Lithium X Energy Corp.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Six Months Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

Lithium X Energy Corp.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)
(Unaudited)

	December 31, 2016	June 30, 2016
Assets		
Current		
Cash and cash equivalents	**$ 14,563,937**	$ 9,683,877
Amounts receivable (Note 4)	**109,847**	145,900
Prepaid expenses	**261,729**	107,852
Advances (Note 5)	**162,850**	-
	15,098,363	9,937,629
Investment in PLASA (Note 6)	**17,151,148**	15,909,539
Exploration assets (Note 5)	**7,216,158**	5,321,398
PLASA receivables (Note 6)	**139,536**	139,536
	$ 39,605,205	$ 31,308,102
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 301,822**	$ 778,405
Shareholders' equity		
Common shares (Note 7)	**43,703,518**	59,113,662
Contributed surplus (Note 8)	**5,243,708**	4,977,563
Deficit (Note 7)	**(9,643,843)**	(33,561,528)
	39,303,383	30,529,697
	$ 39,605,205	$ 31,308,102

Nature of operations and going concern (Note 1)

Subsequent events (Note 8,11)

Approved on behalf of the Board of Directors and authorized for issue on February 27, 2017

"Harry Pokrandt"

Director

"Robert McLeod"

Director

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

Lithium X Energy Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars, except number of shares)
(Unaudited)

	Three months ended December 31,		Six months ended December 31,	
	2016	2015	**2016**	2015
Expenses				
Share-based compensation (Note 8)	**$ 46,625**	$ 559,947	**$ 489,606**	$ 559,947
Marketing	**121,688**	53,606	**473,196**	53,606
Management fees (Note 9)	**177,000**	20,000	**354,000**	20,000
Travel	**165,774**	69,994	**232,289**	69,994
Advisory and consulting	**74,828**	131,411	**190,366**	153,911
Office and administration	**107,951**	18,961	**170,486**	22,055
Professional fees	**107,052**	5,486	**124,107**	6,356
Regulatory and transfer agent fees	**41,131**	22,655	**61,907**	26,192
Loss before other income, expenses and equity loss	**(842,049)**	(882,060)	**(2,095,957)**	(912,061)
Equity loss on investment in associate (Note 6)	**(118,142)**	-	**(118,142)**	-
Finance and other income	**17,403**	1,112	**66,652**	2,393
Foreign exchange gain	**20,480**	-	**17,725**	-
Net loss and comprehensive loss for the period	**$ (922,308)**	$ (880,948)	**$ (2,129,722)**	$ (909,668)
Net loss per share - basic and diluted	**$ (0.01)**	$ (0.05)	**$ (0.03)**	$ (0.07)
Weighted average number of common shares outstanding - basic and diluted	**67,053,571**	17,859,348	**66,454,573**	13,922,811

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

Lithium X Energy Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)
(Unaudited)

	Six months ended December 31, 2016	Six months ended December 31, 2015
Operating activities		
Net loss for the period	**$ (2,129,722)**	$ (909,668)
Item not involving cash:		
Equity loss on investment in associate	**118,142**	-
Share-based compensation	**489,606**	559,947
	(1,521,975)	(349,721)
Changes in non-cash operating working capital:		
Amounts receivable	**36,053**	(31,010)
Prepaid expenses	**(153,877)**	(50,674)
Advances	**(162,850)**	-
Accounts payable and accrued liabilities	**(476,583)**	391,842
	(2,279,231)	(39,563)
Investing activities		
Investment in associate	**(1,359,750)**	-
Exploration asset expenditures	**(895,469)**	(502,589)
	(2,255,220)	(502,589)
Financing activities		
Proceeds from exercise of stock options	**124,000**	19,600
Proceeds on issuance of common shares net of share issuance costs	**9,290,511**	4,871,929
	9,414,511	4,891,529
Change in cash and cash equivalents during the period	**4,880,061**	4,349,377
Cash and cash equivalents at beginning of the period	**9,683,877**	756,875
Cash and cash equivalents at end of the period	**$ 14,563,937**	$ 5,106,252
Supplemental cash flow information		
Non-cash acquisition costs	**$ 999,291**	$ -
Cash and cash equivalents is comprised of:		
Cash	**$ 63,937**	$ 4,506,252
Term deposits	**14,500,000**	600,000
	$ 14,563,937	$ 5,106,252

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

Lithium X Energy Corp.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars except number of shares)
(Unaudited)

	Common shares			Contributed				
	Number		Amount		Surplus		Deficit		Total Equity
Balance at June 30, 2015	10,029,063	$	26,047,407	$	2,999,050	$	(28,298,339)	$	748,118
Private placement	22,521,669		5,002,000		-		-		5,002,000
Share issue costs	-		(130,071)		-		-		(130,071)
Share-based compensation	-		-		559,947		-		559,947
Exercise of share options	170,000		124,405		(104,805)		-		19,600
Shares issued on acquisition	6,400,000		960,000		-		-		960,000
Net loss and comprehensive loss for the period	-		-		-		(909,668)		(909,668)
Balance at December 31, 2015	**39,120,732**	**$**	**32,003,741**	**$**	**3,454,192**	**$**	**(29,208,007)**	**$**	**6,249,926**
Balance at June 30, 2016	60,538,202	$	59,113,662	$	4,977,563	$	(33,561,528)	$	30,529,697
Private placement	6,060,603		10,000,000		-		-		10,000,000
Share issuance costs	-		(709,489)		-		-		(709,489)
Share-based compensation	-		-		489,606		-		489,606
Exercise of stock options	412,000		347,461		(223,461)		-		124,000
Shares issued on 1st year anniversary payment to Clayton Valley Lithium Inc. (Note 5)	446,112		999,291		-		-		999,291
Reduction of stated capital and accumulated deficit (Note 7)	-		(26,047,407)		-		26,047,407		-
Net loss and comprehensive loss for the period	-		-		-		(2,129,722)		(2,129,722)
Balance at December 31, 2016	**67,456,917**	**$**	**43,703,518**	**$**	**5,243,708**	**$**	**(9,643,843)**	**$**	**39,303,383**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated under the Business Corporations Act (Alberta) on August 28, 1997, and continued to British Columbia effective May 11, 2011. The Company is listed on the TSX Venture Exchange under the symbol “LIX” and the OTCQX Venture Market in the United States under the symbol "LIXXF". The address of the Company’s registered office is 25th Floor, 700 West Georgia Street, Vancouver, BC V7Y 1B3.

The Company is a lithium resource explorer and developer with a focus on becoming a low-cost supplier for the lithium battery industry. On November 26, 2015, the Company completed its reactivation pursuant to which it acquired an option (the “Option Agreement”) to acquire a 100% interest in the NSP Lithium Claims in Nevada from Clayton Valley Lithium Inc. (“Clayton Valley”) (Note 5).

The Company is in the process of evaluating its exploration properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration assets are 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 unaudited condensed interim consolidated financial statements have been prepared on the basis of a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company does not currently have a recurring source of revenue, other than interest income on its cash deposit and has historically incurred losses and negative cash flows. As at December 31, 2016, the Company had working capital of $14,796,541 consisting primarily of cash and cash equivalents. Although the Company presently has sufficient financial resources to cover its existing obligations and operating costs and undertake its currently planned programs for the next year, the Company expects to require further funding in the longer term to fund ongoing exploration and evaluation activities and ultimately develop, construct and operate a mining operation. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. These conditions create a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

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

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by IFRIC. Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with IFRS have been omitted or condensed. Accordingly, these unaudited condensed interim consolidated

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended June 30, 2016.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as at February 27, 2017, the date the Board of Directors approved the statements.

3. DETERMINATION OF FAIR VALUES

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. At December 31, 2016 and 2015, there were no financial assets and liabilities measured and recognized at fair value on a recurring basis. The fair value of cash and cash equivalents, receivables and accounts payable are not materially different from their carrying value given their short terms to maturity. In addition, the fair value for long term receivables approximate their carrying value.

4. AMOUNTS RECEIVABLE

	December 31, 2016	June 30, 2016
Input tax credits	$ 30,276	$ 126,531
Interest receivable	79,571	19,369
Total amounts receivable	$ 109,847	$ 145,900

5. EXPLORATION ASSETS

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

a) Clayton Valley North

On November 26, 2015 (the "Closing Date"), the Company completed its reactivation pursuant to which it acquired an option to acquire a 100% interest in the NSP Lithium Claims in Nevada from Clayton Valley Lithium Inc. ("CVL"), a privately held arm's length company. The reactivation was effected pursuant to an amalgamation agreement (the "Amalgamation Agreement") among a subsidiary of the Company and 1045564 B.C. Ltd. ("1045564"), the entity which previously held the option. Pursuant to the Amalgamation Agreement, the Company issued an aggregate of 5,000,000 common shares to the shareholders of 1045564. In addition, the Company issued 1,000,000 common shares and paid $184,397 (US$140,000) to CVL as required by the Option Agreement dated November 5, 2015, and issued 400,000 common shares to a consultant for services provided to the Company. The shares issued in relation to this transaction were valued at $0.15 per share, being the approximate market price of those shares on the date of issue.

5. EXPLORATION ASSETS (continued)

a) Clayton Valley North (continued)

In order to exercise the option and earn the 100% interest in the NSP Lithium Claim Group, the Company must:

i) pay US$250,000 in cash to CVL on each of the first, second, third and fourth anniversaries of the Closing Date;

ii) issue 446,112 common shares to CVL, on each of the first, second, third and fourth anniversaries of the Closing Date;

iii) incur a minimum of US$4,500,000 on exploration expenditures on the NSP Lithium Claim Group over a three-year period and deliver a pre-feasibility study on the NSP Lithium Claim Group by no later than the fourth anniversary of the Closing Date.

The Company has agreed to issue an additional 1,000,000 common shares to CVL upon completion of a inferred resource calculation that confirms the presence on the NSP Lithium Claim Group of a minimum of 100,000 tons LCE grading no lower than a 28ppm Li grade average, and will pay US$2,000,000, in cash or in common shares (or a combination) at the option of the Company, upon completion of a positive economic feasibility study on the NSP Lithium Claim Group.

CVL will be granted a 2.5% royalty on revenues derived from the sale of lithium concentrate and other ores or minerals extracted from the NSP Lithium Claim Group and the Company has agreed to pay a minimum annual advance royalty of US$250,000 to CVL commencing on the fifth anniversary of the Closing Date. The Company has the right to buy 1.5% of the Royalty at any time for US$3,000,000.

The Company further acquired specified additional claims in consideration for payment to CVL of $124,233 (US$91,000). The Company has agreed to make minimum exploration expenditures of US$250,000 within two years on certain of these claims.

During the six months ended December 31, 2016, the Company advanced $162,850 (US$125,000) to fund drilling work on the property.

During the six months ended December 31, 2016, the Company paid $335,525 (US$250,000) and issued 446,112 common shares with a value of $2.24 per share, to CVL as required by the Amalgamation Agreement on the first anniversary of the Closing Date.

b) Clayton Valley South

On February 25, 2016, the Company completed the acquisition of a 100% interest in the Clayton Valley South Expansion in Nevada's Clayton Valley through the acquisition of all of the outstanding shares of 1061582 BC Ltd. from an unrelated party.

Consideration for the acquisition consisted of a cash payment of $480,200 (US$350,000) and the issue of 4,000,000 common shares of the Company to the vendor. The Company also granted the vendor a 2% net smelter return royalty. A finder's fee of 295,000 common shares of the Company was paid to a third party. The shares issued in relation to this transaction were valued at $0.73 per share, being the closing share price of the Company on February 12, 2016.

At the time of the transactions, 1045564 B.C. Ltd. and 1061582 B.C. Ltd. did not have material other assets.

(Expressed in Canadian Dollars)

5. EXPLORATION ASSETS (continued)

The following table summarizes the capitalized costs associated with the Company's exploration assets:

	Clayton Valley South	Clayton Valley North	Total
	$	$	$
Acquisition costs:			
Balance, June 30, 2016	3,780,964	1,403,151	5,184,115
1st year anniversary payment to CVL - Cash	-	335,525	335,525
1st year anniversary payment to CVL - Shares	-	999,291	999,291
Balance, December 31, 2016	3,780,964	2,737,967	6,518,931
Exploration costs:			
Balance, June 30, 2016	26,221	111,062	137,283
Consulting	-	391,442	391,442
Claims	104,008	64,494	168,502
Balance, December 31, 2016	130,229	566,998	697,227
Total costs:			
Balance, December 31, 2016	3,911,193	3,304,965	7,216,158

	Clayton Valley South	Clayton Valley North	Total
	$	$	$
Acquisition costs:			
Balance, June 30, 2015	-	-	-
Cash	645,614	443,151	1,088,765
Shares issued on acquisitions	3,135,350	960,000	4,095,350
Balance, June 30, 2016	3,780,964	1,403,151	5,184,115
Exploration costs:			
Balance, June 30, 2015	-	-	-
Consulting	26,221	83,400	109,621
Claims	-	18,957	18,957
Rent	-	6,256	6,256
Travel	-	2,449	2,449
Balance, June 30, 2016	26,221	111,062	137,283
Total costs:			
Balance, June 30, 2016	3,807,185	1,514,213	5,321,398

(Expressed in Canadian Dollars)

6. INVESTMENT IN PLASA

On April 15, 2016, the Company completed the acquisition of an initial 50% interest in Potasio y Litio de Argentina SA (“PLASA”), which owns 100% of the Sal de los Angeles lithium-potash brine project (the "Project") in Argentina, from Aberdeen International Inc. (“Aberdeen”). In consideration for the 50% interest, the Company issued 8,000,000 common shares to Aberdeen. A finder's fee of 160,000 common shares of the Company was paid to a third party.

Pursuant to the agreement the Company has the option (the "Option") to acquire an additional 30% interest after incurring $3,000,000 in exploration and development expenditures (the “Expenditure Commitment”) over a two-year period and completing a Feasibility Study on the Project. In order to exercise the Option, the Company must issue common shares to Aberdeen with a value of $5,000,000 based on a 10% discount to the 20-day volume-weighted average price of its common shares at the date of exercise. If the Expenditure Commitment is not met, the Company is required to transfer to Aberdeen that number of outstanding shares representing 20% of the outstanding shares of PLASA. In the event the Company does not exercise the option to purchase the additional 30% of PLASA, Aberdeen has the right to acquire that number of shares of PLASA equal to 1% of the outstanding shares of PLASA in consideration for the payment of $166,000 in cash.

The Company does not consolidate the assets, liabilities and results of operations of PLASA as Aberdeen and the Company jointly control the relevant activities of PLASA. Accordingly, the Company accounts for its interest in PLASA using the equity method. The shares issued in relation to this transaction were valued at $1.89 per share, being the closing share price of the Company on April 20, 2016.The shares issued in relation to this transaction were valued at $1.89 per share, being the closing share price of the Company on April 20, 2016. The $3,000,000 on the feasibility, as well as all other expenses related to the Project, form part of the Company’s investment and are capitalized to the investment as the expenditures are incurred.

	# of shares issued	Share price	April 15, 2016
Shares issued	8,000,000	$ 1.89	$ 15,120,000
Shares issued as finders fees	160,000	1.89	302,400
			$ 15,422,400

The following table summarizes the change in investment in PLASA for the six months ended December 31, 2016, and the year ended June 30, 2016:

Balance, April 15, 2016	$	15,422,400
Funds advanced to PLASA and expenditures incurred		487,139
Equity loss in investment in associate		-
Balance, June 30, 2016	$	15,909,539
Funds advanced to PLASA and expenditures incurred		1,359,751
Equity loss in investment in associate		(118,142)
Balance, December 31, 2016	$	17,151,148

At December 31, 2016, PLASA receivables of $139,536 (June 30, 2016 – $139,536) were due from Aberdeen, consisting of its pro rata allocation of expenditures incurred by the Company on behalf of the joint venture.

PLASA has received correspondence from Borax Argentina SA (“Borax”), the owner of rights to minerals other than minerals contained in brines, which include lithium, potassium and boron, on certain portions of the Sal de los Angeles

(Expressed in Canadian Dollars)

6. INVESTMENT IN PLASA (continued)

Project, claiming that prior work on the property (under previous owners and management) has impacted their interests. The Company is in discussions with Borax's parent company regarding this matter. No provision has been made in the Company's financial statements.

The following is summarised financial information for PLASA, based on its financial statements prepared in accordance with IFRS:

		December 31, 2016		June 30, 2016
Current assets	$	1,168,326	$	1,752,997
Non-current assets		5,622,474		5,220,215
Current liabilities		(1,289,494)		(1,249,596)
Net assets	$	5,501,306	$	5,723,616
Company's interest in net assets of PLASA on acquisition	$	2,885,435	$	2,885,435
Fair value adjustment to mineral property on acquisition		12,536,965		12,536,965
Funds advanced and expenses incurred		1,846,890		487,139
Company's share of comprehensive loss of PLASA		(118,142)		-
Carrying amount of interest in PLASA at December 31, 2016	$	17,151,148	$	15,909,539

On May 6, 2016, PLASA entered into a joint venture agreement ("JV Agreement") with Salta Exploraciones SA ("SESA") for the construction, operation, production and sales of a pilot facility, designed to produce up to 5,000 tonnes per annum ("tpa") of lithium carbonate equivalent ("LCE"). The project has not been the subject of a feasibility study and there is no guarantee the pilot plant will successfully produce a commercial product on a profitable basis or at all. The Company has not established the economic viability of the proposed operation or any mineral reserves that would support such operation. Under the terms of the JV Agreement, in order to earn a 50% stake in the JV Company, SESA must contribute an estimated US$6 million or the required amount for the construction and operation of an initial 2,500 tpa LCE ponding facility by incurring all construction costs, including one full year of post-construction operation. PLASA must contribute US$3.3 million for a 30% contributing participation in the JV Company and the right to commercialize the lithium products. In addition, PLASA is carried for 20% of the JV Company for contributing brine from existing wells on the project. In February 2017, the Company announced that it has received permits to being construction of the pilot facility.

7. CAPITAL STOCK

During the six months ended December 31, 2016, pursuant to shareholder approval, the Company completed a reduction of stated capital reducing the common shares account by $26,047,407 with a corresponding reduction in the consolidated accumulated deficit.

a) Authorized: unlimited number of common shares and preferred shares without par value.

b) Common shares issued and outstanding: December 31, 2016 – 67,456,917 (June 30, 2016 – 60,538,202).

(Expressed in Canadian Dollars)

7. CAPITAL STOCK (continued)

c) During the six months ended December 31, 2016, the Company closed a non-brokered private placement of 6,060,603 common shares at a price of $1.65 per share for gross proceeds of $10,000,000. The Company paid cash of $709,489 as finders fees in relation to the private placement.

d) During the six months ended December 31, 2016, the Company also issued 446,112 common shares to CVL in November 2016 pursuant to the Amalgamation agreement (Note 5).

e) During the six months ended December 31, 2015, the Company closed non-brokered private placements of 11,696,669 shares at a price of $0.15 per share for gross proceeds of $1,754,500 and 10,825,000 shares at a price of $0.30 per share for gross proceeds of $3,247,500. Cash share issue costs of $130,071 were incurred in relation to the private placements.

8. STOCK OPTIONS

The Company has established a “rolling” stock option plan (the “Plan”) in compliance with the TSX Venture Exchange’s policy for granting stock options. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and the exercise term of any option granted under the Plan may not exceed ten years. The exercise price of each option cannot be less than the market price of the Company’s stock at the date of grant. Each option vesting period is determined on a grant by grant basis by the Board of Directors.

A summary of the changes in stock options is presented below:

	Outstanding		Weighted average exercise price
Balance, June 30 and September 30, 2015	915,000	$	0.11
Granted	2,890,000		0.25
Exercised	(170,000)		0.11
Balance, December 31, 2015	3,635,000		0.23
Cancelled	(75,000)		0.15
Granted	3,023,820		1.34
Exercised	(530,000)		0.12
Balance, June 30, 2016	6,053,820		0.79
Granted	420,000		1.69
Exercised	(412,000)		0.30
Balance, December 31, 2016	6,061,820	$	0.89

During the six months ended December 31, 2016, the Company granted the following stock options:

i) 300,000 stock options to directors and consultants, with an exercise price of $1.65 and an expiry date of July 13, 2021, and vested immediately. Using the Black-Scholes option pricing model, the grant date fair value was determined to be $297,632, or $0.99 per option.

ii) 120,000 stock options to consultants with an exercise price of $1.80, an expiry date of July 28, 2021, and vested immediately. Using the Black-Scholes option pricing model, the grant date fair value was determined to be $131,080, or $1.09 per option.

(Expressed in Canadian Dollars)

8. STOCK OPTIONS (continued)

The following assumptions were used for the Black-Scholes valuation of the stock options granted during the six months ended December 31, 2016:

	2017	2016
Risk-free interest rate	0.79% - 0.86%	0.62% - 1.92%
Expected life	5 years	1.8 years - 10 years
Annualized volatility	75.00%	75.00%
Dividend rate	0.00%	0.00%

The total fair value of stock options granted during the six months ended December 31, 2016, was $428,712 (December 31, 2015: $567,858). During the six months ended December 31, 2016, the Company recorded share-based compensation expense of $489,606 (December 31, 2015: $559,947), of which $60,894 related to vesting of options granted in prior periods (December 31, 2015: $831).

During the six months ended December 31, 2016, 412,000 stock options were exercised for proceeds of $124,000.

The following table summarizes information about the stock options outstanding at December 31, 2016:

Outstanding	Exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
375,000	375,000	$ 0.83	February 16, 2021	4.1
50,000	50,000	0.11	March 1, 2021	4.2
1,000,000	1,000,000	1.12	March 18, 2021	4.2
1,573,820	1,198,820	1.62	June 29, 2021	4.5
300,000	300,000	1.65	July 13, 2021	4.5
120,000	120,000	1.80	July 28, 2021	4.6
20,000	20,000	0.11	January 19, 2022	5.1
20,000	20,000	0.11	January 7, 2023	6.0
150,000	150,000	0.12	February 3, 2024	7.1
1,503,000	1,503,000	0.15	November 26, 2025	8.9
950,000	950,000	0.45	December 31, 2025	9.0
6,061,820	5,686,820	$ 0.89		6.3

Subsequent to December 31, 2016, the Company granted 150,000 stock options were granted to a consultant, with an exercise price of $2.21 and an expiry date of February 1, 2020, vesting quarterly over the first year.

Subsequent to December 31, 2016, 25,000 stock options were exercised for proceeds of $3,750.

9. RELATED PARTY TRANSACTIONS

During the six months ended December 31, 2016, key management personnel compensation totaled $582,421 (December 31, 2015: $486,578) comprised of management fees of $354,000 paid to companies controlled by the Company's Chief Executive Officer, Executive Chairman and Chief Financial Officer, $30,000 paid to directors and share-based compensation of $198,421 relating to 200,000 stock options granted to directors of the Company.

10. FINANCIAL RISK MANAGEMENT

a) Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk includes cash and cash equivalents and accounts receivable. The Company reduces its credit risk on cash by maintaining its bank accounts at large international financial institutions. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of December 31, 2016, the Company had invested $14,500,000 (June 30, 2016: $9,661,745) in short-term guaranteed investment certificates.

Amounts receivable consists mainly of amounts due from the Canadian government and amounts due from Aberdeen. As such, management has concluded that the Company has no significant credit risk related to its receivables.

The maximum exposure to credit risk is equal to the carrying value of these financial assets. No amounts are past due and no allowance for doubtful accounts have been recorded by the Company.

b) Liquidity risk

All liabilities are due within the next year. At December 31, 2016, the Company has cash and cash equivalents of $14,563,937 to settle current liabilities of $301,822.

c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

d) Interest rate risk

The Company has cash and cash equivalent balances and no interest-bearing debt. The Company does not believe it is exposed to material interest rate risks. As of December 31, 2016, the Company had invested $14,500,000 (June 30, 2016: $9,661,745) in short-term guaranteed investment certificates.

10. FINANCIAL RISK MANAGEMENT (continued)

e) Foreign currency risk

The Company's reporting currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars. The Company funds certain exploration expenses in the United States using US dollar currency converted from its Canadian dollar bank accounts held in Canada. The Company maintains US dollar bank accounts in Canada. The Company is subject to gains and losses from fluctuations in the US dollar against the Canadian dollar.

As at December 31, 2016, the Company held a net liability position of $139,029 in US dollars (June 30, 2016: $2,492,859). The table below summarizes a sensitivity analysis for significant unsettled currency risk exposure with respect to the Company's financial instruments as at December 31, 2016, with all other variables held constant. It shows how comprehensive loss would have been affected by changes in the relevant risk variable that were reasonably possible at that date.

	Sensitivity Analysis, Change in USD		Increase (Decrease) in net income
Decrease in Net Income	-1%	$	1,390
Increase in Net Income	1%	$	(1,390)

e) Capital management

The Company's capital is defined to be shareholders' equity. The Company's objective in managing capital is to ensure it has adequate working capital to meet day to day needs and access to sources of capital sufficient to finance its operations and to make planned capital expenditures or capital acquisitions as opportunities present themselves. The Company manages its capital structure and makes changes to it in light of changes in economic conditions, anticipated or planned capital expenditures, opportunities for acquisitions and the risk characteristics of the underlying investments.

The Company is not subject to any externally imposed capital requirements except for the requirements of the Company to incur $3,000,000 in exploration and development expenditures over a two-year period in order to maintain its investment in PLASA (Note 6).

There have been no changes in the Company's approach to capital management in the six months ended December 31, 2016.

11. SUBSEQUENT EVENT

On January 30, 2017, the Company entered into a binding purchase and sale agreement (the "Agreement") to acquire 100% of the Arizaro lithium brine project (the "Arizaro Project") in Argentina's Salta Province, for a purchase price of 3,500,000 common shares and USD $250,000, subject to certain conditions. The Arizaro Project consists of 33,846 hectares in 11 mining claims covering parts of the western and eastern portions of the Salar de Arizaro, one of the district's largest known salt lakes. In consideration for the Arizaro Project, the Company has paid USD $250,000 and issued 3,500,000 common shares to the Vendor for a 100% interest in the Arizaro Project. The Arizaro Project consists of 33,846 hectares in 11 mining claims covering parts of the western and eastern portions of the Salar de Arizaro, one of the district's largest known salt lakes. In connection with the purchase a finder's fee of 5% of the total acquisition price (USD $12,500 and 175,000 common shares) was also paid.

On February 22, 2017 the Company announced a bought deal financing with a syndicate of underwriters co-led by Canaccord Genuity Corp. and GMP Securities L.P. (the "Underwriters") pursuant to which they have agreed to purchase, on a bought deal basis, 7,900,000 shares of the Company at a price of $1.90 per share for proceeds of $15,010,000. The Company has also granted the Underwriters an over-allotment option to purchase up to an additional 1,185,000 additional shares; in the event the entire over-allotment option is exercised, the total proceeds of the Offering will be $17,261,500. The shares will be offered by way of a short form prospectus and is expected to close on or about March 14, 2017.