	**41,037**	52,313
	127,462	144,430

(Expressed in Canadian Dollars – unaudited)

7. 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.

	For the six months ended August 31,	
Key Management Personnel	**2017**	2016
	$	$
Management and consulting fees	**203,250**	251,792
Share-based payments	**-**	858,084
	203,250	1,109,876

During the six months ended August 31, 2017, the Company entered into the following transactions with key management personnel:

(a) Paid or accrued $90,000 (2016: $10,000) to a company controlled by the Chief Financial Officer of the Company, pursuant to a Management Services Agreement entered into as of August 10, 2016 and amended on February 8, 2017 (see Note 12).

(b) Paid or accrued $103,250 (2016: $80,676) to Chief Executive Officer of the Company for consulting services.

(c) Accrued $10,000 (2016: $Nil) to a director of the Company for consulting services.

(d) The amounts due to related parties are as follows:

	August 31, 2017	February 28, 2017
	$	$
Due to related parties	**75,885**	57,928

8. 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.

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.

9. SHARE CAPITAL

Authorized

Unlimited number of common shares, without par value.

Issued

During the six months ended August 31, 2017:

On March 20, 2017, the Company issued 10,000 common shares with a fair value of $17,000 in accordance to the option agreement for Fish Lake Valley Project as described in Note 4.

On May 17, 2017, the Company issued 10,000 common shares with a fair value of $10,500 in accordance to the option agreement for San Emidio Property as described in Note 4.

On June 7, 2017, the Company issued 50,000 common shares with a fair value of $47,500 in accordance to the option agreement for Fish South Property as described in Note 4.

During the year ended February 28, 2017:

In April 2016, the Company completed a non-brokered private placement of 600,000 units at a price of $2.50 per unit for gross proceeds of $1,500,000. Each unit consisted 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 $5.00 per share until April 6, 2020.

On April 1, 2016, the Company issued 400,000 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 20,000 common shares with a fair value of $50,000 for the Fish Lake Valley property in accordance to the option agreement. (see Note 4)

9. SHARE CAPITAL (continued)

On May 4, 2016, the Company completed a non-brokered private placement of 333,333 units at a price of $6.00 per unit for gross proceeds of $2,000,000. Each unit consisted 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 $10.00 per share until May 4, 2019. In connection with this private placement, the Company issued 6,667 share purchase warrants as finder's fees at a price of $10.00 per share, exercisable for three years after the issue date, with a fair value of $51,869.

On May 16, 2016, the Company issued 453,333 common shares with a fair value of $4,760,000 to acquire 1065604 B.C. Ltd. in accordance with the Share Purchase Agreement. In addition, the Company also issued 25,000 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 100,000 common shares with a fair value of $1,276,000 to TY & Sons Explorations (Nevada), Ltd. for the Fish South property in accordance with the option agreement. In addition, the Company also issued 30,000 warrants with a fair value of $395,517 in accordance to the option agreement for $409,606. (see Note 4)

On June 7, 2016, the Company issued 600,000 common shares with a fair value of $8,340,000 to acquire 1067323 B.C. Ltd. in accordance with the Share Purchase Agreement. In addition, the Company also issued 50,000 common shares, of which 40,000 shares were for the Colorado property and 10,000 shares were for the San Emidio property with fair values of $556,000 and $139,000 respectively in accordance with the option agreements. (see Note 4)

On July 14, 2016, in accordance with the option agreement for Clayton Valley BFF Property, the Company issued 40,000 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 1,000,000 units at a price of $1.25 per unit for gross proceeds of $1,250,000. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable to acquire one additional common share at an exercise price of $2.50 per share until February 28, 2020. In connection with this private placement, the Company issued 20,616 units as finder's fees, with a fair value of $26,877.

During the year ended February 28, 2017, 704,250 common shares were issued upon the exercise of warrants at a purchase price of $0.70 per common share for gross proceeds of $492,975; and 2,500 common shares were issued upon the exercise of warrants at a purchase price of $5.00 per common share for gross proceeds of $12,500. Upon the exercise of stock options, 52,500 common shares were issued at $1.00 per share.

The Company paid $211,156 in share issuance costs related to all of the above private placements.

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 1,415,333 common shares on escrow. Under the Agreement, 20% of the shares will be released on each of February 1, 2017, May 1, 2017, August 1, 2017, November 1, 2017 and February 1, 2018 respectively. Some of the shares held by certain shareholders were released in connection with a financing transaction. As at August 31, 2017, the Company has 490,134 common shares (2016 – 1,415,333 common shares) that remain pooled under the terms of the Agreement.

(Expressed in Canadian Dollars – unaudited)

9. SHARE CAPITAL (continued)

Warrants

Details of common share purchase warrants outstanding at August 31, 2017 are as follows:

Number of warrants	Exercise price $	Remaining life (years)	Expiry date
68,000	0.70	1.30	December 20, 2018
65,000	1.00	3.05	September 17, 2020
297,500	5.00	2.60	April 6, 2020
170,833	10.00	1.67	May 4, 2019
30,000	11.00	1.75	June 1, 2019
1,020,616	2.50	2.50	February 28, 2020
1,651,949			

A summary of changes of warrants outstanding is as follows:

	Warrants	Weighted average exercise price $
Balance, February 29, 2016	837,250	1.60
Issued	300,000	5.00
Issued	170,833	10.00
Issued	30,000	11.00
Issued	1,020,616	2.50
Exercised	(704,250)	0.70
Exercised	(2,500)	5.00
Balance, August 31 and February 28, 2017	**1,651,949**	**3.80**

The fair value of the 6,667 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 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 30,000 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 assumptions were used: Risk-free interest rate –0.61%; Expected volatility – 163%; Expected dividend yield – nil; Expected life – 3 years; forfeiture rate – 0%.

The fair value of the 20,616 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 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.

(Expressed in Canadian Dollars – unaudited)

9. SHARE CAPITAL (continued)

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 August 31, 2017, the following options were outstanding and exercisable:

Number of options	Exercise price $	Remaining life (years)	Expiry date
55,500	1.00	3.04	September 14, 2020
7,500	17.00	3.67	May 2, 2021
75,000	11.30	3.68	May 5, 2021
25,000	15.70	0.78	June 13, 2018
50,000	1.75	2.45	February 13, 2020
213,000			

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

	Options	Weighted average exercise price $
Balance, February 29, 2016	108,000	1.00
Exercised	(52,500)	1.00
Granted	15,000	4.50
Cancelled	(15,000)	4.50
Granted	100,000	11.30
Cancelled	(25,000)	11.30
Granted	7,500	11.70
Granted	25,000	15.70
Granted	50,000	1.75
Balance outstanding and exercisable as at August 31 and February 28, 2017	**213,000**	**7.10**

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 2.89 years.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's consolidated financial instruments consist of cash, accounts receivable, accounts payable and due to related parties. As at August 31, 2017, the Company classifies its cash and accounts receivable 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:

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 August 31, 2017 relating to cash of $110,737. 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 is exposed to liquidity risk, as it does not have sufficient cash to settle its current liabilities that are due within 90 days. As such, management plans to meet its financial obligations through further private placements and loans, as necessary.

Foreign Exchange Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and commitments that are denominated in a foreign currency. As at August 31, 2017, a 10% fluctuation in the foreign exchange rate of the United States dollar against the Canadian dollar would affect the Company's commitments on the exploration and evaluation assets by increasing approximately $75,000.

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 lithium. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

During the six months ended August 31, 2017 and 2016, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

11. SEGMENTED INFORMATION

As of August 31, 2017, the Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. All of the Company's interests in mineral properties are located in Nevada, USA.

12. COMMITMENTS

Pursuant to a Management Services Agreement dated as of August 10, 2016, the Company agreed to retain the services of the Chief Executive Officer 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, for the services of Chief Financial Officer and Vice President-Finance for a minimum period of three months, and may be extended thereafter by mutual consent.

In August 2017, the Company signed two consulting agreements with the new CEO and director and a new director of the Company. The agreements require total combined payments of $20,000 per month for a period of 12 months.

In August 2017, the Company signed a consulting agreement with a consultant to provide various advisory services requiring monthly payments of $11,000 for a period of 12 months.