Vision Lithium Inc.

Audited Consolidated Financial Statements

As at August 31, 2019 and 2018

Raymond Chabot Grant Thornton

Independent Auditor's Report

Raymond Chabot
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To the Shareholders of
Vision Lithium Inc.

Opinion

We have audited the consolidated financial statements of Vision Lithium Inc. (hereafter "the Company"), which comprise the consolidated statements of financial position as at August 31, 2019 and 2018, the consolidated statements of net loss and comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 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 audit 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 is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 to the consolidated financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the consolidated financial statements and the auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis, other than the consolidated financial statements and our auditor's report thereon.

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 identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidatedfinancial 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 group 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 Alain Lemaire.

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Raymond Chabot Grant Thornton LLP

Val-d'Or
Novembre 19, 2019

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[1] CPA auditor, CA public accountancy permit no. A109964

Vision Lithium Inc.

Consolidated Statements of Financial Position

(in Canadian dollars)

	Notes	**August 31, 2019**	August 31, 2018
ASSETS		**$**	$
Current			
Cash	**6**	**329,170**	907,945
Guaranteed investment certificate, 1.45 %, expiring in July 2020		**51,165**	50,452
Accounts receivable		**-**	5,350
Consumption taxes receivable		**3,755**	101,696
Tax credits receivable		**134,192**	365,252
Prepaid expenses		**21,843**	30,815
Marketable securities in quoted mining exploration companies		**1,242**	1,725
		541,367	1,463,235
Non-current			
Property and equipment		**18,036**	16,659
Exploration and evaluation assets	7	**12,707,650**	12,482,740
		12,725,686	12,499,399
Total assets		**13,267,053**	13,962,634
LIABILITIES			
Current			
Trade and other payables		**100,852**	161,641
Provision for compensation	9	**345,768**	604,858
Total liabilities		**446,620**	766,499
EQUITY			
Share capital	10.1	**47,201,835**	47,200,740
Contributed surplus		**3,276,520**	7,407,550
Deficit		**(37,657,922)**	(41,412,155)
Total equity		**12,820,433**	13,196,135
Total liabilities and equity		**13,267,053**	13,962,634

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 19, 2019.

Approved on behalf of the Board of Directors

(signed) Yves Rougerie, Director

(signed) Victor Cantore, Director

Vision Lithium Inc.

Consolidated Statements of Net loss and Comprehensive Loss
for the years ended August 31

(in Canadian dollars)

	Notes	**2019**	2018
		$	$
Expenses			
Employee benefits expense	11.1	**404,478**	852,803
Insurance, taxes and permits		**18,145**	19,722
Consulting fees		**52,631**	450,569
Professional fees		**72,990**	107,562
Rent and maintenance		**20,827**	10,120
Business development		**103,069**	166,464
Advertising and sponsorship		**3,200**	1,008
Stationery and office expenses		**9,717**	15,833
Travel, board and lodging		**11,088**	27,867
Registration fees		**26,295**	16,284
Provision for compensation		**(259,090)**	36,000
Write-off of exploration and evaluation assets		**25,497**	2,675
Exploration costs of other properties [(1)]		**31,276**	19,223
Bank charges		**3,537**	6,107
Gain on sale of property and equipment		**(2,500)**	-
Part III.14 tax		**2,882**	-
Amortization of property and equipment		**619**	361
Operating loss		**524,661**	1,732,598
Other (income) expenses			
Finance income	13	**(5,689)**	(6,026)
Net change in fair value of marketable securities in quoted mining exploration companies		**483**	10
Other revenues		**(6,300)**	(2,500)
		(11,506)	(8,516)
Net loss and total of comprehensive loss for the year		**(513,155)**	(1,724,082)
Loss per share			
Basic and diluted net loss per share	14	**(0.01)**	(0.02)

[(1)] An amount of $15,991 ($13,369 in 2018) of tax credits was recorded as a reduction of exploration costs of other properties.

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

Vision Lithium Inc.

Consolidated Statements of Changes in Equity

(in Canadian dollars)

	Notes	Share capital		Contributed		Total
		Number	Amount	surplus	Deficit	equity
			$	$	$	$
Balance as at September 1st, 2017		59,906,070	36,736,195	6,640,744	(39,621,277)	3,755,662
Shares and warrants issue costs		-	-	-	(66,796)	(66,796)
Shares issued for the acquisition of mining duties	10.1	15,000,000	9,300,000	-	-	9,300,000
Exercise of warrants	10.2	6,157,600	1,115,589	(159,199)	-	956,390
Exercise of share options	11.2	125,000	48,956	(23,206)	-	25,750
Share-based payments	11.2	-	-	949,211	-	949,211
Transactions with owners		21,282,600	10,464,545	766,806	(66,796)	11,164,555
Net loss and total of comprehensive loss for the year		-	-	-	(1,724,082)	(1,724,082)
Balance as at August 31, 2018		81,188,670	47,200,740	7,407,550	(41,412,155)	13,196,135
Exercise of warrants	10.2	6,316	1,095	(148)	-	947
Expired warrants	10.2	-	-	(4,267,388)	4,267,388	-
Share-based payments	11.2	-	-	136,506	-	136,506
Transactions with owners		6,316	1,095	(4,131,030)	4,267,388	137,453
Net loss and total of comprehensive loss for the year		-	-	-	(513,155)	(513,155)
Balance as at August 31, 2019		**81,194,986**	**47,201,835**	**3,276,520**	**(37,657,922)**	**12,820,433**

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

Vision Lithium Inc.

Consolidated Statements of Cash Flows

(in Canadian dollars)

	Notes	**2019**	2018
		$	$
Operating activities			
Net loss		**(513,155)**	(1,724,082)
Adjustments			
Amortization of property and equipment		**619**	361
Net change in fair value of marketable securities in quoted mining exploration companies		**483**	10
Share-based payments		**136,506**	943,889
Gain on disposal of exploration and evaluation assets		**(2,500)**	-
Provision for compensation	9	**(259,090)**	36,000
Write-off of exploration and evaluation assets		**25,497**	2,675
Tax credits		**(34)**	(13,801)
Changes in working capital items	16	**93,028**	(128,942)
Cash flows used in operating activities		**(518,646)**	(883,890)
Investing activities			
Acquisition of a guaranteed investment certificate		**(51,165)**	(50,452)
Disposal of a guaranteed investment certificate		**50,452**	50,000
Acquisition of property and equipment		**(5,210)**	(14,379)
Disposal of property and equipment		**2,500**	-
Additions to exploration and evaluation assets	7	**(397,664)**	(1,138,818)
Tax credits received		**340,011**	40,012
Cash flows used in investing activities		**(61,076)**	(1,113,637)
Financing activities			
Share issue costs	10.1	**-**	(66,796)
Warrants exercised	10.2	**947**	956,390
Share options exercised	11.2	**-**	25,750
Cash flows from financing activities		**947**	915,344
Net change in cash		**(578,775)**	(1,082,183)
Cash, beginning of the year		**907,945**	1,990,128
Cash, end of the year		**329,170**	907,945

Additional information - Cash flows (Note 16)

(1) Tax credits recognized in net income as a reduction of exploration costs of other properties.

Additional information

Interest received from operating activities	**5,689**	6,026

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

1. NATURE OF OPERATIONS

Vision Lithium Inc. and its subsidiary Pioneer Resources Inc. (the "Company") are exploration companies with activities in Canada.
On March 22, 2018, the Company changed its name from ABE Resources Inc. to Vision Lithium Inc.

2. GOING CONCERN ASSUMPTION, GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH II

The consolidated financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. As at August 31, 2019 the Company has a cumulated deficit of $37,657,922 ($41,412,155 as at August 31, 2018). These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties and continued support of suppliers and creditors. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the classification used in the consolidated statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Vision Lithium Inc. is incorporated under the *Canada Business Corporations Act* . The address of the Company's registered office and its principal place of business is 1019 boulevard des Pins, Val-d'Or, Quebec, Canada. Vision Lithium Inc.'s shares are listed on the TSX Venture Exchange under the symbol "VLI".

3. CHANGES IN ACCOUNTING POLICIES

3.1 New standard adopted since September 1, 2018

On September 1, 2018, the Company adopted IFRS 9 retrospectively with the restatement of comparative data in accordance with the transitional provision of IFRS 9. IFRS 9 defines the requirements for the recognition of financial assets and liabilities and replaces IAS 39, Financial Instruments: Recognition and Measurement.

The adoption of IFRS 9 had the effect of changing the classification of financial assets but did not change the classification of financial liabilities.

Cash, guaranteed investment certificate and accounts receivable classified as loans and receivable in accordance with IAS 39 are now classified at amortized cost in accordance with IFRS 9. This modification had no impact on the measurement of these financial instruments.

(in Canadian dollars)

3.1 New standard adopted since September 1, 2018 (continued)

Marketable securities in quoted mining exploration companies previously designated as available-for-sale financial assets and measured at fair value at each reporting date under IAS 39 are now classified in the fair value through profit and loss category in accordance with IFRS 9. This modification resulted in the following adjustments to the prior year's consolidated financial statements:

	$
Increase of the loss of fiscal 2018	10
Decrease of the accumulated other comprehensive loss as at August 31, 2018	121,004
Increase of the deficit as at August 31, 2018	121,004
Decrease of the accumulated other comprehensive loss as September 1, 2017	120,994
Increase of the deficit as at September 1, 2017	120,994

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's consolidated financial statements.

IFRS 16 Operating lease agreement

IFRS 16 replaces IAS 17 Leases. Leases will be recognized in the Consolidated Statement of Financial Position as an asset for the right of use and a lease obligation. IFRS 16 provides two significant leases for leases with low value underlying assets and for short-term leases (less than 12 months).

IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

Management is currently assessing the full impact of the standard. Until now, the Company:

- decided to avail itself of the simplification measure in which it did not have to apply IFRS 16 to contracts that it had not previously identified as leases and to contracts that it had not previously identified as containing a lease;

- is of the opinion that the standard will not have a significant impact on the Company's consolidated financial statements because, as of August 31, 2019, it has only two contracts that end in June 2021. As at August 31, 2019 future minimum lease payments are $ 59,705.

The Company plans to adopt IFRS 16 on September 1, 2019 using the modified retrospective approach. Under this approach, the cumulative impact of the initial application of IFRS 16 is recognized as an adjustment to equity at the date of first application. Comparative information is not restated.

4. SUMMARY OF ACCOUNTING POLICIES

4.1 Overall considerations

The significant accounting policies and measurement basis that have been applied in the preparation of these consolidated financial statements are summarized below.

4.2 Consolidation principles

The consolidated financial statements of the Company include the accounts of the parent company and its subsidiary Pioneer Resources Inc. The parent company controls a subsidiary if it is exposed, or is entitled, to variable returns due to its relationship with the subsidiary and if it has the ability to affect these returns because of its power over the subsidiary. The subsidiary of the Company is wholly owned by the parent company. The annual financial reporting date of the subsidiary is August 31st.

All transactions and balances between group companies are eliminated upon consolidation, including unrealized gains and unrealized losses on transactions between group companies.

4.3 Functional and presentation currency

The consolidated financial statements are presented in Canadian currency, which is also the functional currency.

4.4 Financial instruments

Measurement and derecognition

Financials assets and financial liabilities are recognized when the Company becomes a part to the contractual provisions of the financial instrument. Financial assets and financial liabilities are measured initially at fair value adjusted for transaction costs, where appropriate.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

The classification of financial instruments under IFRS 9 is based on the entity's business mode\ and the characteristics of the contractual cash flows of the financial asset or liability.

Classification and initial measurement of financial assets

Financial assets of the Company are classified into the following categories:
- At amortized cost;
- At fair value through profit or loss (FVTPL).

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance cost or finance income.

4.4 Financial instruments (continued)

Subsequent measurement of financial assets

At amortized cost

Financial assets are measured at amortized cost if they meet the following conditions:

- they are held according to an economic model whose purpose is to hold financial assets in order to collect the contractual cash flows;

- the contractual terms of the financial assets give rise to cash flows that correspond solely to repayments of principal and interest payments on the principal outstanding.

After initial recognition, they are measured at amortized cost using the effective interest rate method. The update is omitted if effect is not significant. Cash, guaranteed investment certificate, accounts receivable (as at September 1, 2018) are included in this category of financial instruments.

Financial assets that are held in a different economic model than "holding for the purpose of collection" or "holding for the purpose of collection and sale" are classified in the FVTPL category.

This category includes marketable securities in quoted mining exploration companies. The Company accounts for the investment at FVTPL and has not made an irrevocable election to account for its investment in the marketable securities in quoted exploration mining companies at fair value through profit or loss (FVTPL).

Assets in this category are measured at fair value and gains or losses are recognized in net income. The fair value of financial assets in this category is determined based on transactions in an active market or by applying a valuation technique when there is no active market.

Depreciation of financial assets

The impairment provisions in IFRS 9 use more forward-looking information, the expected credit loss model, which replaces the lAS 39 loss model.

The recognition of credit losses is no longer dependent on the identification of credit loss event by the Company. Rather, it must take into account an expanded range of information for assessing credit risk and assessing expected credit losses, including: past events, current circumstances, reasonable and justifiable forecasts that affect expected recoverability of future cash flows of the financial instrument.

The estimate of expected credit losses is determined at each reporting date to reflect changes in credit risk since the initial recognition of the related financial asset.

4.4 Financial instruments (continued)

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables (except deductions at source, salaries and vacation payables).

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges arc reported in profit or loss within finance costs, if applicable.

4.5 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by adjusting loss attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares which include options and warrants. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the average market price at the beginning of the exercise or, if later, at the date of issue of the potential ordinary shares.

4.6 Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and a refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments as well that the Company will comply with the conditions associated to them.

4.7 Exploration and evaluation expenditures, and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No amortization expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is no longer considered viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts (see Note 4.9); the difference is then immediately recognized in profit or loss.

4.7 Exploration and evaluation expenditures, and exploration and evaluation assets (continued)

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment (see Note 4.9) and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor commercial viability of extracting a mineral resources has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company’s titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Disposal of interest in connection with option agreement

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash and share consideration received directly from the acquirer is credited against the carrying amount of costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in profit or loss.

4.8 Operating lease agreements

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under an operating lease are recognized as an expense or an exploration and evaluation assets on a straight-line basis over the lease term. Related expenses, such as maintenance and insurance are charged or exploration and evaluation assets as incurred.

4.9 Impairment of exploration and evaluation assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

4.9 Impairment of exploration and evaluation assets (continued)

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;

- no further exploration or evaluation expenditures in the area are planned or budgeted;

- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;

- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed if the asset’s or cash-generating unit’s recoverable amount exceeds its carrying amount.

4.10 Provisions and contingent liabilities

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company’s operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company’s operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.11 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized directly in equity, in which case the related deferred tax is also recognized in equity.

4.12 Equity

Share capital

Share capital represents the amount received on the issue of shares. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they were measured at their fair value according to the quoted price on the day of the Company takes possession of the assets.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using their relative fair value. Black-Scholes model is used to determine the fair value of the warrants and the market price at the time of issuance is use for shares.

Other elements of equity

Contributed surplus includes charges related to share options not exercised and expired and warrants not exercised.

Deficit includes all current and prior year retained profits or losses and share issue costs net of tax benefits related to these issue costs from current and prior year and the warrants expired.

4.13 Equity-settled share-based payments

The Company operates an equity-settled share-based payment plan for its eligible directors, employees and consultants who are eligible. The Company’s plan do not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

Equity-settled share-based payments (except warrants to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to Contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of share options ultimately exercised is different from that estimated on vesting.

4.14 Segment reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker i.e the Chairman and the Board of Directors.

The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the consolidated financial statements, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

5.1 Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (see Note 4.11).

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

5.2 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in many cases (see Note 4.9).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or cash-generating unit must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recover from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

See Note 7 for the exploration and evaluation assets impairment analysis.

The total impairment loss of the exploration and evaluation assets recognized in profit or loss amounts to $25,497 for the year ended August 31, 2019 ($2,675 for the year ended August 31, 2018). No reversal of impairment losses has been recognized for the reporting periods.

Other properties have not been tested for impairment as the Company has the ability to retain these properties as it has sufficient financial resources to meet its short-term obligations. In general, the rights to prospect for these properties will not expire in the near future or are expected to be renewed, work has been completed on these properties over the past three years and / or results promising results were obtained.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants, if applicable. The model used by the Company is the Black-Scholes valuation model (see Note 11.2).

Provisions and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability and provisions involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty (see Note 9).

(in Canadian dollars)

5.2 Estimation uncertainty (continued)

Tax credits receivable

The calculation of the Company's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been issued from the relevant taxation authority and a payment have been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods (see Note 4.6 for more information).

6. CASH

As at August 31, 2018, the cash included an account bearing a high interest rate of 1.10%.

7. EXPLORATION AND EVALUATION ASSETS

The carrying amount can be analyzed as follows:

MINING RIGHTS

	Balance as at September 1, 2018	Additions	Tax credits and credit on duties	Write-off	**Balance as at August 31, 2019**
	$	$	$	$	**$**
Sirmac Lithium (Qc)	9,590,764	4,869	-	-	**9,595,633**
Case Twp (On)	68,441	-	-	-	**68,441**
Dôme Lemieux (Qc)	2,310,043	15,905	-	-	**2,325,948**
La Corne (Qc)	10,141	-	-	-	**10,141**
Broadback and Broadback North (Qc)	1,666	1,731	-	-	**3,397**
Nemiscau (Qc)	-	641	-		**641**
St-Stephen (NB)	-	8,490	-	(8,490)	**-**
Epsilon (Qc)	-	6,554	-	(6,554)	**-**
	11,981,055	38,190	-	(15,044)	**12,004,201**

(in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

EXPLORATION AND EVALUATION EXPENSES

	Balance as at September 1, 2018	Additions	Tax credits and credit on duties	Write-off	**Balance as at August 31, 2019**
	$	$	$	$	**$**
Sirmac Lithium (Qc)	438,161	256,299	(86,545)	-	**607,915**
Case Twp (On)	10,219	18,894	-	-	**29,113**
Dôme Lemieux (Qc)	42,068	19,747	(4,805)	-	**57,010**
La Corne (Qc)	4,425	438	(148)	-	**4,715**
Broadback and Broadback North (Qc)	2,811	3,000	(1,310)	-	**4,501**
Nemiscau (Qc)	-	347	(152)		**195**
St-Stephen (NB)	-	6,413	-	(6,413)	**-**
Epsilon (Qc)	4,001	39	-	(4,040)	**-**
	501,685	305,177	(92,960)	(10,453)	**703,449**
TOTAL	12,482,740	343,367	(92,960)	(25,497)	**12,707,650**

The carrying amount can be analyzed as follows:

MINING RIGHTS

	Balance as at September 1, 2017	Additions	Tax credits and credit on duties	Write-off	Balance as at August 31, 2018
	$	$	$	$	$
Sirmac Lithium (Qc)	-	9,590,764	-	-	**9,590,764**
Case Twp (On)	-	68,441	-	-	**68,441**
Dôme Lemieux (Qc)	2,310,043	-	-	-	**2,310,043**
La Corne (Qc)	-	10,141	-	-	**10,141**
Broadback (Qc)	-	1,666	-	-	**1,666**
St-Stephen (NB)	-	2,675	-	(2,675)	**-**
	2,310,043	9,673,687	-	(2,675)	11,981,055

EXPLORATION AND EVALUATION EXPENSES

Sirmac Lithium (Qc)	-	773,763	(335,602)	-	**438,161**
Case Twp (On)	-	10,219	-	-	**10,219**
Dôme Lemieux (Qc)	43,489	45,265	(46,686)	-	**42,068**
La Corne (Qc)	-	5,546	(1,121)	-	**4,425**
Broadback (Qc)	-	4,594	(1,783)	-	**2,811**
Epsilon (Qc)	3,713	288	-	-	**4,001**
	47,202	839,675	(385,192)	-	**501,685**
TOTAL	2,357,245	10,513,362	(385,192)	(2,675)	12,482,740

All write-off charges are presented in profit or loss in Write-off of exploration and evaluation assets.

7. EXPLORATION AND EVALUATION ASSETS (continued)

During the year 2019, management wrote-off all of its St-Stephen and Epsilon's (St-Stephen in 2018) properties because no exploration and evaluation expenses were planned.

Sirmac Lithium

On January 31, 2018, the Company acquired the Sirmac Lithium property which comprises 24 mineral claims covering a total area of approximately 1,100 hectares located approximately 180 kilometers northwest of Chibougamau, in the province of Quebec. The Company paid $250,000 in cash and issued 15,000,000 common shares to Nemaska Lithium at a price of $0.62 per share for a total of $9,300,000. The Company will pay a net smelter return royalty of 1% on some of the claims and can be redeemed at any time for $1,000,000.

In February 2018, the Company acquired 169 mineral claims from prospectors for $20,000 in cash.

Case Twp

In April 2018, map staking was introduced Case Twp property in owned 100% by the Company for an amount of $68,441, which comprises 1,145 claims covering 24,045 hectares and is located in Township in Northeastern Ontario, east of Cochrane and just North of Lake Abitibi.

Dôme Lemieux

This 100% owned property is located near the town of Ste-Anne-des-Monts in the province of Quebec and comprises 215 claims covering 11,599.84 hectares.

La Corne

The La Corne property is owned 100%, comprised of 17 cell claims covering 909 hectares and is located approx. 40 km Northwest of Val-d'Or, Québec. The property covers prospective ground for lithium bearing pegmatites of the same type as the Quebec Lithium Mine 20 km to the NE.

Broadback and Broadback North

The Broadback properties are owned 100%, were comprised of 53 cell claims covering 2,835 hectares and are located approximately 10 km west of the Sirmac property and 180 km NW of Chibougamau, Québec. The properties were staked to cover a prominent pegmatite body which may be prospective for lithium exploration.

Nemiscau

The Nemiscau property is owned 100%, consists of 10 contiguous claims covering 534 hectares located Southeast of the village of Nemaska in northern Québec. The recently staked claims are located in the general area of the Nemaska dyke swarm, approximately 5 km south of the Whabouchi lithium deposit of Nemaska Lithium which is in the development construction phase.

(in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

St-Stephen

This property is owned 50% by the Company and 50% by Indiana Inc. ("Indiana") and is located near the border town of St-Stephen in the southwest corner of the province of New Brunswick (NB), near the Canada-US border. Both parties must participate pro rata to their respective share of ongoing expenditures or be diluted. Should either party dilute to less than a 15% interest, it will revert to a 3% smelter return ("NSR") royalty of which 2% can be purchased for $2,000,000 at any time by the other party. During the year, the property was written off.

Epsilon

This 100% owned property is located in the Otish Mountains region of Quebec. The Epsilon property consists of 21 claims covering 1,107 hectares. This property is subject to 2% NSR royalties on all mineral production. The Company can buy back up to 50% of each of the NSR interests for $1,000,000 each. During the year, the property was written off.

8. LEASES

The Company's future minimum operating lease payments are as follows:

	Minimum lease payments due		
	Within 1 year	1 to 5 years	Total
	$	$	$
August 31, 2019	32,566	27,139	59,705
August 31, 2018	23,566	15,705	39,271

The Company leases its offices under a lease expiring in June 2021 and a Company vehicle under a lease expiring in June 2021.

Lease payments recognized as an expense during the reporting year amount to $27,566 ($26,566 as at August 31, 2018) of which $23,428 is recognized as an expense ($13,454 as at August 31, 2018) and $4,138 is capitalised in exploration and evaluation assets ($13,112 as at August 31, 2018). These amounts consist of minimum lease payments.

9. PROVISION FOR COMPENSATION

Provisions relate to various taxation claims. The Company is not eligible for any reimbursement by third parties in this regard. As the timing of settlement of these claims is to a large extent dependent on the pace of negotiation with various counterparties and governmental authorities, the Company cannot reliably estimate the amounts that will eventually be paid in settlement after more than twelve months from reporting date. During the years ended in 2018 and 2019, the Company paid no amount to investors and the provision was decreased by an amount of $259,090 (increased by an amount of $36,000 as at August 31, 2018).

Management, on the advice of counsel, does not expect that the outcome of any of the remaining cases will give rise to any significant loss beyond the amounts actually recognized. None of the provisions will be discussed here in further detail so as to not seriously prejudice the Company's position.

(in Canadian dollars)

10. EQUITY

10.1 Share capital

The issued share capital of the Company consists only of fully paid common shares.

Share capital authorized

Unlimited number of common shares without par value.
Unlimited number of preferred shares class "A" and "B", without par value.

Share issuance

On January 31, 2018, the Company acquired the Sirmac Lithium property for $250,000 in cash and 15,000,000 common shares from Nemaska Lithium at a price of $0.62 per share for a total of $9,300,000. Share issue expenses totalling $23,500 has increased the deficit.

10.2 Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

	2019		2018	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of reporting period	**39,497,400**	**0.15**	45,655,000	0.15
Exercised	**(6,316)**	**0.15**	(6,157,600)	0.16
Expired	**(39,491,084)**	**0.15**	-	-
Balance, end of reporting period	**-**	**-**	39,497,400	0.15

11. EMPLOYEE REMUNERATION

11.1 Employee benefits expense

Employee benefits expense recognized is analyzed below:

	2019	2018
	$	$
Salaries and benefits	**441,532**	509,084
Share-based payments	**83,875**	501,882
	525,407	1,010,966
Less: salaries capitalized and share-based payments in exploration and evaluation assets	**(75,696)**	(134,010)
Less: salaries reclassified to Exploration costs of other properties in profit or loss	**(45,233)**	(24,153)
Employee benefits expense	**404,478**	852,803

(in Canadian dollars)

11.2 Share-based payments

The Company has adopted a share-based payment plan under which members of the Board of Directors may award to directors, employees and consultants, options entitling its holder to purchase common shares of the Company. The maximum number of shares issuable under the plan is 10% of the outstanding shares (8,119,499 shares as at August 31, 2019 and 8,118,867 as at August 31, 2018).

The material terms of the plan are as follows:

- The maximum number of common shares that can be granted for a beneficiary, other than a consultant or services supplier, is limited to 5% of issued and outstanding shares;
- The maximum number of common shares that can be granted for a consultant during any 12-month period is limited to 2% of issued and outstanding shares;
- The maximum number of common shares that can be granted for a supplier of investors' relation services during any 12-month period is limited to 2% of issued and outstanding shares. Moreover, the options granted will vest gradually on a 12-month period after the grant, 25% on grant, 25% 6 months from the date of grant and 50% 12 months from the date of grant.;
- The Board shall determine the manner in which an option shall vest and become exercisable to staff members. Options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than 1/4 of such options vesting in any 3 month period.

The exercise price per common share for an option shall not be less than the “Discounted Market Price”, as calculated pursuant to the policies of the Exchange, or such other minimum price as may be required by the Exchange. Every option shall have a term not exceeding and shall therefore expire no later than eight years after the date of grant.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The Company share options are as follows for the reporting periods presented:

	2019		2018	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Outstanding, beginning of the reporting year (1)	**4,662,500**	**0.33**	2,887,500	0.26
Granted	**-**	**-**	1,900,000	0.43
Exercised	**-**	**-**	(125,000)	0.21
Expired	**(75,000)**	**0.20**	-	-
Outstanding, end of the reporting year	**4,587,500**	**0.34**	4,662,500	0.33
Exercisable, end of the reporting year	**4,587,500**	**0.34**	3,612,500	0.30

(1) On February 21, 2018, the Company changed the expiration date of 2,700,000 options from 8 years to 5 years.

As at August 31, 2018, the weighted average share priced at the date of exercise was $0.47.

(in Canadian dollars)

11.2 Share-based payments (continued)

On April 13, 2018, the Company granted 400,000 options to consultants at an exercise price of $0.48 per share. The options have a contractual life of 5 years from the date of grant. 25% of the options are exercisable immediately, 25% are exercisable 6 months after the date of the grant and the remaining 50% will be exercisable 12 months from the date of the grant.

On December 27, 2017, the Company granted 100,000 options to a consultant at an exercise price of $0.55 per share. The options have a contractual life of 5 years from the date of grant. 25% of the options are exercisable immediately, 25% are exercisable 6 months after the date of the grant and the remaining 50% will be exercisable 12 months from the date of the grant.

On December 19, 2017, the Company granted 1,400,000 options to to employees and consultants at an exercise price of $0.42 per share. The options have a contractual life of 5 years from the date of grant. 25% of the options are exercisable immediately, 25% are exercisable 6 months after the date of the grant and the remaining 50% will be exercisable 12 months from the date of the grant.

The table below summarizes the information related to outstanding share options as at August 31:

	2019		2018	
Range of exercise price	**Number**	**Weighted average remaining contractual life (years)**	Number	Weighted average remaining contractual life (years)
$0.10 to $0.25	**37,500**	**0.55**	112,500	0.90
$0.26 to $0.41	**2,650,000**	**2.74**	2,650,000	3.74
$0.42 to $0.55	**1,900,000**	**3.37**	1,900,000	4.37
	4,587,500	**2.98**	4,662,500	3.93

The average fair value of options granted of $0.41 per option in 2018 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2018
Share price at the date of grant	$0.43
Expected dividends yield	0%
Expected weighted volatility	170%
Risk-free interest rate	1.65%
Expected life	5 years
Exercise price at the date of grant	$0.43

The underlying expected volatility was determined by reference to historical data of Company's shares over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

In total, $136,506 of share-based payments were made during the year ended August 31, 2019 ($949,211 as at August 31, 2018), all of which related to equity-settled share-based payment transactions, no amount was capitalised in exploration and evaluation assets ($5,322 as at August 31, 2018), $83,875 were included in employee benefits expenses and $52,631 were included in consultants' expenses and reported in profit or loss for the year ended August 31, 2019 ($496,560 and $447,329 for the year ended August 31, 2018) and credited to contributed surplus.

(in Canadian dollars)

12. FAIR VALUE MEASUREMENT

12.1 Financial instruments measured at fair value

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly ; and
- Level 3: unobservable inputs for the assets or liabilities.

The fair value of the marketable securities in quoted mining exploration companies have been estimated by reference to their quoted prices at the reporting date.

Marketable securities in quoted mining exploration companies are measured at fair value in the consolidated statement of financial position as at August 31, 2019 and 2018, and are classified in Level 1.

13. FINANCE INCOME AND FINANCE COST

Finance income may be analyzed as follows for the reporting periods presented:

	2019	2018
	$	$
Interest income from cash and guaranteed investment certificate	**5,689**	6,026

14. LOSS PER SHARE

In calculating the diluted loss per share, dilutive potential common shares such as options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 10.2 and 11.2.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary in 2019 and 2018

	2019	2018
Net loss	**$(513,155)**	$(1,724,082)
Weighted average number of shares	**81,190,677**	71,663,426
Basic and diluted loss per share	**$(0.01)**	$(0.02)

There have been no other transactions involving ordinary shares between the reporting date and the date of authorization of these consolidated financial statements.

(in Canadian dollars)

15. INCOME TAX

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the consolidated statement of comprehensive loss can be reconciled as follows:

	2019	2018
	$	$
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.63 % (26.73 % in 2018)	**(136,653)**	(452,052)
Difference between deferred and statutory tax rates	**776**	(20,127)
Tax effect of temporary differences not recognized	**159,450**	(2,422,868)
Adjustment of prior deferred taxes	**8,088**	152,964
Exploration and evaluation assets	**-**	2,485,890
Share-based payments	**36,352**	252,302
Variation of non taxable fair value	**64**	-
Other non-deductible expenses	**(68,077)**	3,891
Deferred income tax income	**-**	-

Major components of tax income

The major components of tax income are outlined below:

	2,019	2018
	$	$
Deferred tax income		
Origination and reversal of temporary differences	**(168,378)**	2,290,031
Difference between deferred and statutory tax rates	**776**	(20,127)
Adjustment of prior deferred taxes	**8,088**	152,964
Variation of temporary differences unrecognized	**159,450**	(2,422,868)
Variation of non taxable fair value	**64**	
Total deferred tax income	**-**	-

As at August 31, 2019 and 2018, the following unrecognized timing differences for which the Company did not recognize deferred income tax are outlined below :

	August 31, 2019		August 31, 2018	
	Federal	**Provincial**	Federal	Provincial
	$	**$**	$	$
Unrecognized deductible temporary differences and unused tax losses				
Exploration and evaluation assets	**-**	**-**	-	600,909
Property and equipment	**1,158,272**	**1,160,477**	1,156,940	1,159,145
Intangible asset	**250,000**	**250,000**	250,000	250,000
Investments	**71,309**	**71,309**	71,068	71,068
Issuance costs of units	**58,714**	**58,714**	81,391	81,391
Unused loss carry-forward	**7,640,630**	**10,750,084**	7,566,463	10,042,603
Capital loss	**31,099**	**31,099**	31,099	31,099
	9,210,024	**12,321,683**	9,156,961	12,236,215

(in Canadian dollars)

15. INCOME TAX (continued)

Deferred tax assets and liabilities and variation of recognized amounts during the period

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized deferred income tax assets and liabilities, and the following unrecognized timing differences, unused tax losses and unused tax credits:

	Balance as at August 31, 2018	Recognized in profit or loss	**Balance as at August 31, 2019**
	$	$	**$**
Recognized deferred income tax assets and liabilities			
Exploration and evaluation assets	(376,622)	(81,946)	**(458,568)**
Unused tax credit	(37,159)	24,035	**(13,124)**
Unused tax losses	413,781	57,911	**471,692**
Recognized deferred income tax assets and liabilities	-	-	**-**

	Balance as at August 31, 2017	Recognized in profit or loss	Balance as at August 31, 2018
	$	$	$
Recognized deferred income tax assets and liabilities			
Exploration and evaluation assets	-	(376,622)	(376,622)
Unused tax credit	-	(37,159)	(37,159)
Unused tax losses	-	413,781	413,781
Recognized deferred income tax assets and liabilities	-	-	**-**

The Company has non-capital losses which are available to reduce income taxes in future years, for which no deferred tax asset has been recorded in the consolidated statement of financial position, that can be carried over the following years:

	Federal	Provincial
	$	$
2026	-	17,793
2027	-	618,933
2028	-	1,094,602
2029	583,794	1,593,702
2030	1,472,378	1,468,309
2031	1,265,744	1,263,103
2032	992,873	989,343
2033	596,377	595,914
2034	480,405	479,828
2035	299,005	298,592
2036	234,764	423,002
2037	368,935	565,821
2038	744,977	740,225
2039	601,379	600,917
	7,640,631	10,750,084

(in Canadian dollars)

15. INCOME TAX (continued)

As at August 31, 2019, capital losses for which no deferred tax asset were accounted represent $62,197 ($62,197 as at August 31, 2018). Theses losses may be carried forward indefinitely.

The Company has available investment tax credits of $196,055 ($196,055 as at August 31, 2018) that can be used to reduce future taxable income. Those investment tax credits have maturity dates between 2027 and 2034.

16. ADDITIONAL INFORMATIONS - CASH FLOWS

The changes in the working capital items are detailed as follows:

	2019	2018
	$	$
Accounts receivable	**-**	(5,350)
Consumption taxes receivable	**97,941**	(95,370)
Tax credits receivable[1]	**(15,957)**	-
Prepaid expenses	**8,972**	982
Trade and other payables	**2,072**	(29,204)
	93,028	(128,942)

[1] tax credit accounted in profit or loss in reduction of exploration costs of other properties.

Non-cash consolidated financial position transactions are detailed as follows:

	2019	2018
	$	$
Amortization of property and equipment asset included in exploration and evaluation assets	**3,214**	1,142
Share-based payments included in exploration and evaluation assets	**-**	5,322
Issuance of shares for Property's acquisition	**-**	9,300,000
Trade and other payables included in exploration and evaluation assets	**62,861**	(68,080)
Tax credits receivable credited to exploration and evaluation assets	**92,960**	385,192
Write-off of accounts receivable included in exploration and evaluation assets	**5,350**	-

17. RELATED PARTY TRANSACTIONS

The Company's related parties include key management and a company with common director as describe below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balance are usually settled in cash.

(in Canadian dollars)

17.1 Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors and also the President and the CFO. Key management personnel remuneration includes the following expenses:

	2019	2018
	$	$
Short-term employee benefits	**297,187**	351,560
Share-based payments	**83,875**	496,560
Total remuneration	**381,062**	848,120

In 2019 and 2018, no key management personnel exercised options and no amount was receivable or payable.

17.2 Transactions with other related parties

During the year ending August 31, 2019, the Company paid no amount to a company with common director ($31,557 as at August 31, 2018 including $29,619 of which was recognized as exploration and evaluation assets and $1,938 of which was recognized as exploration costs of other properties in the Consolidated Statements of Comprehensive Loss). As at August 31, 2019, no amount is included in trade and other payables.

18. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern, to increase the value of the assets of the business, and to provide an adequate return to shareholders of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings.

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve.

(in Canadian dollars)

19. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes.

The most significant financial risks to which the Company is exposed are described below.

19.1 Credit risk

Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	2019	2018
	$	$
Cash	**329,170**	907,945
Guaranteed investment certificate	**51,165**	50,452
Accounts receivable	**-**	5,350
	380,335	963,747

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

19.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

During the year, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties by used of cash and through previous private placement and the receipt of tax credits.

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	2019	2018
	$	$
Less than 6 months :		
Trade and other payables	**21,960**	94,671