

**Vision Lithium Inc.**

***Unaudited Interim Financial Statements***

***As at February 29, 2020***

#### **NOTICE OF DISCLOSURE OF NON-AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

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

# Vision Lithium Inc.

## Consolidated Statements of Financial Position

(in Canadian dollars)

	Notes	February 29, 2020 (Unaudited) \$	August 31, 2019 (Audited) \$
<b>ASSETS</b>			
<b>Current</b>			
Cash		491,884	329,170
Guaranteed investment certificate, 1.45 %, expiring in July 2020		51,534	51,165
Consumption taxes receivable		2,674	3,755
Tax credits receivable		148,869	134,192
Prepaid expenses		22,504	21,843
Marketable securities in quoted mining exploration companies		605	1,242
		<u>718,070</u>	<u>541,367</u>
<b>Non-current</b>			
Property and equipment		21,063	18,036
Right-of-use assets	6	87,610	-
Exploration and evaluation assets	7	12,740,383	12,707,650
		<u>12,849,056</u>	<u>12,725,686</u>
<b>Total assets</b>		<u><u>13,567,126</u></u>	<u><u>13,267,053</u></u>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		121,555	100,852
Liability related to flow-through shares		191,350	-
Provision for compensation	8	345,768	345,768
Current portion of lease	9	34,821	-
		<u>693,494</u>	<u>446,620</u>
<b>Non-current</b>			
Lease obligations	9	53,613	-
<b>Total liabilities</b>		<u><u>747,107</u></u>	<u><u>446,620</u></u>
<b>EQUITY</b>			
Share capital	10.1	47,507,635	47,201,835
Contributed surplus		3,276,520	3,276,520
Deficit		(37,964,136)	(37,657,922)
<b>Total equity</b>		<u><u>12,820,019</u></u>	<u><u>12,820,433</u></u>
<b>Total liabilities and equity</b>		<u><u>13,567,126</u></u>	<u><u>13,267,053</u></u>

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 22, 2020.

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 (Unaudited)

(in Canadian dollars)

	Notes	Three-month period ended		Six-month period ended	
		February 29,	February 28,	February 29,	February 28,
		2020	2019	2020	2019
		\$	\$	\$	\$
<b>Expenses</b>					
Employee benefits expense	11.1	82,852	106,051	140,879	247,110
Insurance, taxes and permits		4,851	4,685	8,872	8,707
Consulting fees		-	5,684	-	50,737
Professional fees		14,422	45,978	54,304	61,121
Rent and maintenance		-	2,257	1,121	4,513
Business development		7,173	27,679	17,855	86,735
Advertising and sponsorship		-	654	-	3,200
Stationery and office expenses		1,808	2,535	5,208	5,905
Travel, board and lodging		889	2,827	1,901	5,962
Registration fees		4,013	10,009	8,022	17,778
Write-off of exploration and evaluation assets		1,276	-	1,572	10,549
Exploration costs of other properties <sup>(1)</sup>		4,564	8,105	16,274	9,212
Bank charges		677	765	2,214	1,937
Amortization of property and equipment		453	155	907	309
Depreciation of right-of-use assets		7,837	-	15,006	-
Weiver of flow-through shares		(5,850)	-	(5,850)	-
<b>Operating loss</b>		<b>124,965</b>	<b>217,384</b>	<b>268,285</b>	<b>513,775</b>
<b>Other (income) expenses</b>					
Finance income	13	(185)	(818)	(409)	(2,822)
Finance cost	13	691	-	1,433	-
Net change in fair value of marketable securities in quoted mining exploration companies		577	(3)	638	(120)
Other revenues		(1,950)	(1,500)	(3,900)	(3,000)
		<u>(867)</u>	<u>(2,321)</u>	<u>(2,238)</u>	<u>(5,942)</u>
<b>Net loss and total of comprehensive loss for the year</b>		<b><u>(124,098)</u></b>	<b><u>(215,063)</u></b>	<b><u>(266,047)</u></b>	<b><u>(507,833)</u></b>
<b>Loss per share</b>					
Basic and diluted net loss per share	14	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.01)</u>

<sup>(1)</sup> For the six-month period ended February 29, 2020, an amount of \$6,674 (\$4,696 as at February 28, 2019) of tax credits was recorded as a reduction of exploration costs of other properties.

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

**Vision Lithium Inc.**  
**Consolidated Statements of Changes in Equity (Unaudited)**

(in Canadian dollars)

	Notes	Share capital		Contributed surplus	Deficit	Total equity
		Number	Amount			
				\$	\$	\$
<b>Balance as at September 1<sup>st</sup>, 2018</b>		<u>81,188,670</u>	<u>47,200,740</u>	<u>7,407,550</u>	<u>(41,412,155)</u>	<u>13,196,135</u>
Share-based payments	11.2	-	-	106,191	-	106,191
Transactions with owners		-	-	106,191	-	106,191
Net loss and total of comprehensive loss for		-	-	-	(292,771)	(292,771)
<b>Balance as at February 28, 2019</b>		<u>81,188,670</u>	<u>47,200,740</u>	<u>7,513,741</u>	<u>(41,704,926)</u>	<u>13,009,555</u>
Exercise of warrants		6,316	1,095	(148)	-	947
Expired warrants		-	-	(4,267,388)	4,267,388	-
Share-based payments	11.2	-	-	30,315	-	30,315
Transactions with owners		6,316	1,095	(4,237,221)	4,267,388	31,262
Net loss and total of comprehensive loss for		-	-	-	(220,384)	(220,384)
<b>Balance as at August 31, 2019</b>		<u>81,194,986</u>	<u>47,201,835</u>	<u>3,276,520</u>	<u>(37,657,922)</u>	<u>12,820,433</u>
Issuance of shares	10.1	10,060,000	305,800	-	-	305,800
Shares issue costs	10.1	-	-	-	(40,167)	(40,167)
Net loss and total of comprehensive loss for		-	-	-	(266,047)	(266,047)
<b>Balance as at February 29, 2020</b>		<u>91,254,986</u>	<u>47,507,635</u>	<u>3,276,520</u>	<u>(37,964,136)</u>	<u>12,820,019</u>

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

# Vision Lithium Inc.

## Consolidated Statements of Cash Flows (Unaudited)

(in Canadian dollars)

	Notes	Six-month period ended	
		February 29, 2020	February 28, 2019
		\$	\$
<b>Operating activities</b>			
Net loss		(266,047)	(507,833)
Adjustments			
Amortization of property and equipment		907	309
Depreciation of right-of-use assets		15,006	-
Interests of a guaranteed investment certificate		(369)	-
Theoretical interests on lease obligations		1,433	-
Net change in fair value of marketable securities in quoted mining exploration		638	(120)
Share-based payments		-	128,927
Write-off of exploration and evaluation assets		1,572	10,549
Weiver of flow-through shares		(5,850)	-
Changes in working capital items	15	24,443	61,168
		<u>(228,267)</u>	<u>(307,000)</u>
<b>Investing activities</b>			
Acquisition of property and equipment		(5,975)	-
Additions to exploration and evaluation assets	7	(55,541)	(279,949)
Tax credits received		5,948	-
		<u>(55,568)</u>	<u>(279,949)</u>
<b>Financing activities</b>			
Issuance of shares by private placement	10.1	503,000	-
Share issue costs	10.1	(40,167)	-
Payments on lease obligations		(16,283)	-
		<u>446,550</u>	<u>-</u>
<b>Net change in cash</b>		<b>162,714</b>	<b>(586,949)</b>
<b>Cash, beginning of the period</b>		<b>329,170</b>	<b>907,945</b>
<b>Cash, end of the period</b>		<b>491,884</b>	<b>320,996</b>
<b>Additional information - Cash flows (Note 15)</b>			
<b>Additional information</b>			
Interest received from operating activities		409	2,822

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

# **Vision Lithium Inc.**

## **Notes to Interim Consolidated Financial Statements**

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

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(in Canadian dollars)

### **1. NATURE OF OPERATIONS**

Vision Lithium Inc. and its subsidiary Pioneer Resources Inc. (the “Company”) are exploration companies with activities in Canada.

### **2. GOING CONCERN ASSUMPTION, GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS**

The interim 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 February 29, 2020 the Company has a cumulated deficit of \$37,964,136 (\$37,657,922 as at August 31, 2019). 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 interim consolidated financial statements and the classification used in the interim consolidated statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

### **3. BASIS OF PRESENTATION**

These interim consolidated financial statements of the Company as at February 29, 2020 were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standard (IAS) 34 - Interim Financial Reporting. These interim consolidated financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 5, SIGNIFICANT ACCOUNTING POLICIES as described in our financial statements for the year ended August 31, 2019. The interim consolidated financial statements do not include all of the notes required in annual financial statements.

### **4. NEW STANDARD**

#### **Impact of the application of IFRS 16, Leases**

Effective September 1, 2019, the Company early adopted IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company’s accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This policy is applied to contracts entered into, or changed, on or after September 1, 2019.

## **Vision Lithium Inc.**

### Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

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(in Canadian dollars)

#### **4. NEW STANDARD (continued)**

##### **Impact of the application of IFRS 16, Leases (continued)**

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option. Lease terms, including options to renew for which the Company is reasonably certain to exercise, range from 1 to 6 years for facilities, automotive equipment, rent and other equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Under IAS 17, the Company's accounting policy was as follows:

The determination of whether an arrangement was, or contained, a lease was based on the substance of the arrangement at the inception of the lease. The arrangement was, or contained, a lease if fulfilment of the arrangement was dependent on the use of a specific asset and the arrangement conveyed a right to use the asset, even if that asset was not explicitly specified in an arrangement.

A lease was classified at the inception date as an operating lease.

A leased asset was depreciated over the useful life of the asset. However, if there was no reasonable certainty that the Company would obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term.



# Vision Lithium Inc.

## Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

(in Canadian dollars)

### 4. NEW STANDARD (continued)

#### Impact of the application of IFRS 16, Leases (continued)

An operating lease was a lease other than a finance lease. Operating lease payments were recognized in net loss on a straight-line basis over the lease term. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

#### Impact of transition to IFRS 16

Effective September 1, 2019, the Company early adopted IFRS 16 using the modified retrospective approach. Accordingly, comparative figures as at and for the year ended August 31, 2019 have not been restated and continues to be reported under IAS 17, Leases (“IAS 17”) and IFRIC 4, Determining whether an arrangement contains a lease.

On initial application, for leases previously classified as operating leases under IAS 17, the Company has elected to record right-of-use assets based on the corresponding lease liability of \$103,285, other current assets and other assets as at September 1, 2019.

As such, as at September 1st, 2019, the Company recorded lease obligations of \$103,285 and right-of-use assets of \$103,285, with no net impact on deficit.

When measuring lease liabilities for those leases previously classified as operating leases under IAS 17, the Company discounted future lease payments using its incremental borrowing rate as at September 1, 2019. The weighted-average rate applied is 2.35%.

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after September 1st, 2019.

The following table reconciles the Company’s operating lease commitments as at August 31, 2019, as previously disclosed in the Company’s annual audited financial statements, to the lease obligations recognized on initial application of IFRS 16 on September 1, 2019.

Operating lease commitments as at August 31, 2019	\$	<b>59,705</b>
Discounted using the incremental borrowing rate as at September 1, 2019	\$	58,164
Renewal options reasonably certain to be exercised	\$	45,121
Lease obligations recognized as at September 1, 2019	\$	<b>103,285</b>

## **Vision Lithium Inc.**

### Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

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(in Canadian dollars)

#### **5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

When preparing the interim 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 interim 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.

##### **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.

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.

# Vision Lithium Inc.

## Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

(in Canadian dollars)

### 5.2 Estimation uncertainty (continued)

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 recovered 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.

### 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 interim 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 8).

### 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 has 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. RIGHT-OF-USE ASSETS

	Rent	Automotive equipment	Total
	\$	\$	\$
Balance as at September 1, 2019	87,804	15,481	<b>103,285</b>
Depreciation	(11,452)	(4,222)	<b>(15,674)</b>
Balance as at February 29, 2020	<b>76,352</b>	<b>11,259</b>	<b>87,611</b>

## Vision Lithium Inc.

### Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

(in Canadian dollars)

#### 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 February 29, 2020
	\$	\$	\$	\$	\$
Sirmac Lithium (Qc)	9,595,633	1,470	-	-	9,597,103
Case Twp (On)	68,441	-	-	-	68,441
Dôme Lemieux (Qc)	2,325,948	264	-	-	2,326,212
La Corne (Qc)	10,141	-	-	-	10,141
Broadback and Broadback North (Qc)	3,397	-	-	-	3,397
Nemiscau (Qc)	641	-	-	-	641
St-Stephen (NB)	-	-	-	-	-
Epsilon (Qc)	-	296	-	(296)	-
	<u>12,004,201</u>	<u>2,030</u>	<u>-</u>	<u>(296)</u>	<u>12,005,935</u>

##### EXPLORATION AND EVALUATION EXPENSES

	Balance as at September 1, 2018	Additions	Tax credits and credit on duties	Write-off	Balance as at February 29, 2020
	\$	\$	\$	\$	\$
Sirmac Lithium (Qc)	607,915	31,430	(7,499)	-	631,846
Case Twp (On)	29,113	-	-	-	29,113
Dôme Lemieux (Qc)	57,010	11,014	(6,451)	-	61,573
La Corne (Qc)	4,715	-	-	-	4,715
Broadback and Broadback North (Qc)	4,501	2,505	-	-	7,006
Nemiscau (Qc)	195	-	-	-	195
Epsilon (Qc)	-	1,276	-	(1,276)	-
	<u>703,449</u>	<u>46,225</u>	<u>(13,950)</u>	<u>(1,276)</u>	<u>734,448</u>
<b>TOTAL</b>	<u>12,707,650</u>	<u>48,255</u>	<u>(13,950)</u>	<u>(1,572)</u>	<u>12,740,383</u>

## Vision Lithium Inc.

### Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

(in Canadian dollars)

#### 7. EXPLORATION AND EVALUATION ASSETS (continued)

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	1,666	1,731	-	-	3,397
Nemiscau (Qc)	-	641	-	-	641
St-Stephen (NB)	-	8,490	-	(8,490)	-
Epsilon (Qc)	-	6,554	-	(6,554)	-
	<u>11,981,055</u>	<u>38,190</u>	<u>-</u>	<u>(15,044)</u>	<u>12,004,201</u>

##### 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	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)	-
	<u>501,685</u>	<u>305,177</u>	<u>(92,960)</u>	<u>(10,453)</u>	<u>703,449</u>
<b>TOTAL</b>	<u>12,482,740</u>	<u>343,367</u>	<u>(92,960)</u>	<u>(25,497)</u>	<u>12,707,650</u>

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

During the six-month period ended February, 29 2020, management wrote-off all of its Epsilon's property because no exploration and evaluation expenses were planned (St-Stephen and Epsilon's properties were wrote-off as at August 31, 2019).

## **Vision Lithium Inc.**

### Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

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(in Canadian dollars)

#### **7. EXPLORATION AND EVALUATION ASSETS (continued)**

##### **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.

# Vision Lithium Inc.

## Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

(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. 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 period ended February 29, 2020, the Company paid no amount to investors (nil as at August 31, 2019 and the provision was decreased by an amount of \$259,090).

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.

### 9. LEASE OBLIGATIONS

	February 29, 2020	August 31, 2019
	\$	\$
Lease obligations included in the statement of financial position		
Initial recognition upon adoption of IFRS 16	103,285	-
Theoretical interests on lease obligations	1,433	-
Payments on lease obligations	(16,284)	-
	<u>88,434</u>	<u>-</u>
Current portion of lease obligations	(34,821)	-
	<u>53,613</u>	<u>-</u>
<b>Lease obligations</b>	<b>53,613</b>	<b>-</b>
Maturity analysis – contractual undiscounted cash flows		
Less than one year	34,821	-
One to five years	53,613	-
	<u>88,434</u>	<u>-</u>
<b>Total undiscounted lease obligations</b>	<b>88,434</b>	<b>-</b>

# Vision Lithium Inc.

## Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

(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 December 31, 2019, the Company has closed a private placement of 10,060,000 common shares of the Company that will qualify as flow-through shares, at a price of \$0.05 per share, for aggregate gross proceeds of \$503,000. In connection with the offering, finders' fees totalling \$30,380 were paid to third parties dealing at arm's length with the Company. Share issue expenses totalling \$9,787 were also applied against the share capital.

The Company renounced the tax deduction related to the flow-through shares representing an amount of \$197,200, which reduced the share capital and increased the liabilities related to flow-through shares.

### 11. EMPLOYEE REMUNERATION

#### 11.1 Employee benefits expense

Employee benefits expense recognized is analyzed below:

	Three-month period ended		Six-month period ended	
	February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
	\$	\$	\$	\$
Salaries and benefits	101,952	114,322	177,009	227,149
Share-based payments	-	17,052	-	78,191
	<b>101,953</b>	131,374	<b>177,010</b>	305,340
Less: salaries capitalized and share-based payments in exploration and evaluation assets	(14,535)	(13,265)	(15,839)	(44,501)
Less: salaries reclassified to Exploration costs of other properties in profit or loss	(4,564)	(12,058)	(20,291)	(13,729)
Employee benefits expense	<b>82,853</b>	106,051	<b>140,879</b>	247,110



## Vision Lithium Inc.

### Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

(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 (9,125,499 shares as at February 29, 2020 and 8,119,499 as at August 31, 2019).

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:

	February 29, 2020		August 31, 2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Outstanding, beginning of the reporting period <sup>(1)</sup>	4,662,500	0.34	4,662,500	0.33
Expired	-	-	(75,000)	0.20
Outstanding, end of the reporting period	<u>4,662,500</u>	<u>0.34</u>	<u>4,587,500</u>	<u>0.34</u>
Exercisable, end of the reporting period	<u>4,587,500</u>	<u>0.34</u>	<u>4,587,500</u>	<u>0.34</u>

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

## Vision Lithium Inc.

### Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

(in Canadian dollars)

#### 11.2 Share-based payments (continued)

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

<u>Range of exercise price</u>	<u>February 29, 2020</u>		<u>August 31, 2019</u>	
	<u>Number</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Number</u>	<u>Weighted average remaining contractual life (years)</u>
\$0.10 to \$0.25	37,500	0.30	37,500	0.55
\$0.26 to \$0.41	2,650,000	2.83	2,650,000	2.74
\$0.42 to \$0.55	1,900,000	3.12	1,900,000	3.37
	<u>4,587,500</u>	<u>2.93</u>	<u>4,587,500</u>	<u>2.98</u>

There is no amount of share-based payments during the period ended February 29, 2020 (\$136,506 as at August 31, 2019, all of which related to equity-settled share-based payment transactions, no amount was capitalised in exploration and evaluation assets, \$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 and credited to contributed surplus).

## 12. FAIR VALUE MEASUREMENT

### 12.1 Financial instruments measured at fair value

Financial assets and liabilities measured at fair value in the interim 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 interim consolidated statement of financial position as at February 29, 2020 and August 31, 2019 and are classified in Level 1.

## Vision Lithium Inc.

### Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

(in Canadian dollars)

#### 13. FINANCE INCOME AND FINANCE COST

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

	Three-month period ended		Six-month period ended	
	February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
	\$	\$	\$	\$
Interest income from cash and guaranteed investment	<b>184</b>	818	<b>409</b>	2,822

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

	Three-month period ended		Six-month period ended	
	February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
	\$	\$	\$	\$
Theoretical interests on lease obligations	<b>691</b>	-	<b>1,433</b>	-

#### 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 Note 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 2020 and 2019.

	Three-month period ended		Six-month period ended	
	February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
Net loss	<b>\$(124,098)</b>	\$(215,063)	<b>\$(266,047)</b>	\$(507,833)
Weighted average number of shares	<b>87,827,953</b>	81,163,670	<b>84,511,470</b>	81,163,670
Basic and diluted loss per share	<b>\$(0.00)</b>	\$(0.00)	<b>\$(0.00)</b>	\$(0.00)

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

## Vision Lithium Inc.

### Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

(in Canadian dollars)

#### 15. ADDITIONAL INFORMATIONS - CASH FLOWS

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

	Six-month period ended	
	February 29, 2020	February 28, 2019
	\$	\$
Consumption taxes receivable	1,081	95,222
Tax credits receivable <sup>(1)</sup>	(6,674)	(4,695)
Prepaid expenses	(661)	5,926
Trade and other payables	30,697	(35,285)
	<u>24,443</u>	<u>61,168</u>

<sup>(1)</sup> 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:

	Six-month period ended	
	February 29, 2020	February 28, 2019
	\$	\$
Amortization of property and equipment asset included in exploration and evaluation assets	2,000	1,521
Depreciation of right-of-use assets included in exploration and evaluation assets	669	-
Trade and other payables included in exploration and evaluation assets	9,996	32,961
Tax credits receivable credited to exploration and evaluation assets	13,950	89,742

#### 16. 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.

## Vision Lithium Inc.

### Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

(in Canadian dollars)

#### 16.1 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:

	Three-month period ended		Six-month period ended	
	February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
	\$	\$	\$	\$
Short-term employee benefits	63,261	73,800	108,101	154,875
Share-based payments	-	17,052	-	78,191
Total remuneration	63,261	90,852	108,101	233,066

As at February 29, 2020 and August 31, 2019, no key management personnel exercised options and no amount was receivable or payable.

#### 17. 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.

#### 18. 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.

## Vision Lithium Inc.

### Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

(in Canadian dollars)

#### 18.1 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:

	<b>February 29, 2020</b>	August 31, 2019
	\$	\$
Cash	<b>491,884</b>	329,170
Guaranteed investment certificate	<b>51,534</b>	51,165
	<b>543,417</b>	380,335

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.

#### 18.2 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:

	<b>February 29, 2020</b>	August 31, 2019
	\$	\$
Less than 6 months :		
Trade and other payables	<b>4,249</b>	21,960

## **Vision Lithium Inc.**

### Notes to Interim Consolidated Financial Statements

For the six-month periods ended February 29, 2020 and February 28, 2019 (Unaudited)

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(in Canadian dollars)

#### **19. SUBSEQUENT EVENT**

In March 2020, the World Health Organization declared the COVID-19 epidemic a pandemic. The situation is constantly evolving, and the measures put in place have numerous economic repercussions at the global, national, provincial and local levels. These measures, which include travel bans, solitary confinement or quarantine, voluntary or not, and social distancing, have caused significant disruption among businesses, globally and in Canada, due to the slowdown economic. Governments and central banks responded by implementing monetary and fiscal measures to stabilize the world economy; however, the current difficult economic climate may cause adverse changes in cash flow, the level of working capital and / or the search for future financing, which could have a direct impact on its future financial position. The financial impact on society is not known at this time. The impacts will be adequately reflected in fiscal 2020.