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

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)
(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

NOTICE OF NO AUDITOR REVIEW OF CONDENSED 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 condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed 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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

INTERNATIONAL LITHIUM CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT,

	Notes	Unaudited June 30, 2021	Audited December 31, 2020
ASSETS			
Current			
Cash		$ 24,625	$ 1,906
Receivables	*3*	40,304	15,762
Prepaid expenses		12,533	2,114
		77,462	19,782
Investment	*7*	5,760,937	5,760,937
Equity investment	*8*	2,205,705	1,873,657
Exploration and evaluation assets	*9*	1,737,479	1,347,645
		$ 9,781,583	$ 9,002,021
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current			
Accounts payable and accrued liabilities	*10 & 16*	$ 77,983	$ 940,941
Promissory note	*11*	-	722,504
Convertible debentures	*13*	571,312	4,397,330
Loans payable	*14*	900,973	-
		1,550,268	6,060,775
Loans payable	*14*	1,105,806	-
Exploration loan	*15*	3,866,888	3,846,070
		6,522,962	9,906,845
Shareholders' Equity (Deficiency)			
Share capital	*17*	14,814,794	11,480,686
Share subscriptions		24,408	-
Equity reserves	*17*	3,689,394	2,269,717
Equity component of convertible debentures	*13*	6,690	-
Accumulated other comprehensive loss		(132,792)	(13,817)
Deficit		(15,143,873)	(14,641,410)
		3,258,621	(904,824)
		$ 9,781,583	$ 9,002,021

Nature and continuance of operations *(Note 1)*
Commitments *(Note 16)*
Subsequent events *(Note 22)*

Approved and authorized by the Board on *August 30, 2021*

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

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

INTERNATIONAL LITHIUM CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

		Three months ended June 30,		Six months ended June 30,	
	Notes	2021	2020	2021	2020
OPERATING EXPENSES					
Consulting fees	*16*	$ 98,415	$ 94,740	$ 201,855	$ 190,395
Depreciation expense	*5 & 6*	-	14,471	-	28,942
Directors' fees	*16*	37,500	37,500	75,000	75,000
Foreign exchange (gain) loss		(54,798)	(181,910)	(97,792)	171,792
Interest and bank charges	*11,13,14 & 15*	346,450	279,935	647,265	579,123
Professional fees		34,395	27,238	65,253	49,946
Office and miscellaneous		9,954	13,377	23,442	26,817
Shareholder communications		23,298	11,457	50,507	53,456
Share-based payments	*16 & 17*	-	25,882	-	63,871
Transfer agent and filing fees		6,204	2,796	22,050	17,074
Total operating expenses		(501,418)	(325,486)	(987,580)	(1,256,416)
Change in fair value of embedded derivatives	*13*	-	(39,282)	-	59,193
Loss on equity investment	*8*	(4,797)	(5,928)	(13,991)	(11,375)
Gain on settlement of debt		-	-	34,094	-
		(4,797)	(45,210)	20,103	47,818
Loss for the period		(506,215)	(370,696)	(967,477)	(1,208,598)
Foreign currency translation	*8*	(2,119)	(26,278)	(118,975)	85,119
Comprehensive loss for the period		$ (508,334)	$ (396,974)	$(1,086,452)	$(1,123,479)
Basic and diluted loss per common share		$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		193,657,107	132,595,903	178,885,793	132,595,903

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

INTERNATIONAL LITHIUM CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED JUNE 30,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (967,477)	$ (1,208,598)
Items not affecting cash:		
Accrued interest expense	644,742	577,751
Change in fair value of embedded derivatives	-	(59,193)
Depreciation expense	-	28,942
Foreign exchange	(100,200)	173,101
Gain on settlement of debt	(34,094)	-
Loss on equity investment	13,991	11,375
Share-based payments	-	63,871
Changes in non-cash working capital items:		
Receivables	(24,542)	(429)
Prepaid expenses	(10,419)	3,198
Accounts payable and accrued liabilities	(488,891)	251,458
Net change from operating activities	(966,890)	(158,524)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	(389,834)	-
Net change from investing activities	(389,834)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Convertible debentures issued, net of costs	-	50,000
Convertible debentures repaid	(2,637)	-
Proceeds from promissory note	-	105,717
Shares issued for cash, net of costs	1,764,833	-
Share subscriptions received	24,408	-
Lease payments	-	(17,770)
Interest paid	(407,161)	-
Net change from financing activities	1,379,443	137,947
Change in cash for the period	22,719	(20,577)
Cash, beginning of period	1,906	22,543
Cash, end of period	$ 24,625	$ 1,966

Supplemental disclosure with respect to cash flows *(Note 18)*

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

INTERNATIONAL LITHIUM CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Unaudited - Expressed in Canadian Dollars)

	Share capital							
	Number	**Amount**	**Equity reserves**	**Subscriptions received**	**Equity component of convertible loan**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total**
Balance at December 31, 2019	132,595,903	$ 11,480,686	$ 2,205,846	$ -	$ 71,144	$ (130,778)	$(13,067,469)	$ 559,429
Equity portion of convertible debentures issued	-	-	-	-	20,268	-	-	20,268
Maturity of unexercised convertible debentures	-	-	-	-	(71,144)	-	71,144	-
Equity gain on carried interest	-	-	-	-	-	-	152,911	152,911
Share based payments	-	-	63,871	-	-	-	-	63,871
Loss for the period	-	-	-	-	-	85,119	(1,208,598)	(1,123,479)
Balance at June 30, 2020	132,595,903	11,480,686	2,269,717	-	20,268	(45,659)	(14,052,012)	(327,000)
Balance at December 31, 2020	132,595,903	11,480,686	2,269,717	-	-	(13,817)	(14,641,410)	(904,824)
Shares issued for cash	58,261,204	3,185,787	-	-	-	-	-	3,185,787
Share issue cost	-	(16,679)	-	-	-	-	-	(16,679)
Share subscriptions received	-	-	-	24,408	-	-	-	24,408
Equity portion of convertible debentures issued	-	-	-	-	8,689	-	-	8,689
Convertible debentures converted	3,300,000	165,000	-	-	(1,999)	-	-	163,001
Bonus warrants	-	-	1,419,677	-	-	-	-	1,419,677
Equity gain on carried interest	-	-	-	-	-	-	465,014	465,014
Loss for the period	-	-	-	-	-	(118,975)	(967,477)	(1,086,452)
Balance at June 30, 2021	194,157,107	$ 14,814,794	$ 3,689,394	$ 24,408	$ 6,690	$ (132,792)	$(15,143,873)	$ 3,258,621

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

(Unaudited - Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

International Lithium Corp. (the “Company”) was incorporated under the Business Corporations Act, British Columbia on March 26, 2009 and is considered to be in the exploration stage with respect to its mineral properties. The Company’s head office and records office address is 725 Granville Street, Suite 400, Vancouver, British Columbia, Canada, V7Y 1G5. The Company is listed on the TSX Venture Exchange and trades under the stock symbol “ILC”.

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

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

The condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The following table provides information regarding the Company’s working capital and accumulated deficit as at June 30, 2021 and December 31, 2020.

	June 30, 2021	December 31, 2020
Working capital deficiency	$ (1,472,806)	$ (6,040,993)
Deficit	$ (15,143,873)	$ (14,641,410)

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2020.

Basis of Presentation

The condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. BASIS OF PREPARATION (cont'd...)

Basis of Presentation (cont'd...)

During the year ended December 31, 2020, the Company disposed its direct wholly-owned inactive subsidiary, International Lithium (US) LLC. There was no resulting gain or loss on derecognition of the carrying amounts of assets and liabilities of the subsidiary upon disposal.

The condensed interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

Consolidation

These condensed interim financial statements incorporate the financial statements of the Company and its former controlled subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements include the accounts of the Company and its former direct wholly-owned inactive subsidiary, International Lithium (US) LLC, a US company, up to the date of its dissolution on November 3, 2020. All significant intercompany transactions and balances have been eliminated.

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

Significant accounting judgments and estimates

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

The most significant judgments relate to the functional currency of the Company, significant influence over associates, recognition of deferred tax assets and liabilities, and impact of COVID-19.

Functional currency

Judgment is involved in the assessment of the functional currency of the Company and its equity investment.

Significant influence over associates

Management deems the Company to have significant influence over an associate when the Company is able to influence the financial and operating decisions of the associate. The Company has determined that its investment in Blackstairs Lithium Limited is an investment in associate.

Deferred tax assets and liabilities

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry forwards. Changes in these assumptions could significantly affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

2. BASIS OF PREPARATION (cont'd...)

Significant accounting judgments and estimates (cont'd...)

Impact of COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

The most significant estimates relate to the calculation of share-based payments, recoverability of exploration and evaluation assets, valuation of investment in Litio Minera Argentina S.A. ("Litio"), and embedded derivatives.

Share-based payments

Share-based payments, as measured with respect to stock options granted and re-priced, are estimated by reference to the Black-Scholes pricing model; a detailed discussion of management's estimates with respect to the pricing model is found in Note 17.

Recoverability of exploration and evaluation assets

Recorded costs of exploration and evaluation assets and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its exploration and evaluation assets for signs of impairment. This is highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgements based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Valuation of investment

The Company holds a 9.152% interest in Litio as at June 30, 2021 (December 31, 2020 - 11.243%). The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of, and near-term business outlook for, the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow.

The determinations of fair value of the Company's investments at other than initial cost are subject to certain limitations. Financial information for privately-held company investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (cont'd...)

Significant accounting judgments and estimates (cont'd...)

Embedded derivatives

As part of assessing whether an instrument is a hybrid financial instrument and contains an embedded derivative, significant judgement is required in evaluating whether the host contract is more akin to debt or equity and whether the embedded derivative is clearly and closely related to the underlying host contract. The Company concludes that the host instrument of the convertible debentures is a debt host due to the holder's right to redeem the instrument for cash at a point in time in the future. The Company determines that the conversion option is not closely related to the debt host, and that the conversion option is required to be separated from the host instrument and accounted for as an embedded derivative due to the variability in the number of shares issuable under the convertible debentures. In applying its judgement, the Company relies primarily on the economic characteristics and risks of the instrument as well as the substance of the contractual arrangements.

The initial fair values of the embedded derivative conversion options and subsequent re-measurements at fair value at each reporting date are determined by using the Black-Scholes pricing model which required exercise of judgment in relation to variables such as expected volatilities in share price and foreign exchange rates.

3. RECEIVABLES

	June 30, 2021	December 31, 2020
Input tax credits	$ 30,058	$ 5,516
Other receivable	10,246	10,246
Total	$ 40,304	$ 15,762

4. MARKETABLE SECURITIES

The Company held no marketable securities at June 30, 2021 and December 31, 2020.

During the year ended December 31, 2020, marketable securities consisted of shares of publicly traded company, Ultra Resources Inc ("Ultra"). The Ultra shares were received as part of the option agreement on the Forgan Lake Project *(Note 9)*. Marketable securities are measured at fair value by reference to quoted stock prices on established exchanges.

The following transactions occurred during the period:

	Period ended June 30, 2021		Year ended December 31, 2020	
	Shares		Shares	
Ultra shares				
Opening balance	-	$ -	-	$ -
Received from Forgan Lake option agreement	-	-	493,968	37,500
Sale of marketable securities	-	-	(493,968)	(24,976)
Realized loss	-	-	-	(12,524)
Ending balance		$ -		$ -

(Unaudited - Expressed in Canadian Dollars)

5. EQUIPMENT

Furniture and fixtures		Cost		Accumulated Depreciation		Net Book Value
Balance as at December 31, 2019	$	8,128	$	(1,968)	$	6,160
Additions		-		(924)		(924)
Disposal		(8,128)		2,892		(5,236)
Balance as at December 31, 2020 and June 30, 2021	$	-	$	-	$	-

During the year ended December 31, 2020, the Company sold furniture and fixtures for gross proceeds of $2,000, resulting in loss of disposal of $3,236. The gross proceeds were applied against the payment of lease liability.

6. RIGHT-OF-USE ASSET

Office lease		Cost		Accumulated Depreciation		Net Book Value
Balance as at December 31, 2019	$	151,077	$	(56,652)	$	94,425
Additions		-		(42,489)		(42,489)
Termination of lease *(Note 12)*		(151,077)		99,141		(51,936)
Balance as at December 31, 2020 and June 30, 2021	$	-	$	-	$	-

7. INVESTMENT

As at June 30, 2021, investment securities consist of a 9.152% investment in Litio Minera Argentina S.A. ("Litio") which holds title to the Mariana property (December 31, 2020 - 11.243%). Litio was classified as an investment security through other comprehensive income after it was no longer considered an investment in associate effective December 26, 2017.

Litio Minera Argentina S.A. ("Litio") is jointly owned by GFL International Co. Ltd. ("GFL") and the Company with GFL having an 90.848% participating interest (December 31, 2020 – 88.757%) and the Company having a 9.152% (December 31, 2020 – 11.243%) participating interest in Litio. Litio holds title to the Mariana property which is comprised of mining licenses located in Salta Province, Argentina. A participating interest that is diluted to less than 5% will be converted to a 1% NSR. As at June 30, 2021, the Company's cost of investment represents the best estimate of fair value.

Back-In Right

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

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

(Unaudited - Expressed in Canadian Dollars)

8. EQUITY INVESTMENT

Avalonia Lithium Joint Venture

The Company was granted licenses in the Carlow and Wicklow counties.

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

BLL is recognized as an equity investment of the Company. The management committee of the joint venture is comprised of one representative of each of the Company and GFL. Voting is proportionate to each party's participating interest which is, as at June 30, 2021 and December 31, 2020, 55% to GFL and 45% to the Company.

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

Once GFL has incurred a total of $10,000,000 in exploration expenditures within the agreed timeframe, or once a positive feasibility study has been produced, the Company's participating interest will be reduced to 21% without incurring additional costs. A participating interest that is subsequently diluted to less than 10% will be converted to a 1% net smelter royalty ("NSR").

The Company accounts for its interest in BLL on an equity basis. As at June 30, 2021 and December 31, 2020, the Company holds a 45% interest in BLL. The functional currency of BLL is the Euro. Supplementary financial information regarding the Company's investment in BLL is presented below, after adjustments to align accounting policies to those of the Company and to translate to Canadian dollars in accordance with the Company's accounting policies.

Blackstairs Lithium Limited

	June 30, 2021	December 31, 2020
Current assets	$ 999,269	$ 322,048
Non-current assets	4,194,417	4,047,898
Current liabilities	(292,119)	(206,263)
Net assets	4,901,567	4,163,683
The Company's share of the net assets – 45% (December 31, 2020 - 45%)	$ 2,205,705	$ 1,873,657

	Period ended June 30, 2021	Period ended June 30, 2020
Loss for the period	$ (31,092)	$ (25,277)
Other comprehensive income (loss) – foreign currency translation	(264,388)	189,153
Total comprehensive income (loss)	(295,480)	163,876
The Company's share of comprehensive income (loss) – 45% (2020 - 45%)	$ (132,966)	$ 73,744

(Unaudited - Expressed in Canadian Dollars)

8. EQUITY INVESTMENT (cont'd...)

Avalonia Lithium Joint Venture (cont'd...)

Investment in associate – Blackstairs Lithium Limited	Period ended June 30, 2021	Year ended December 31, 2020
Balance, beginning of period	$ 1,873,657	$ 1,626,941
Equity gain on carried interest	465,014	157,801
Loss on equity investment	(13,991)	(28,046)
Equity – other comprehensive income (loss)	(118,975)	116,961
Ending balance, investment in associate – Blackstairs Lithium Limited	$ 2,205,705	$ 1,873,657

9. EXPLORATION AND EVALUATION ASSETS

	Mavis Lake / Fairservice Project	Raleigh Lake Project	Total
Acquisition Costs			
Balance, December 31, 2019 and 2020	$ 193,500	$ 56,000	$ 249,500
Additions	-	4,950	4,950
Balance, June 30, 2021	193,500	60,950	254,450
Exploration Costs			
Balance, December 31, 2019 and 2020	1,006,005	92,140	1,098,145
Additions	-	384,884	384,884
Balance, June 30, 2021	1,006,005	477,024	1,483,029
Exploration and Evaluation Asset, net			
December 31, 2020	$ 1,199,505	$ 148,140	$ 1,347,645
June 30, 2021	$ 1,199,505	$ 537,974	$ 1,737,479

Deferred exploration costs were as follows:

	Raleigh Lake Project
Period ended June 30, 2021	
Assays and laboratory	$ 8,482
Drilling	293,460
Exploration expense	11,030
Geology and geophysics	58,915
Travel and accommodation	12,997
Total	$ 384,884

9. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Title to mineral property interests

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

Mavis Lake Lithium Project (Ontario)

The Mavis Lake Lithium Project (or "Mavis Lake - Fairservice") is 49%-owned by the Company and consists of a package of nineteen adjacent mineral claims which include certain unpatented mining claims (the Mavis Lake claims) and certain patented mining leases (the Fairservice property) located in Dryden, Ontario, Canada. The property is subject to a 5% net profits royalty. The Company has the option to purchase the royalty at any time for $1,000,000.

Essential Metals Option Agreement and Strategic Alliance

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

First Earn-in: Essential Metals earned a 51% interest in the project by spending $1,500,000 on exploration activities and paying to the Company a total of $375,000, half in cash and half in shares. The Company was granted a 1.5% NSR, purchasable at any time for $1,500,000.

Second Earn-in: Essential Metals has the option to earn an additional 29% by spending $8,500,000 by 2025 ("Mavis Lake Second Earn-in"). Thereafter, the Company and Essential Metals will contribute on a pro-rata basis as to 20% and 80% respectively. If the Company's interest in Mavis Lake falls below 15% owing to dilution it will be converted to a 1.5% net smelter royalty. Essential Metals has the right to buy back half of this second 1.5% net smelter royalty for $750,000. This second 1.5% net smelter royalty would be in addition to the Company's existing 1.5% royalty entitlement that it would still retain.

Raleigh Lake Project

The Raleigh Lake Project is wholly owned by the Company and consists of certain mineral claims in the Kenora Mining District of Ontario, Canada.

Forgan Lake Project

The Forgan Lake property is wholly owned by the Company and consists of certain claims located in the Thunder Bay Mining District in Northwestern Ontario, Canada.

During the year ended December 31, 2018, the Company entered into a sale and royalty agreement with Ultra. During the year ended December 31, 2019, the Company entered into an Amendment Agreement with Ultra for Forgan Lake property. In accordance with the amended terms, Ultra may earn a 100% interest in the Forgan Lake property by spending $500,000 on exploration expenditures and paying the Company a total of $191,000 (paid), divided in cash and shares, over the period of three years from the date of underlying sale and royalty agreement. In addition, the Company will receive a 1.5% NSR on future production from the Forgan Lake property and from an adjoining property owned by Ultra.

During the year ended December 31, 2020, the Company received $37,500 in cash and 493,968 shares valued at $37,500 from Ultra recorded as recoveries in excess of carrying value.

(Unaudited - Expressed in Canadian Dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		June 30, 2021		December 31, 2020
Accounts payable *(Note 16)*	$	77,983	$	900,941
Accrued liabilities		-		40,000
Total	$	77,983	$	940,941

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

During the year ended December 31, 2020, the Company had extinguished amounts due to former directors totaling $25,164.

11. PROMISSORY NOTE

During the year ended December 31, 2018, the Company received a total of $515,857 from an officer and director of the Company under a promissory note. The note is payable on demand and bears interest at the rate of 15% per annum. The promissory note is secured by a general security agreement against the Company's assets.

Balance, December 31, 2019	$	573,412
Advances received		103,308
Lease payment on behalf of the Company *(Note 12)*		10,030
Interest expense		89,358
Interest settled *(Note 13)*		(53,604)
Balance, December 31, 2020		722,504
Principal settled *(Note 17)*		(633,146)
Interest settled *(Note 17)*		(89,358)
Balance, June 30, 2021	$	-

12. LEASE LIABILITIES

Balance, December 31, 2019	$	102,487
Finance expense		6,866
Lease payments		(19,111)
Lease deposit applied as payment		(18,070)
Lease payments made by related party *(Note 11)*		(10,030)
Payments reclassified to accounts payable		(6,099)
Termination of lease		(56,043)
Balance, December 31, 2020 and June 30, 2021	$	-

During the year ended December 31, 2020, the Company terminated the lease, resulting in the derecognition of lease liability of $56,043, derecognition of right-of-use asset of $51,936 and gain on lease termination of $4,107.

13. CONVERTIBLE DEBENTURES

2018 Series 1 Convertible Debenture

On April 18, 2018, the Company completed a non-brokered private placement of a convertible debenture, known as 2018 Series 1 Convertible Debenture, in the principal amount of $1,180,000 with a director who is also an officer of the Company. The debenture matured on June 30, 2019. The Company entered into Amending Agreements to extend the maturity date to June 30, 2020. The 2018 Series 1 Convertible Debenture bore interest at the rate of 15% per annum, payable quarterly. The debenture holder may convert at any time, all or a portion of the convertible debenture principal into common shares of the Company at a price of $0.065 per common share until maturity. The convertible debenture was secured by a general security agreement against the Company's assets.

During the year ended December 31, 2020, the 2018 Series 1 Convertible Debenture matured on June 30, 2020 and the Company reclassified the equity component related to the matured debt totaling $35,497 to deficit.

During the period ended June 30, 2021, the 2018 Series 1 Convertible Debenture principal of $1,012,500 was converted into non-convertible loans and principal of $167,500 and accrued interest of $117,485 were settled as share subscriptions towards share private placements. *(Note 14 & 17)*.

2018 Series 2 Convertible Debentures

On May 3, 2018, June 15, 2018, and July 14, 2018, the Company completed tranches of a non-brokered private placement of secured convertible debentures known as the 2018 Series 2 Convertible Debentures to raise proceeds of $1,800,000. The debentures matured on June 30, 2019. The Company entered into Amending Agreements to extend the maturity date to June 30, 2020. The 2018 Series 2 Convertible Debentures bore interest at a rate of 15% per annum, payable quarterly. The debenture holders who subscribed to the $1,007,750 tranche may convert at any time, all or a portion of the convertible debenture principal into common shares of the Company at a price of $0.085 per common share in the first year and $0.10 per common share thereafter until maturity. The debenture holders who subscribed to the $792,250 tranche may convert at any time, all or a portion of the convertible debenture principal into common shares of the Company at a price of $0.085 per common share until the maturity date. The debentures were secured by a general security agreement against the Company's assets. Directors and officers of the Company participated in the private placement.

On March 25, 2019 and June 28, 2019, the Company entered into an Amending Agreement with certain 2018 Series 2 Convertible Debentures holders. Pursuant to the Amending Agreement, the debentures in the aggregate amount of $1,184,993 were set to mature on June 30, 2020 and the debentures in the aggregate amount of $265,000 were set to mature on September 30, 2019 ($205,000 matured on September 30, 2019). The debenture holders may convert at any time, all or a portion of the convertible debenture principal into common shares of the Company at a price of $0.065 until maturity. An accrued interest of $22,993 was converted into principal. All other terms remained the same.

During the year ended December 31, 2019, certain convertible debentures in the aggregate of $75,000 were repaid upon maturity and certain debentures in the aggregate of $358,000 were settled as share subscriptions towards share private placement.

During the year ended December 31, 2020, certain convertible debentures in the aggregate principal amount of $1,184,993 matured on June 30, 2020 and the Company reclassified the equity component related to the matured debt totaling $35,647 to deficit.

During the year ended December 31, 2020, certain 2018 Series 2 Convertible Debentures in the aggregate principal amount of $205,000 with maturity date of September 30, 2019 were settled as subscriptions towards 2020 Series 2 Convertible Debentures private placement.

13. CONVERTIBLE DEBENTURES (cont'd...)

2018 Series 2 Convertible Debentures (cont'd...)

During the period ended June 30, 2021, certain convertible debentures in the aggregate principal amount of $727,493 were converted into non-convertible loans, certain debentures in the aggregate of $10,000 were settled as share subscriptions towards share private placement, and certain debentures in the aggregate of $447,500 were settled as subscriptions towards 2021 Series Convertible Debentures private placement *(Note 14 & 17)*.

2019 Series Convertible Debenture

On February 13, 2019, the Company completed a non-brokered private placement of a convertible debenture, known as 2019 Series Convertible Debenture, in the principal amount of GBP 240,000 with a related party. The debenture was set to mature on May 31, 2019 and bore interest at the rate of 15% per annum. The debenture holder may convert at any time, all or a portion of the convertible debenture principal into common shares of the Company at a price of $0.07 per common share until maturity. The debenture was secured by a general security agreement against the Company's assets. On May 31, 2019, the Company entered into an Amending Agreement to extend the maturity date to September 15, 2019 and amend the interest to 10% per annum. Accrued interest of GBP 6,016 was converted into principal. All other terms remained the same.

During the year ended December 31, 2020, the 2019 Series Convertible Debenture principal of GBP 246,016 was settled to participate in the 2020 Series 1 Convertible Debenture private placement.

2020 Series 1 Convertible Debenture

On February 4, 2020, the Company completed a non-brokered private placement of a convertible debenture, known as 2020 Series 1 Convertible Debenture, in the principal amount of GBP 254,000 with a related party. The debenture was set to mature on September 30, 2020 and bears interest at the rate of 12% per annum, payable quarterly. The debenture holder had the right to redeem the debentures on March 31, 2020. The debenture holder may convert at any time, all or a portion of the convertible debenture principal into common shares of the Company at a price of $0.05 per common share until maturity. The convertible debenture was secured by a general security agreement against the Company's assets. The 2019 Series Convertible Debenture in the principal amount of GBP 246,016 and accrued interest of GBP 7,984 were settled to participate in the private placement.

During the period ended June 30, 2021, the 2020 Series 1 Convertible Debenture principal of GBP 254,000 was converted into non-convertible loans *(Note 14)*.

As 2020 Series 1 convertible debenture is denominated in GBP and the functional currency of the Company is the Canadian dollar, the conversion feature is considered to be an embedded derivative and, collectively, the convertible debenture and conversion feature are considered a hybrid instrument. The embedded derivative is recorded at fair value and re-measured each period with movements being recorded as a gain or loss on the statement of loss and comprehensive loss. The difference between the fair value of the derivative and the face value of the debt is allocated to the convertible debenture. As a result, the recorded liability to repay the convertible debentures is lower than its face value. Using the effective interest rate method, the convertible debenture was accreted up to its face value over the term. The Company recorded accretion expense of $nil for the period ended June 30, 2021 ($144,232 for the year ended December 31, 2020). The change in the fair value of the derivative liability will be recognized as a gain in profit or loss.

Upon initial recognition, the fair value of the derivative was determined to be $145,427 using the Black-Scholes option pricing model. This amount must be revalued at period end. At June 30, 2021, the fair value was $nil because the debenture matured on September 30, 2020 (December 31, 2020 - $nil).

(Unaudited - Expressed in Canadian Dollars)

13. CONVERTIBLE DEBENTURES (cont'd...)

The Company determined the initial fair value of the embedded derivatives using the Black-Scholes model with the following assumptions:

	2021	2020
Risk-free interest rate	-	1.64%
Expected life	-	0.65 years
Expected volatility	-	104.42%
Dividend yield	-	Nil

With the exception of the GBP denominated convertible debenture, the convertible debentures are compound financial instruments, consisting of a debt instrument and an equity conversion feature. The debt instrument was fair valued using a rate applicable to a non-compound debt instrument and is carried at amortized cost. The excess of the proceeds over the value assigned to the debt instrument was allocated as the fair value of the equity component of the convertible debentures.

2020 Series 2 Convertible Debentures

On February 4, 2020, the Company completed a non-brokered private placement of secured convertible debentures, known as 2020 Series 2 Convertible Debentures, in the principal amount of $1,027,500. The debentures were set to mature on September 30, 2020 and bear interest at a rate of 12% per annum, payable quarterly. The debenture holders had the right to redeem the debentures on March 31, 2020. The debenture holders may convert at any time, all or a portion of the convertible debenture principal into common shares of the Company at a price of $0.05 per common share until maturity. The convertible debentures were secured by a general security agreement against the Company's assets. Directors and officers of the Company participated in the private placement. Certain 2018 Series 2 Convertible debentures in the aggregate principal amount of $205,000 with maturity date of September 30, 2019, promissory notes and convertible debenture accrued interest of $283,275, and accrued fees of $274,225 were settled to participate in the private placement *(Note11).*

During the year ended December 31, 2020, the 2020 Series 2 Convertible Debentures matured on September 30, 2020 and the Company reclassified the equity component related to the matured debt totaling $$20,269 to deficit.

During the period ended June 30, 2021, certain convertible debentures in the aggregate principal amount of $751,113 were converted into non-convertible loans, certain debentures in the aggregate of $2,637 were repaid, certain debentures in the aggregate of $3,750 were settled as share subscriptions towards share private placement, and certain debentures in the aggregate of $270,000 were settled as subscriptions towards 2021 Series Convertible Debentures private placement *(Note 14 & 17)*.

2021 Series Convertible Debentures

On February 22, 2021, the Company completed a non-brokered private placement of secured convertible debentures in the principal amount of $717,500. The debentures will mature on September 30, 2021 and bear interest at a rate of 15% per annum, payable quarterly. The debenture holder may convert at any time, all or a portion of the convertible debenture principal into common shares of the Company at a price of $0.05 per common share. The convertible debentures are secured by a general security agreement against the Company's assets. Certain 2018 Series 2 Convertible Debentures in the aggregate principal amount of $447,500 with maturity date of June 30, 2020 and certain 2020 Series 2 Convertible Debentures in the aggregate principal amount of $270,000 with maturity date of September 30, 2020 were settled to participate in the private placement.

During the period ended June 30, 2021, certain convertible debentures in the aggregate principal amount of $165,000 were converted into 3,300,000 common shares of the Company.

(Unaudited - Expressed in Canadian Dollars)

13. CONVERTIBLE DEBENTURES (cont'd...)

The following table summarizes the Company's convertible debentures as at June 30, 2021:

Balance, December 31, 2019	$	3,427,237
Convertible debentures issued		1,463,720
Allocation to equity component		(20,269)
Debentures settled		(627,509)
Subscriptions		(200,000)
Interest expense		735,826
Interest paid		(243,382)
Change in fair value of embedded derivative		(145,427)
Foreign exchange		7,134
Balance, December 31, 2020		4,397,330
Convertible debentures issued		717,500
Allocation to equity component		(8,689)
Debentures settled		(3,833,971)
Debentures converted		(163,470)
Interest expense		52,040
Interest paid		(589,428)
Balance, June 30, 2021	$	571,312
Equity component of convertible debentures		
December 31, 2020	$	-
June 30, 2021	$	6,690

14. LOANS PAYABLE

Loans payable on September 30, 2023

On January 21, 2021, the Company entered into the Loan Agreements with directors and related parties of the Company to convert certain convertible debentures, accrued fees and interest into non-convertible loans with an aggregate principal of $1,957,750. The loans bear interest of 12.5% per annum payable semi-annually and are due on September 30, 2023. The loans are secured by a general security agreement against the Company's assets.

Pursuant to the Loan Agreements, the Company issued 39,155,000 bonus share purchase warrants with expiry date of September 30, 2023. Each bonus warrant will entitle the holder to purchase one common share of the Company at an exercise price of $0.05 per share. The loans may be repaid prior to their maturity without penalty; however, if a loan is reduced or repaid during the first year of its term, a pro rata number of the total bonus warrants will have their term reduced to the later of one year from issuance of the bonus warrants and 30 days from the reduction or repayment of the loan. The fair value of the bonus warrants of $1,012,589 was calculated using the Black-Scholes option-pricing model assuming an expected life of 2.68 years, expected annualized volatility of 101.80%, and a risk-free interest rate of 0.21%. The fair value of the bonus warrants was recorded against the face value of the debt. As a result, the recorded liability to repay the loans is lower than their face value. Using the effective interest rate method, the loans will be accreted up to their face value over the term.

(Unaudited - Expressed in Canadian Dollars)

14. LOANS PAYABLE (cont'd...)

Loans payable on June 30, 2022

On January 21, 2021, the Company entered into the Loan Agreements with directors and related parties of the Company to convert certain convertible debentures and interest into non-convertible loans with an aggregate principal of $1,060,000. The loans bear interest of 12.5% per annum payable semi-annually and are due on June 30, 2022. The loans are secured by a general security agreement against the Company's assets.

Pursuant to the Loan Agreements, the Company issued 21,200,000 bonus share purchase warrants with the expiry date of June 30, 2022. Each bonus warrant will entitle the holder to purchase one common share of the Company at an exercise price of $0.05 per share. The loans may be repaid prior to their maturity without penalty; however, if a loan is reduced or repaid during the first year of its term, a pro rata number of the total bonus warrants will have their term reduced to the later of one year from issuance of the bonus warrants and 30 days from the reduction or repayment of the loan. The fair value of the bonus warrants of $407,088 was calculated using the Black-Scholes option-pricing model assuming an expected life of 1.42 years, expected annualized volatility of 101.39%, and a risk-free interest rate of 0.13%. The fair value of the bonus warrants was recorded against the face value of the debt. As a result, the recorded liability to repay the loans is lower than their face value. Using the effective interest rate method, the loans will be accreted up to their face value over the term.

The following table summarizes the Company's loans payable as at June 30, 2021:

Balance, December 31, 2020	$	-
Loans received *(Note 13)*		3,017,750
Bonus warrants		(1,419,677)
Interest expense		469,048
Interest paid		(60,342)
Balance, June 30, 2021	$	2,006,779
Current liabilities	$	900,973
Non-current liabilities	$	1,105,806

15. EXPLORATION LOAN

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

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

The accumulated drawdown on the Exploration Loan as at June 30, 2021 was US$2,000,000 (December 31, 2020 - US$2,000,000). Total interest accrued as at June 30, 2021 was US$1,119,968 (December 31, 2020 – US$1,020,790).

(Unaudited - Expressed in Canadian Dollars)

15. EXPLORATION LOAN (cont'd...)

		June 30, 2021		December 31, 2020
Opening balance	$	3,846,070	$	3,663,642
Interest		123,654		268,316
Foreign exchange		(102,836)		(85,888)
Ending balance	$	3,866,888	$	3,846,070

16. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the period ended:

Transaction	Relationship		June 30, 2021		June 30, 2020
Exploration expenditures and consulting fees	Officer, company controlled by an officer	$	72,000	$	72,000
IT Support Services	Officer, company controlled by an officer		15,092		14,330
Consulting fees	Director and officer		60,000		60,000
Consulting fees	Director and officer		45,000		45,000
Consulting fees	Former officer		24,855		13,395
Directors' fees	Directors		75,000		75,000
Share-based payments	Directors		-		63,871
		$	291,947	$	343,596

At June 30, 2021, due to related parties consisted of $nil (December 31, 2020 - $666,898) to various directors, officers and related companies for services detailed above and is included in accounts payable and accrued liabilities.

At June 30, 2021, convertible debentures with a face value of $nil were due to five directors of the Company or their related companies (December 31, 2020 - $2,664,993 and GBP 254,000), loans with a face value of $3,017,750 were payable to five directors of the Company or their related companies (December 31, 2020 - $nil), and a promissory note in the amount of $nil was due to an officer and director of the Company (December 31, 2020 - $633,146) *(Notes 11, 13 & 14).*

Commitments - Consulting agreements

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

(Unaudited - Expressed in Canadian Dollars)

17. SHARE CAPITAL AND EQUITY RESERVES

Authorized share capital

As at June 30, 2021, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

Issued share capital

On June 30, 2021, the Company issued 500,000 common shares on the conversion of certain 2021 Series Convertible Debentures in the aggregate principal of $25,000.

On March 31, 2021, the Company issued 2,800,000 common shares on the conversion of certain 2021 Series Convertible Debentures in the aggregate principal of $140,000.

On February 3 and 19, 2021, the Company completed tranches of a non-brokered private placement consisting of 54,545,454 units at $0.055 per unit for gross proceeds of $3,000,000. Each unit comprised one common share and a half share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.08 per share until February 29, 2024. Five of the Company's directors and officers participated in the private placement. The 2018 Series 1 Convertible Debentures principal of $167,500, accrued fees of $139,818, promissory notes principal of $633,146, and promissory notes and convertible debenture interest of $278,023 were settled to participate in the private placement *(Note 11 & 13)*.

On January 26, 2021, the Company completed a non-brokered private placement consisting of 3,715,750 units at $0.05 per unit for gross proceeds of $185,788. Each unit comprised one common share and a half share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.075 per share until December 31, 2023. Five of the Company's directors and officers participated in the private placement. The 2018 Series 2 Convertible Debentures principal of $10,000, the 2020 Series 2 Convertible Debentures principal of $3,750, accrued fees of $145,007, and promissory notes and convertible debentures interest of $27,031 were settled to participate in the private placement *(Note 11 & 13)*.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance outstanding and exercisable, December 31, 2019	19,925,000	$ 0.11
Warrants expired	(1,125,000)	0.30
Balance outstanding and exercisable, December 31, 2020	18,800,000	0.10
Warrants issued	89,485,603	0.06
Balance outstanding and exercisable, June 30, 2021	108,285,603	$ 0.07

(Unaudited - Expressed in Canadian Dollars)

17. SHARE CAPITAL AND EQUITY RESERVES (cont'd...)

Warrants (cont'd...)

At June 30, 2021, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants		Exercise Price	Expiry Date
12,000,000	$	0.10	March 31, 2023 *
5,312,411	$	0.10	March 31, 2023 *
1,487,589	$	0.10	March 31, 2023 *
21,200,000	$	0.05	June 30, 2022
39,155,000	$	0.05	September 30, 2023
1,857,875	$	0.075	December 31, 2023
27,272,728	$	0.08	February 29, 2024
108,285,603			

* Expiry dates of these warrants was extended during the period ended June 30, 2021.

Stock options

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

The changes in options were as follows:

	Number of options		Weighted Average Exercise Price
Balance outstanding, December 31, 2019	10,705,000	$	0.11
Options granted	-		-
Options expired/cancelled	(300,000)		0.06
Balance outstanding, December 31, 2020 and June 30, 2021	10,405,000	$	0.11
Vested and exercisable	10,405,000	$	0.11

At June 30, 2021, options were outstanding enabling holders to acquire common shares as follows:

Number of Options		Exercise Price	Expiry Date
1,400,000	$	0.155	February 23, 2022
700,000	$	0.15	April 20, 2022
2,050,000	$	0.18	December 8, 2022
680,000	$	0.06	June 18, 2022
1,505,000	$	0.085	April 18, 2023
4,070,000	$	0.065	May 31, 2024
10,405,000			

(Unaudited - Expressed in Canadian Dollars)

17. SHARE CAPITAL AND EQUITY RESERVES (cont'd...)

Stock options (cont'd...)

During the year ended December 31, 2020, the Company recognized a total of $63,871 in share-based compensation for the options vested during the year.

During the year ended December 31, 2020, 680,000 stock options were re-priced to an exercise price of $0.06 per option. The was no change in the fair value of the stock options as a result of re-pricing.

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

	2021	2020
Risk-free interest rate	-	1.53%
Expected life of options	-	2.36
Expected annualized volatility	-	117.7%
Dividend yield	-	Nil

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash financing and investing activities during the period ended June 30, 2021 consisted of:

a) Applied accrued directors and consulting fees of $284,825 towards share subscriptions.
b) Applied promissory note principal of $633,146 and accrued interest of $59,170 towards share subscriptions.
c) Applied convertible debentures principal of $181,250 and interest of $245,884 towards share subscriptions.
d) Convertible debentures principal of $2,491,106 and GBP 254,000 converted into non-convertible loans.
e) Convertible debentures accrued interest of $28,520 converted into non-convertible loans.
f) Accrued directors and consulting fees of $55,148 converted into non-convertible loans.
g) Applied convertible debentures principal of $717,500 towards convertible debentures subscriptions.
h) Convertible debentures in the aggregate principal of $165,000 converted in shares.

The significant non-cash financing and investing activities during the period ended June 30, 2020 consisted of:

a) Applied directors and consulting fees of $274,225 towards convertible debentures subscriptions.
b) Applied promissory note interest of $53,604 towards convertible debentures subscriptions.
c) Applied convertible debentures accrued interest of $229,671 and GBP 7,893 towards convertible debentures subscriptions.
d) Applied convertible debentures principal of $205,000 and GBP 246,016 towards convertible debentures subscriptions.
e) Convertible debentures were issued again subscriptions of $200,000 received in the prior year.
f) Subscription to convertible debenture of $15,000 through promissory notes.

19. SEGMENT INFORMATION

The Company operates in one business segment which is the exploration of mineral properties. The geographic distribution of exploration and evaluation assets is disclosed in Notes 8 and 9.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

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

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

The fair value of receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash is classified as financial instruments at fair value through profit or loss and is measured using level 1 inputs of the fair value hierarchy. The Company's investment and embedded derivatives are measured using level 3 inputs as disclosed in Note 13. Receivables, accounts payable and accrued liabilities, promissory note, loans payable, convertible debentures, lease liabilities and exploration loan are classified as financial instruments at amortized cost.

Promissory notes, loans payable, convertible debentures, lease liabilities and exploration loan are measured at amortized cost. The fair value of the Company's long-term exploration loan approximates its carrying value. The interest rate is considered to be comparable to other borrowing arrangements made available to the Company.

Risk management

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

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company considers that credit risk with respect to the receivables *(Note 3)* is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company is exposed to liquidity risk through its promissory note, loans payable, convertible debentures and exploration loan. The promissory note arises from an officer and director of the Company, while certain officers and directors also participated in the convertible debentures. The loans are payable to the directors and their related companies. The exploration loan is secured by a promissory note *(Note 15)*. The Company will endeavor to raise funds for future use from equity financings and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing activities.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Risk management (cont'd...)

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

Market risk

a) Interest rate risk
The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's policy is to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value. The exploration loan bears a fixed, simple interest rate of 10%, loans payable bear interest at fixed rate of 12.5%, and the promissory notes and convertible debentures bear interest at fixed rates of 12% and 15%. The Company has no interest-bearing liabilities with variable interest rate.

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

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

The Company's operating expenses are incurred primarily in Canadian dollars. Exploration programs are in Canadian dollars. Activity in associates occurs in Ireland and is denominated in the Euro. The Company is also subject to fluctuations in the Euro in conducting exploration work and investment in Ireland. Consequently, the Company's investments and expenditures are subject to currency transaction risk and currency translation risk. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. A 10% change in foreign exchange rates would increase/decrease loss for the period by approximately $387,000.

21. CAPITAL MANAGEMENT

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

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

21. CAPITAL MANAGEMENT (cont'd...)

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

The Company currently is not subject to externally imposed capital requirements. However, the Company's assets are subject as security under the general security agreements for the convertible debentures and loans payable *(Note 13 & 14)*. There were no changes in the Company's approach to capital management.

22. SUBSEQUENT EVENTS

On August 11 and 25, 2021, the Company completed tranches of a non-brokered private placement consisting of 16,673,336 units at $0.06 per unit for gross proceeds of $1,000,400. Each unit comprised one common share and one-half of one share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.08 per share until June 30, 2024. A director of the Company participated in the private placement.