CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

Notice to Reader

The attached consolidated financial statements of International Lithium Corp. for the years ended December 31, 2019 and 2018 are being refiled to include the Audit Report (Pages 3 - 5). No other changes have been made to this document.

INTERNATIONAL LITHIUM CORP.

CHAIRMAN'S REPORT FOR YEAR ENDED DECEMBER 31, 2019

The last year has been a year of good progress for International Lithium Corp. (the "Company" or "ILC"). In February 2020, based on results as at August 2019, we were able to announce a 253% increase in the Measured and Indicated Resource at our Mariana joint venture in Salta, Argentina with Ganfeng Lithium. With Measured and Indicated Resource of 4,410,000 tonnes of Lithium Carbonate Equivalent, this makes Mariana one of the biggest lithium salar resources in the world. We also conducted a magnetic aerial drone survey at our Raleigh Lake property in Ontario, Canada which was promising and in line with what we were hoping to see.

Our 2020 focus is on drilling at Raleigh Lake in Ontario with the goal of producing a maiden resource estimate, and for Mariana in Argentina on issues around the goal of the managers completing a feasibility study and obtaining the grant of an exploitation permit. We plan to raise funds for the Raleigh Lake drilling in 2020 and to exercise our 10% back in right at Mariana in 2021. In parallel with that we will be examining our strategic options at Mariana.

Following the 253% rise in Measured and Indicated Resource at Mariana (as reported on February 6, 2020), it would be reasonable to assume that the Company's board is looking forward to receiving the new feasibility study for Mariana later this year or early in 2021, with the proviso that the economics of solvent extraction (as opposed to the previous process of shipping concentrated brine to China) have not yet been fully analyzed. The economics of the 2018 Preliminary Economic Assessment, which is the only economic study released so far on Mariana, were based on the lower Resource Estimates delivered in 2017. We have however already warned the market that it is possible that a feasibility study for Mariana may not be produced by the managers Ganfeng Lithium to NI 43-101 standards; if that is the case, it is a possible or even likely scenario that we will not be allowed to announce the results of a feasibility study publicly under Canadian securities laws even though the Company's board, our joint venture partner Ganfeng Lithium, and other parties will be relying on the results for decision making.

We continued to raise new money in 2019 and early 2020, and in addition the Company had to raise funds to refinance some maturing convertibles. In early 2020 we started to feel that the capital market for mining companies and in particular lithium companies was improving after a very difficult funding climate in 2018 and 2019. Since the middle of February 2020, the COVID-19 pandemic has affected all markets, and it is now clear that GDP in major economies will take a huge hit in 2020. It is too early to be sure how or whether that will affect fundraising for ourselves and for that matter our joint venture partners. Investment monies have to be invested in something, and we take great comfort from the fact that Lithium is increasingly well understood by investors as a key component of batteries for electric vehicles and electric battery storage, and as an important contributor to a greener and cleaner world. We do therefore remain optimistic that the medium-term story is not much affected by present events.

It is our wish to broaden the Company's investor base and to obtain institutional backing that will allow the Company to break out to the next level.

I would like to thank all our staff for their contribution during the year as well as our advisors, and our shareholders for their support.

John Wisbey
Chairman
April 29, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
International Lithium Corp.

Opinion

We have audited the accompanying consolidated financial statements of International Lithium Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has incurred ongoing losses and expects to incur further losses in the development of its business. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Catherine Tai.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 29, 2020

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

	Notes		2019		2018
ASSETS					
Current					
Cash		$	22,543	$	162,919
Receivables	*4*		16,518		54,612
Marketable securities	*5*		-		83,170
Prepaids			22,655		43,581
			61,716		344,282
Equipment	*6*		6,160		5,778
Right-of-use asset	*7*		94,425		-
Investment	*8*		5,760,937		5,760,937
Investment in Blackstairs Lithium Limited	*9*		1,626,941		1,591,558
Exploration and evaluation assets	*10*		1,347,645		1,260,318
		$	8,897,824	$	8,962,873
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	*11 & 16*	$	571,617	$	104,689
Promissory note	*12*		573,412		531,067
Lease liabilities	*13*		56,697		-
Convertible debentures	*14*		3,427,237		3,785,496
			4,628,963		4,421,252
Lease liabilities	*13*		45,790		-
Exploration loan	*15*		3,663,642		3,575,282
			8,338,395		7,996,534
Shareholders' Equity					
Share capital	*17*		11,480,686		9,613,611
Subscriptions received	*17*		-		627,500
Equity reserves	*17*		2,205,846		2,053,222
Equity component of convertible debentures	*14*		71,144		110,446
Accumulated other comprehensive loss			(130,778)		(23,151)
Deficit			(13,067,469)		(11,415,289)
			559,429		966,339
		$	8,897,824	$	8,962,873

Nature and continuance of operations *(Note 1)*
Commitments & Contingencies *(Notes 16 & 23)*
Subsequent events *(Note 24)*

Approved and authorized by the Board on *April 29, 2020*

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

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

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

	Notes	2019	2018
OPERATING EXPENSES			
Consulting fees	*16*	$ 390,287	$ 435,650
Depreciation expense	*6 & 7*	57,978	642
Directors' fees	*16*	150,000	113,041
Foreign exchange loss (gain)		(170,271)	279,302
Interest and bank charges		1,124,644	815,784
Loss on equity investments	*9*	30,819	40,196
Professional fees		159,789	157,878
Office and miscellaneous		63,336	96,822
Shareholder communications		188,848	343,048
Share-based payments	*16 & 17*	152,624	122,183
Transfer agent and filing fees		34,856	34,897
Travel and promotion		2,321	16,199
Total operating expenses		(2,185,231)	(2,455,642)
Loss on marketable securities	*5*	(24,840)	(40,246)
Change in fair value of embedded derivatives	*14*	207,616	-
Property recoveries in excess of carrying value	*10*	66,000	50,000
		248,776	9,754
Loss for the year		(1,936,455)	(2,445,888)
Foreign currency translation	*9*	(107,627)	50,338
Comprehensive loss for the year		$ (2,044,082)	$ (2,395,550)
Basic and diluted loss per common share		$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted		126,745,552	94,518,505

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

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,936,455)	$ (2,445,888)
Items not affecting cash:		
Realized loss on marketable securities	64,880	38,735
Unrealized gain on marketable securities	(40,040)	(7,220)
Accrued interest expense	1,121,110	804,855
Depreciation expense	57,978	642
Accrued consulting fees	-	21,893
Foreign exchange	(172,812)	287,078
Loss on equity investments	30,819	40,196
Share-based payments	152,624	122,183
Change in fair value of embedded derivatives	(207,616)	-
Property recoveries in excess of carrying value	(66,000)	(50,000)
Changes in non-cash working capital items:		
Receivables	38,094	25,551
Prepaids	20,926	(13,148)
Accounts payable and accrued liabilities	533,004	(139,883)
Net change from operating activities	(403,488)	(1,315,006)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	(59,644)	(5,078)
Option payments received	66,000	76,145
Option payments paid	-	(20,000)
Sale of marketable securities	58,330	22,867
Purchase of equipment	(1,708)	(6,420)
Investment	-	(747,997)
Net change from investing activities	62,978	(680,483)
CASH FLOWS FROM FINANCING ACTIVITIES		
Convertible debentures issued, net of costs	405,173	1,681,831
Convertible debentures repaid	(775,000)	(273,836)
Convertible debentures subscriptions	200,000	-
Proceeds from promissory note	84,000	160,000
Shares issued for cash, net of costs	632,075	335,360
Share subscriptions received	-	446,888
Options exercised	-	33,000
Lease payments	(63,275)	-
Interest paid	(282,839)	(228,690)
Net change from financing activities	200,134	2,154,553
Change in cash for the year	(140,376)	159,064
Cash, beginning of year	162,919	3,855
Cash, end of year	$ 22,543	$ 162,919

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

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

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

	Share capital							
	Number	**Amount**	**Equity reserves**	**Subscriptions received**	**Equity component of convertible loan**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total**
Balance at December 31, 2017	91,795,902	$ 9,074,133	$ 1,953,017	$ 113,140	$ 26,994	$ (73,489)	$ (9,445,651)	$ 1,648,144
Equity portion of convertible debentures issued	-	-	-	-	98,449	-	-	98,449
Maturity of unexercised convertible debentures	-	-	-	-	(14,997)	-	14,997	-
Equity gain on carried interest	-	-	-	-	-	-	461,253	461,253
Shares issued for cash	2,250,000	450,000	-	(88,140)	-	-	-	361,860
Share issue cost	-	(1,500)	-	-	-	-	-	(1,500)
Shares issued for property acquisition	400,000	36,000	-	-	-	-	-	36,000
Funds received in advance of issuance of shares	-	-	-	627,500	-	-	-	627,500
Stock options exercised	550,000	54,978	(21,978)	(25,000)	-	-	-	8,000
Share based payments	-	-	122,183	-	-	-	-	122,183
Loss for the year	-	-	-	-	-	50,338	(2,445,888)	(2,395,550)
Balance at December 31, 2018	94,995,902	9,613,611	2,053,222	627,500	110,446	(23,151)	(11,415,289)	966,339
Equity portion of convertible debentures issued	-	-	-	-	71,144	-	-	71,144
Maturity of unexercised convertible debentures	-	-	-	-	(110,446)	-	110,446	-
Equity gain on carried interest	-	-	-	-	-	-	173,829	173,829
Shares issued for cash	37,600,001	1,880,000	-	(627,500)	-	-	-	1,252,500
Share issue cost	-	(12,925)	-	-	-	-	-	(12,925)
Share based payments	-	-	152,624	-	-	-	-	152,624
Loss for the year	-	-	-	-	-	(107,627)	(1,936,455)	(2,044,082)
Balance at December 31, 2019	132,595,903	$ 11,480,686	$ 2,205,846	$ -	$ 71,144	$ (130,778)	$(13,067,469)	$ 559,429

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

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

International Lithium Corp. (the "Company") was incorporated under the Business Corporations Act, British Columbia on March 26, 2009 and is considered to be in the exploration stage with respect to its mineral properties. The Company's head office address is 1910 – 1030 West Georgia Street, Vancouver, British Columbia, Canada, V6E 2Y3. The registered and records office address is 725 Granville Street, Suite 400, Vancouver, British Columbia, Canada, V7Y 1G5.

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

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

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The following table provides information regarding the Company's working capital and accumulated deficit as at December 31, 2019 and 2018.

	December 31, 2019	December 31, 2018
Working capital deficiency	$ (4,567,247)	$ (4,076,970)
Deficit	$ (13,067,469)	$ (11,415,289)

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of Consolidation and Presentation

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

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

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

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

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

Significant accounting judgments and estimates

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

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

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

Share-based payments

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

Impairment testing

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

Deferred income tax amounts

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

Valuation of investment

The Company holds a 13.753% interest in Litio as at December 31, 2019 (2018 - 17.246%). 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.

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

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

Valuation of investment (cont'd...)

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.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign exchange

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

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

Financial instruments

Financial assets

The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, the classification will depend on the business model in which the investment is held and contractual terms of the cash flows

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

Amortized cost
The Company classifies its financial assets at amortized cost only if both of the following conditions are met:
- the financial asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are measured at fair value plus directly attributable transaction costs at initial recognition and are subsequently measured at amortized costs using effective interest method less any provisions for impairment.

Fair value through other comprehensive income ("FVOCI")
The Company classifies its equity investments at FVOCI for which are not held for trading and the Company has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments. Upon disposal of these equity investments, any balance within the other comprehensive income reserve for these equity investments is reclassified to retained earnings/deficit and is not reclassified to profit or loss. In addition, the other comprehensive income reserve for an impaired equity investment is not reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Fair value through profit or loss ("FVPL")
The Company classifies the following financial assets at FVPL:
- equity investments that are held for trading;
- equity investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income;
- debt investments that do not qualify for measurement at either amortized cost or at FVOCI; and
- derivative financial instruments.

The Company has classified its cash and marketable securities as fair value through profit or loss, receivables as amortized cost and investment has been classified as fair value through other comprehensive income (loss).

Financial liabilities

The Company classifies its financial liabilities as subsequently measured at amortized cost or FVPL. Financial liabilities are subsequently measured at amortized cost, except for those at FVPL such as derivative financial instruments and contingent consideration payable. The FVPL option can be elected for financial liabilities if:
- it eliminates or significantly reduces an accounting mismatch;
- the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

This irrevocable election is made at initial recognition and these financial liabilities cannot be reclassified out of the category while they are held or issued. Financial liabilities are classified in a similar manner as under IAS 39, except that financial liabilities measured at FVPL will recognize changes in fair value attributable to the Company's own credit risk in other comprehensive income instead of profit or loss, unless this would create an accounting mismatch.

Compound financial instruments

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

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

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

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets which are classified and measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

The criteria used to determine risk of default and to estimate expected credit losses include:
- delinquencies in payments;
- significant financial difficulty of the debtor;
- it becomes probable that the debtor will enter bankruptcy; or
- significant changes in macroeconomic factors that indicate future defaults will vary and measurable changes in estimated future cash flows will result, provided that such information is observable and available without undue cost or effort.

Embedded derivatives

Embedded derivatives are contained in non-derivative host contracts and are treated as separate derivatives when they meet the definition of a derivative, and their risks and characteristics are not closely related to those of the host contracts. Embedded derivatives are recorded at fair market value with mark-to-market adjustments recorded in profit or loss. The Company's convertible debentures denominated in foreign currency are considered host contracts for the embedded derivatives.

Investment in associate

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

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

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

Mineral properties – exploration and evaluation assets

Pre-exploration costs are expensed as incurred.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Mineral properties – exploration and evaluation assets (cont'd...)

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

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

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Provision for environmental rehabilitation

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

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

Borrowing costs

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

Share-based payments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based payments (cont'd...)

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

Earnings (loss) per share

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

Income taxes

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

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

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

New accounting policies recently adopted.

Effective January 1, 2019, the Company adopted IFRS 16 Leases using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively.

On adoption of IFRS 16, the Company recognized lease liabilities of $151,077 in relation to lease arrangements measured at the present value of the remaining lease payments, adjusted by commitments in relation to arrangements not containing leases, short-term and low-value leases, and discounted using the Company's incremental borrowing rate as of January 1, 2019. The incremental borrowing rate used to determine the lease liabilities at adoption was 12%. The associated right-of-use assets were measured at the amount equal to the lease liabilities on January 1, 2019, with no impact on retained earnings. See Note 7 – "Right-of-Use Assets" and Note 13 – "Lease Liabilities" for additional information regarding the Company's leases.

Upon the adoption of IFRS 16, the Company adopted the following significant accounting policy effective January 1, 2019:

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

4. RECEIVABLES

	December 31, 2019	December 31, 2018
Input tax credits	$ 6,272	$ 6,042
Related party receivables *(Note 16)*	10,246	10,246
Other receivables	-	38,324
Total	$ 16,518	$ 54,612

5. MARKETABLE SECURITIES

The Company held no marketable securities at December 31, 2019.

At December 31, 2018, marketable securities consisted of shares of publicly traded companies, Pioneer Resources Limited ("Pioneer") and Ultra Lithium Inc ("Ultra"). The Pioneer shares were received as part of the option agreements on the Mavis Lake and Raleigh Lake Projects, and the Ultra shares were received as part of the option agreement on the Forgan Lake Project *(Note 10)*. Marketable securities are measured at fair value by reference to quoted stock prices on established exchanges.

(Expressed in Canadian Dollars)

5. MARKETABLE SECURITIES (cont'd...)

The following transactions occurred during the year:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Shares		Shares	
Pioneer shares				
Opening balance	4,673,913	$ 71,911	735,662	$ 23,072
Received from Mavis Lake option agreement	-	-	4,673,913	98,210
Sale of marketable securities	(4,673,913)	(47,810)	(735,662)	(22,866)
Unrealized loss	-	(24,101)	-	(26,505)
Ending balance	-	-	4,673,913	71,911
Ultra shares				
Opening balance	140,732	11,259	-	-
Received from Forgan Lake option agreement	-	-	140,732	25,000
Sale of marketable securities	(140,732)	(10,520)	-	-
Unrealized loss	-	(739)	-	(13,741)
Ending balance	-	-	140,732	11,259
Total		$ -		$ 83,170

6. EQUIPMENT

Furniture and fixtures	Cost	Accumulated Depreciation	Net Book Value
Balance as at December 31, 2017	$ -	$ -	$ -
Additions	6,420	(642)	5,778
Balance as at December 31, 2018	6,420	(642)	5,778
Additions	1,708	(1,326)	382
Balance as at December 31, 2019	$ 8,128	$ (1,968)	$ 6,160

7. RIGHT-OF-USE ASSET

Office lease	Cost	Accumulated Depreciation	Net Book Value
Balance as at December 31, 2017 and 2018	$ -	$ -	$ -
Recognized at adoption of IFRS 16	151,077	-	151,077
Additions	-	(56,652)	(56,652)
Balance as at December 31, 2019	$ 151,077	$ (56,652)	$ 94,425

8. INVESTMENT

As at December 31, 2019, investment securities consist of a 13.753% investment in Litio Minera Argentina S.A. ("Litio") which holds title to the Mariana property (2018 - 17.246%). 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.

During the year ended December 31, 2019, the Company's interest in Litio was diluted to 13.753% from 17.246%.

Litio Minera Argentina S.A. ("Litio") is jointly owned by GFL International Co. Ltd. ("GFL") and the Company with GFL having an 86.247% participating interest (2018 – 82.754%) and the Company having a 13.753% (2018 – 17.246%) participating interest in Litio. Litio holds title to the Mariana property which is comprised of 13 mining licenses, covering approximately 22,133 hectares' land over Salar de Llullaillaco, located in Salta Province, Argentina. A participating interest that is diluted to less than 5% will be converted to a 1% NSR.

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.

9. INVESTMENT IN ASSOCIATE

Avalonia Lithium Joint Venture

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

Under the terms of an option agreement, GFL 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 December 31, 2019 and 2018, 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").

(Expressed in Canadian Dollars)

9. INVESTMENT IN ASSOCIATE (cont'd...)

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

The Company accounts for its interest in BLL on an equity basis. As at December 31, 2019 and 2018, 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

	December 31, 2019	December 31, 2018
Current assets	$ 161,221	$ 292,666
Non-current assets	3,503,781	3,280,987
Current liabilities	(49,579)	(36,858)
Net assets	3,615,423	3,536,795
The Company's share of the net assets – 45% (2018 - 45%)	$ 1,626,941	$ 1,591,558

	Year ended December 31, 2019	Year ended December 31, 2018
Loss for the year	$ (68,488)	$ (89,324)
Other comprehensive loss – foreign currency translation	(239,172)	111,861
Total comprehensive loss	(307,660)	22,537
The Company's share of comprehensive loss – 45% (2018 - 45%)	$ (138,447)	$ 10,142

Investment in associate – Blackstairs Lithium Limited	Year ended December 31, 2019	Year ended December 31, 2018
Balance, beginning of year	$ 1,591,558	$ 1,120,163
Equity gain on carried interest	173,829	461,253
Loss on equity investment	(30,819)	(40,196)
Equity – other comprehensive income (loss)	(107,627)	50,338
Ending balance, investment in associate – Blackstairs Lithium Limited	$ 1,626,941	$ 1,591,558

(Expressed in Canadian Dollars)

10. EXPLORATION AND EVALUATION ASSETS

	Acquisition Costs	Exploration Costs	Recoveries and Option Payments	Property Total
Year ended December 31, 2019				
Canada				
Mavis Lake / Fairservice (Ontario)	$ 193,500	$ 1,006,005	$ -	$ 1,199,505
Raleigh Lake Project (Ontario)	56,000	92,140	-	148,140
Balance, December 31, 2019	$ 249,500	$ 1,098,145	$ -	$ 1,347,645
Year ended December 31, 2018				
Canada				
Mavis Lake / Fairservice (Ontario)	$ 193,500	$ 1,155,360	$ (149,355)	$ 1,199,505
Raleigh Lake Project (Ontario)	56,000	4,813	-	60,813
Balance, December 31, 2018	$ 249,500	$ 1,160,173	$ (149,355)	$ 1,260,318

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

Pioneer Option Agreement and Strategic Alliance

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

First Earn-in: Pioneer may earn a 51% interest in the project by spending $1,500,000 on exploration activities within three years of the Agreement and paying to the Company a total of $375,000, half in cash and half in shares, over the same three years (the "Mavis Lake First Earn-in"). Following the Mavis Lake First Earn-in, the Company will be granted a 1.5% NSR, purchasable at any time for $1,500,000. During the year ended December 31, 2016, the Company received $37,500 in cash from Pioneer, a first instalment of Pioneer common shares valued at $29,316, and recoveries totaling $108,093. During the year ended December 31, 2017, the Company received $75,000 for option payments from Pioneer comprised of $37,500 in cash, a second instalment of 2,073,075 common shares valued at $37,500, and recoveries totaling $15,654. During the year ended December 31, 2018, the Company received $100,000 for option payments from Pioneer, comprised of $51,145 in cash and a third instalment of 2,173,913 common shares valued at $48,855 *(Note 5)*.

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

Pioneer Option Agreement and Strategic Alliance (cont'd...)

On August 29, 2018 the Company entered into an amended agreement with Pioneer with the effect that Pioneer is deemed to have achieved the conditions for the first earn-in under the Mavis Lake joint venture agreement by issuing 2,500,000 shares to the Company and as a result now owns 51 % of Mavis Lake, with the Company retaining 49%. In addition, the Company will receive a 1.5% net smelter royalty on Mavis Lake. During the year ended December 31, 2018, the Company received 2,500,000 shares in Pioneer. *(Note 5)*

Second Earn-in: Pioneer has the option to earn an additional 29% by spending $8,500,000 within seven years ("Mavis Lake Second Earn-in"). Thereafter, the Company and Pioneer 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. Pioneer 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.

During the year ended December 31, 2016, the Company entered into an option agreement with Pioneer whereby Pioneer may earn up to an 80% interest in the Raleigh Lake Project. Pioneer earn a 51% interest in the project by spending $1,250,000 on exploration activities within three years of the Agreement and paying to the Company a total of $250,000, half in cash and half in shares, over the same three years (the "Raleigh Lake First Earn-in"). Following the Raleigh Lake First Earn-in, the Company was entitled a 1.5% NSR, purchasable at any time for $1,500,000. During the year ended December 31, 2016, the Company received $25,000 in cash from Pioneer and a first instalment of Pioneer shares valued at $16,150 resulting in a recovery on the project in excess of carrying value of $17,701. During the year ended December 31, 2017, the Company further received $25,000 in cash from Pioneer and 735,662 Pioneer shares valued at $10,763 resulting in a recovery on the project in excess of carrying value of $35,763 *(Note 5)*.

On August 29, 2018 the Company entered into an agreement with Pioneer Resources with the effect that Pioneer is deemed to withdraw from the Raleigh Lake joint venture agreement with the result that the Company owns 100% of Raleigh Lake free of any obligations to other parties whether for exploration options or royalties.

During the year ended December 31, 2018, the Company acquired from a vendor certain additional claims adjacent to the Raleigh Lake Project for a total consideration of $20,000 cash and 400,000 shares of the Company. The purchased claims are free of any obligation or royalties.

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 (TSXV: ULT). Under the terms of the agreement, 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 $200,000, half in cash and half in shares, over the period of two years. 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, 2018, the Company received $25,000 in cash and 140,732 shares valued at $25,000 from Ultra recorded as recoveries in excess of carrying value.

(Expressed in Canadian Dollars)

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

Forgan Lake Project (cont'd...)

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, divided in cash and shares, over the period of three years from the date of underlying sale and royalty agreement. During the year ended December 31, 2019, the Company received $66,000 in cash from Ultra recorded as recoveries in excess of carrying value.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		December 31, 2019		December 31, 2018
Accounts payable and accrued liabilities *(Note 16)*	$	571,617	$	104,689
Total	$	571,617	$	104,689

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

12. PROMISSORY NOTES

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. Of the total proceeds, $333,964 was forwarded to Litio as cash contribution directly and $21,893 were payments to a consultant for consulting fees during the year. The note is payable on demand and bears interest at the rate of 15% per annum. During the year ended December 31, 2019, the Company received further advances of $84,000 under the promissory note, recorded interest expense of $72,411 (2018 - $15,210), and settled $80,049 of the promissory note principal and $34,017 of the accumulated interest. (*Note 17 and 24)*

13. LEASE LIABILITIES

Balance, December 31, 2017 and 2018	$	-
Recognition on adoption of IFRS 16		151,077
Finance expense		14,685
Lease payments		(63,275)
Balance, December 31, 2019	$	102,487
Lease liabilities		
Current	$	56,697
Non-current	$	45,790

14. CONVERTIBLE DEBENTURES

2017 Series Convertibles

On November 22, 2017 the Company completed a tranche of a private placement of convertible debentures in the amounts of $700,000. The convertible debentures matured on January 31, 2019 and bore interest at 15% per annum payable annually. The convertible debentures were convertible into common shares at the option of the holder at any time prior to maturity at a conversion price of $0.14 per common share. During the year ended December 31, 2019, the Company repaid the convertible debentures on maturity.

2018 Series 1 Convertibles

On April 18, 2018, the Company completed a non-brokered private placement of convertible debentures, known as 2018 Series 1 Convertibles, in the principal amount of $1,180,000 with a director who is also an officer of the Company. The Debentures will mature on June 30, 2019 (revised to June 30, 2020 as per the Amending Agreement dated March 25, 2019) and bear interest at the rate of 15% per annum, payable quarterly. The debenture shareholders 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 (revised to $0.065 per common share until maturity as per the Amending Agreement dated March 25, 2019). The Company has the right to repay the convertible debentures on notice. The convertible debentures are secured by a general security agreement against the Company's assets. During the year ended December 31, 2019, the 2018 Series 1 Convertible Debentures matured on June 30, 2019 and the maturity date was extended until June 30, 2020.

Upon maturity of the convertible debentures and extension of the maturity date, the Company reclassified the equity component related to the matured debt totaling $$42,577 to deficit and recognized equity component of $35,497 relating to the renewed debentures.

2018 Series 2 Convertibles

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 Convertibles to raise proceeds of $1,800,000. The debentures will mature on June 30, 2019 and bear 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 are 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 will mature on June 30, 2020 and the debentures in the aggregate amount of $265,000 will 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.

Upon maturity of the convertible debentures and extension of the maturity date, the Company reclassified the equity component related to the matured debt totaling $44,450 to deficit and recognized equity component of $35,647 relating to the renewed debentures.

During the year ended December 31, 2019, the Company repaid the convertible debentures in the aggregate of $75,000 on maturity. *(Note 24)*

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

2019 Series Convertibles

On February 13, 2019, the Company completed a non-brokered private placement of convertible debentures in the principal amount of GBP 240,000 with a related party. The debenture will mature on May 31, 2019 and bears interest at the rate of 15% per annum. The debenture shareholder 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. The debentures are secured by a general security agreement against the Company's assets. On May 31, 2019, the Company entered into an Amending Agreement pursuant to which the debenture will now mature on September 15, 2019 and bears interest at the rate of 10% per annum. Accrued interest of GBP 6,016 was converted into principal. All other terms remained the same. *(Note 24)*

As the 2019 Series Convertible Debentures are denominated in GBP and the functional currency of the Company is the Canadian dollar, the conversion feature is considered an embedded derivative and, collectively, the convertible debentures 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 consolidated 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 debentures. As a result, the recorded liability to repay the convertible debentures is lower than their face value. Using the effective interest rate method, the convertible debentures were accreted up to their face value over the term. The Company recorded accretion expense of $207,616 for the year ended December 31, 2019. The change in the fair value of the derivative liability will be recognized as a gain on the consolidated statement of loss and comprehensive loss.

Upon initial recognition, the fair value of the derivative was determined to be $207,616 using the Black-Scholes option pricing model. This amount must be revalued at period end. At period end, the fair value was $nil because the debentures matured on September 15, 2019.

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

	2019	2018
Share Price	$0.06	-
Exercise Price	$0.07	-
Risk-free interest rate	1.68%	-
Expected life	0.29 years	-
Expected volatility	98.96%	-

With the exception of the GBP denominated convertible debentures, 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.

(Expressed in Canadian Dollars)

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

The following table summarizes the Company's convertible debentures as at December 31, 2019:

Balance, December 31, 2017	$ 1,593,514
Proceeds on issuance of convertible debentures	2,980,000
Allocation to equity component	(98,449)
Debentures settled	(875,000)
Issuance costs	(29,875)
Finance expense	529,591
Interest paid	(314,285)
Balance, December 31, 2018	3,785,496
Proceeds on issuance of convertible debentures	407,963
Allocation to equity component	(71,144)
Debentures settled	(1,133,000)
Issuance cost	(2,790)
Interest converted into principal	33,260
Subscriptions	200,000
Finance expense	768,612
Interest paid	(357,774)
Change in fair value of embedded derivative	(207,616)
Foreign exchange	4,320
Balance, December 31, 2019	$ 3,427,237

Equity component of convertible debentures	
December 31, 2018	$ 110,446
December 31, 2019	$ 71,144

During the year ended December 31, 2019, $358,000 principal and $56,885 interest of the convertible debentures were applied as subscription towards a share private placement. *(Note 17)*

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 December 31, 2019 was US$2,000,000 (2018 - US$2,000,000). Total interest accrued as at December 31, 2019 was US$820,790 (2018 – US$620,790).

(Expressed in Canadian Dollars)

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

		December 31, 2019		December 31, 2018
Opening balance	$	3,575,282	$	3,036,881
Interest		265,402		260,053
Foreign exchange		(177,042)		278,348
Ending balance	$	3,663,642	$	3,575,282

16. RELATED PARTY TRANSACTIONS

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

Transaction	Relationship		December 31, 2019		December 31, 2018
Exploration expenditures and consulting fees	Officer, company controlled by an officer	$	144,000	$	144,000
IT Support Services	Officer, company controlled by an officer		26,895		26,490
Consulting fees	Former Director and officer		-		37,048
Consulting fees	Director and officer		120,000		95,806
Consulting fees	Director and officer		90,000		82,693
Consulting fees	Officer		30,927		36,933
Consulting fees	A company controlled by a former officer		-		14,800
Directors' fees	Four directors and a former director	$	150,000	$	133,041

At December 31, 2019, due to related parties consisted of $379,453 (2018 - $28,412) to various directors, officers and related companies for services detailed above and is included in accounts payable and accrued liabilities.

At December 31, 2019, convertible debentures with a face value of $1,907,493 and GBP 246,016 (2018 - $1,889,500) were due to three directors of the Company or their related parties (2018 – four directors or their related parties) and $nil (December 31, 2018 - $700,000) due to a former significant shareholder, convertible debenture subscriptions of $200,000 from an officer and director of the Company (2018 - $nil), and a promissory note in the amount of $519,808 was due to an officer and director of the Company (2018 - $515,857). *(Notes 12 & 14)*

At December 31, 2019, $10,246 (2018 - $10,246) was receivable from a former significant shareholder.

During the year ended December 31, 2019, the Company granted 4,070,000 options to the directors and officers pursuant to the Company's stock option plan. The options have an exercise price of $0.065 per share and an expiry date of May 31, 2024. A total of 695,000 options vested immediately and a total of 3,375,000 vest one year from the date of grant subject to a vesting condition of the Company's share price closing above $0.10 for 20 consecutive days. The fair value of these options calculated using the Black-Scholes option-pricing model was $181,734, of which $150,213 were recognized as share-based payments during the year ended December 31, 2019.

16. RELATED PARTY TRANSACTIONS (cont'd...)

During the year ended December 31, 2018, the Company granted 1,505,000 options to the directors and officers pursuant to the Company's stock option plan. The options have an exercise price of $0.085 per share, expiry period of five years, and vest one year from the date of grant. The fair value of these options calculated using the Black-Scholes option-pricing model was $109,329.

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 current cost of $180,000 and $120,000 per annum respectively. If either of the agreements are terminated without cause, the Company is required to pay a lump sum equal to twelve months' worth of fees. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to the prior twelve months gross pay.

On March 14, 2018, the Board removed Kirill Klip from his executive position 'for cause', which would not place any obligation or liability on the Company to pay Kirill Klip any termination amount. However, the Company has received notice from Kirill Klip that he intends to claim for unfair dismissal, although at the date of these financial statements, he has not quantified his claim.

17. SHARE CAPITAL AND EQUITY RESERVES

Authorized share capital

As at December 31, 2019, 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 February 6, 2019, March 29, 2019 and April 15, 2019, the Company completed tranches of a non-brokered private placement consisting of 37,600,001 units at $0.05 per unit for gross proceeds of $1,880,000. 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 $0.10 per share for two years from issue. Four of the Company's directors and officers participated in the private placement. The 2018 Convertible Debentures principal of $358,000 and interest payable of $56,885, and the promissory notes principal of $80,049 and interest of $18,807 were settled to participate in the private placement. *(Note 12 and 14)*

On January 25, 2018, the Company issued 2,050,000 units at a price of $0.20 per unit for gross proceeds of $410,000. Each unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable at a price $0.30 for a period of 24 months from closing.

On March 6, 2018, the Company issued 200,000 units at a price of $0.20 per unit for gross proceeds of $40,000. Each unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable at a price $0.30 for a period of 24 months from closing.

On September 21, 2018, the Company issued 400,000 shares at a value of $36,000 as consideration for acquisition of a property. *(Note 10)*

(Expressed in Canadian Dollars)

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

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance outstanding and exercisable, December 31, 2017	3,235,000	$ 0.12
Warrants issued	1,125,000	0.30
Balance outstanding and exercisable, December 31, 2018	4,360,000	0.17
Warrants expired	(3,235,000)	0.12
Warrants issued	18,800,000	0.10
Balance outstanding and exercisable, December 31, 2019	19,925,000	$ 0.11

At December 31, 2019, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
1,025,000	$ 0.30	January 25, 2020
100,000	$ 0.30	March 6, 2020
12,000,000	$ 0.10	February 6, 2021
5,312,411	$ 0.10	March 29, 2021
1,487,589	$ 0.10	April 15, 2021
19,925,000		

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.

At December 31, 2019, options were outstanding enabling holders to acquire common shares as follows:

Number of Options	Exercise Price	Expiry Date
300,000	$ 0.06	October 28, 2020
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	$ 0.065	June 18, 2022
1,505,000	$ 0.085	April 18, 2023
4,070,000	$ 0.065	May 31, 2024
10,705,000		

(Expressed in Canadian Dollars)

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

The changes in options were as follows:

	Number of options	Weighted Average Exercise Price
Balance outstanding, December 31, 2017	9,100,000	$ 0.14
Options granted	2,185,000	0.085
Options exercised	(550,000)	0.06
Options expired/cancelled	(1,650,000)	0.12
Balance outstanding, December 31, 2018	9,085,000	0.14
Options granted	4,070,000	0.065
Options expired/cancelled	(2,450,000)	0.16
Balance outstanding, December 31, 2019	10,705,000	$ 0.11
Vested and exercisable	7,330,000	$ 0.13

Share-based payments

During the year ended December 31, 2019, the Company granted 4,070,000 stock options with a weighted average fair value of $0.065. The fair value of these options calculated using the Black-Scholes option-pricing model was $181,734. During the year ended December 31, 2019, the Company recognized a total of $150,213 (2018 - $122,183) in share-based compensation for the options vested during the period.

During the year ended December 31, 2019, 680,000 options were re-priced to an exercise price of $0.065 per option. The Company recognized share-based compensation of $2,411 as a result of the re-pricing.

During the year ended December 31, 2018, the Company granted 2,185,000 stock options with a weighted average fair value of $0.07. The fair value of these options calculated using the Black-Scholes option-pricing model was $122,183.

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

	2019	2018
Risk-free interest rate	1.33%	2.11%
Expected life of options	5	4 and 5 years
Expected annualized volatility	102.1%	125.54%
Dividend yield	Nil	Nil

(Expressed in Canadian Dollars)

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash financing and investing activities during the year ended December 31, 2019 consisted of:

a) Applied directors and consulting fees of $70,076 towards share subscriptions.
b) Applied promissory note principal of $80,049 and interest of $18,807 towards share subscriptions.
c) Applied convertible debentures principal of $358,000 and interest of $56,885 towards share subscriptions.
d) Applied exploration and evaluation expenditures of $23,683 towards share subscriptions.
e) Exploration and evaluation expenditures of $4,000 in accounts payable.
f) Recognized lease liabilities and right-to-use assets of $151,077.

The significant non-cash financing and investing activities during the year ended December 31, 2018 consisted of:

a) Received marketable securities of $123,210 as option payments.
b) Issued shares with fair value of $36,000 for acquisition of property.
c) Applied directors and consulting fees of $72,500 towards share subscriptions.
d) Accrued contribution within investment in Litio of $38,670 through accounts receivable.
e) The Company's lenders paid Convertible debenture proceeds totaling $627,058 and promissory notes proceeds totaling $333,964 directly to Litio.
f) Applied accounts payable totaling $21,753 towards convertible debenture proceeds.
g) Applied repayments of convertible debenture totaling $67,277 towards share subscriptions
h) Contribution to investment in Litio of $40,835 funded by investor was applied as share subscriptions.

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 9 and 10.

20. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the year ended December 31, 2019 is as follows:

	2019	2018
Loss before income taxes	$(1,936,455)	$ (2,445,888)
Expected income tax (recovery)	$ (523,000)	$ (660,000)
Permanent differences	22,000	76,000
Change in statutory, foreign tax and foreign exchange rates	(48,000)	(35,000)
Share issue costs	(3,000)	-
Adjustment to prior year provision for statutory tax returns	54,000	233,000
Change in unrecognized deductible temporary differences	498,000	386,000
Income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

20. INCOME TAXES (cont'd...)

The significant components of the Company's deferred tax assets that have not been included in the consolidated financial statements are as follows:

	2019	2018
Deferred income tax assets:		
Exploration and evaluation assets	$ 70,000	$ 124,000
Property and equipment	-	(2,000)
Share issue costs	4,000	2,000
Marketable securities	-	5,000
Debt with accretion	74,000	28,000
Allowable capital losses	138,000	129,000
Non-capital losses available for future period	2,064,000	1,566,000
	2,350,000	1,852,000
Unrecognized deferred tax assets	(2,350,000)	(1,852,000)
Net deferred income tax assets not recognized	$ -	$ -

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

The Company has approximately $7,650,000 in non-capital losses for Canadian income tax purposes. These losses, if not utilized, will expire through 2039.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

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

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

The fair value of receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash and marketable securities are classified as financial instruments at fair value through profit or loss and are measured using level 1 inputs of the fair value hierarchy. The Company's embedded derivatives are measured using level 3 inputs as disclosed in Note 14. Receivables, accounts payable and accrued liabilities, promissory note, convertible debentures, lease liabilities and exploration loan are classified as financial instruments at amortized cost.

Promissory notes, 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 as the balance accrues when amounts are forwarded from GFL and is accreted over time. The interest rate is considered to be comparable to other borrowing arrangements made available to the Company.

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

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 4)* is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company will 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. The Company is exposed to risk that it will encounter difficulty in satisfying these obligations on maturity. The Exploration Loan is secured by a promissory note.

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

Market risk

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

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

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

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

Risk management (cont'd...)

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.

22. CAPITAL MANAGEMENT

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

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

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

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

23. COMMITMENTS & CONTINGENCIES

On March 14, 2018, the Board removed Kirill Klip from his executive positions 'for cause', which would not place any obligation or liability on the Company to pay Kirill Klip any termination amount. However, the Company has received notice from Kirill Klip that he intends to claim for unfair dismissal, although at the date of these financial statements, he has not quantified his claim.

24. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the following events occurred:

a) The Company completed a non-brokered private placement of secured convertible debentures in the principal amount of $1,027,500. The debentures will mature on September 30, 2020 and bear interest at a rate of 12% per annum, payable quarterly. The debenture holders will have 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. The convertible debentures are 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. *(Note 14)*

b) 1,125,000 warrants exercisable at $0.30 expired unexercised. *(Note 17)*

24. SUBSEQUENT EVENTS (cont'd...)

c) The Company completed a non-brokered private placement of convertible debenture in the principal amount of GBP 254,000 with a related party. The debenture will mature on September 30, 2020 and bears interest at the rate of 12% per annum, payable quarterly. The debenture holders will have 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. The convertible debentures are 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. *(Note 14)*

d) 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.