

**Vision Lithium Inc.**

***Unaudited Interim Financial Statements***

***As at February 28, 2021***

**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 28, 2021 (Unaudited) \$	August 31, 2020 (Audited) \$
<b>ASSETS</b>			
<b>Current</b>			
Cash	18	1,528,117	453,474
Guaranteed investment certificate, 0.55%, expiring in July 2021		51,985	51,844
Sales taxes receivable		12,661	2,268
Tax credits receivable		20,318	20,318
Prepaid expenses		163,837	7,050
Marketable securities in quoted mining exploration companies		1,233	715
		<u>1,778,151</u>	<u>535,669</u>
<b>Non-current</b>			
Property and equipment		15,168	18,116
Right-of-use assets	5	56,261	71,935
Exploration and evaluation assets	6	13,211,931	13,167,739
		<u>13,283,360</u>	<u>13,257,790</u>
<b>Total assets</b>		<u><b>15,061,511</b></u>	<u><b>13,793,459</b></u>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		356,088	230,130
Liability related to flow-through shares		164,217	180,160
Current portion of lease obligations	7	28,774	26,340
		<u>549,079</u>	<u>436,630</u>
<b>Non-current</b>			
Lease obligations	7	29,349	47,042
Loan	8	40,000	30,000
		<u>69,349</u>	<u>77,042</u>
<b>Total liabilities</b>		<u><b>618,428</b></u>	<u><b>513,672</b></u>
<b>EQUITY</b>			
Share capital	9.1	48,859,275	48,003,635
Contributed surplus		4,137,879	3,362,769
Deficit		(38,554,071)	(38,086,617)
<b>Total equity</b>		<u><b>14,443,083</b></u>	<u><b>13,279,787</b></u>
<b>Total liabilities and equity</b>		<u><b>15,061,511</b></u>	<u><b>13,793,459</b></u>

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

These interim consolidated financial statements were approved and authorized for issue by the Board of Directors on April 28, 2021.

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 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
		\$	\$	\$	\$
<b>Expenses</b>					
Employee benefits expense	10.1	126,452	82,852	249,061	140,879
Insurance, taxes and permits		4,864	4,851	9,226	8,872
Professional fees		36,629	14,422	66,214	54,304
Rent and maintenance		-	-	-	1,121
Business development		23,121	7,173	26,423	17,855
Stationery and office expenses		3,390	1,808	6,071	5,208
Travel, board and lodging		210	889	695	1,901
Registration fees		11,201	4,013	15,207	8,022
Write-off of exploration and evaluation assets		(7,565)	1,276	(2,065)	1,572
Exploration costs of other properties <sup>(1)</sup>		25,966	4,564	25,966	16,274
Bank charges		604	677	1,561	2,214
Part III.14 tax		(47,050)	-	(47,050)	-
Amortization of property and equipment		453	453	907	907
Depreciation of right-of-use assets		7,837	7,837	15,674	15,006
<b>Operating loss</b>		<b>186,112</b>	<b>130,815</b>	<b>367,890</b>	<b>274,135</b>
<b>Other (income) expenses</b>					
Finance income	12	(70)	(185)	(141)	(409)
Finance cost	12	486	691	1,024	1,433
Government assistance	8			(10,000)	-
Net change in fair value of marketable securities in quoted mining exploration companies		(269)	577	(518)	638
Other revenues		(1,950)	(1,950)	(3,900)	(3,900)
		<u>(1,803)</u>	<u>(867)</u>	<u>(13,535)</u>	<u>(2,238)</u>
<b>Loss before income taxes</b>		<b>(184,309)</b>	<b>(129,948)</b>	<b>(354,355)</b>	<b>(271,897)</b>
Deferred income tax		12,913	5,850	21,943	-
<b>Net loss and total of comprehensive loss for the period</b>		<b><u>(171,396)</u></b>	<b><u>(124,098)</u></b>	<b><u>(332,412)</u></b>	<b><u>(271,897)</u></b>
<b>Loss per share</b>					
Basic and diluted net loss per share	13	<b><u>0.00</u></b>	<b><u>(0.00)</u></b>	<b><u>(0.00)</u></b>	<b><u>(0.01)</u></b>

(1) For the six-month periods ended February 28, 2021, no amount was recorded for tax credits as a reduction of exploration costs of other properties (\$6,674 as at February 29, 2020) .

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>, 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>
Shares and warrants issue costs						-
Issuance of flow-through shares	9.1	10,060,000	305,800	-	-	305,800
Shares issue costs	9.1				(40,167)	(40,167)
Transactions with owners		<u>10,060,000</u>	<u>305,800</u>	<u>-</u>	<u>(40,167)</u>	<u>265,633</u>
Net loss and total of comprehensive loss for the period		-	-	-	(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>
Issuance of flow-through shares	9.1		(4,000)	-	-	(4,000)
Issuance of shares for the acquisition of mining rights	9.1	10,000,000	500,000	-	-	500,000
Share-based payments	10.2	-	-	86,249	-	86,249
Transactions with owners		<u>10,000,000</u>	<u>496,000</u>	<u>86,249</u>	<u>-</u>	<u>582,249</u>
Net loss and total of comprehensive loss for the period		-	-	-	(122,481)	(122,481)
<b>Balance as at August 31, 2020</b>		<u>101,254,986</u>	<u>48,003,635</u>	<u>3,362,769</u>	<u>(38,086,617)</u>	<u>13,279,787</u>
Issuance of flow-through shares	9.1	400,000	14,000	-	-	14,000
Issuance of shares	9.1	79,400,000	841,640	746,360	-	1,588,000
Shares issue costs	9.1	-	-	-	(135,042)	(135,042)
Share-based payments	10.2	-	-	28,750	-	28,750
Transactions with owners		<u>79,800,000</u>	<u>855,640</u>	<u>775,110</u>	<u>(135,042)</u>	<u>1,495,708</u>
Net loss and total of comprehensive loss for the period		-	-	-	(332,412)	(332,412)
<b>Balance as at February 28, 2021</b>		<u>181,054,986</u>	<u>48,859,275</u>	<u>4,137,879</u>	<u>(38,554,071)</u>	<u>14,443,083</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 28,	February 29,
		2021	2020
		\$	\$
<b>Operating activities</b>			
Net loss		(332,412)	(266,047)
Adjustments			
Amortization of property and equipment		907	907
Depreciation of right-use assets included in exploration and evaluation assets		422	-
Depreciation of right-of-use assets		15,674	15,006
Interests of a guaranteed investment certificate		(141)	(369)
Interests on lease obligations		1,024	1,433
Net change in fair value of marketable securities in quoted mining exploration companies		(518)	638
Share-based payments		26,450	-
Write-off of exploration and evaluation assets		(2,065)	1,572
Deferred income tax		(21,943)	(5,850)
Part XII.6 tax related to flow-through shares		(47,050)	-
Changes in working capital items	14	4,245	24,442
Cash flows from (used in) operating activities		(355,407)	(228,268)
<b>Investing activities</b>			
Acquisition of property and equipment		-	(5,975)
Additions to exploration and evaluation assets	6	(36,625)	(55,541)
Tax credits received		-	5,948
Cash flows used in investing activities		(36,625)	(55,568)
<b>Financing activities</b>			
Issuance of shares by private placement	9.1	1,608,000	503,000
Loan	8	10,000	-
Share issue costs	9.1	(135,042)	(40,167)
Payments on lease obligations	7	(16,283)	(16,283)
Cash flows used in financing activities		1,466,675	446,550
<b>Net change in cash</b>		<b>1,074,643</b>	<b>162,714</b>
<b>Cash, beginning of the period</b>		<b>453,474</b>	<b>329,170</b>
<b>Cash, end of the period</b>		<b>1,528,117</b>	<b>491,884</b>

### Additional information - Cash flows (Note 14)

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

### Additional information

Interest received from operating activities	141	225
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The accompanying notes are an integral part of these interim consolidated financial statements.

# **Vision Lithium Inc.**

## **Notes to Consolidated Financial Statements**

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (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, COVID-19, 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 November 30, 2020 the Company has a cumulated deficit of \$38,517,571 (\$38,086,617 as at August 31, 2020). 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.

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. BASIS OF PRESENTATION**

These interim financial statements of the Company as at February 28, 2021 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 financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 4, SIGNIFICANT ACCOUNTING POLICIES as described in our financial statements for the year ended August 31, 2020. The interim financial statements do not include all of the notes required in annual financial statements.

### **4. 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.

# **Vision Lithium Inc.**

## **Notes to Consolidated Financial Statements**

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)

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(in Canadian dollars)

### **4.1 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.

### **4.2 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.

#### **Lease obligations**

Accounting for leases obligations involves judgment and requires the establishment of a number of estimates and assumptions. Judgment is used to determine whether there is reasonable certainty that an option to extend or terminate the rental agreement will be exercised. In addition, management has made estimates to determine the term of the leases and the appropriate interest rate to value the lease obligation (see Note 5).

#### **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 Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)

(in Canadian dollars)

### 4.2 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.

See Note 6 for the exploration and evaluation assets impairment analysis.

### 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 shares, 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 10.2).

### 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, exploration and evaluation assets, and income

## 5. RIGHT-OF-USE ASSETS

	Premises	Automotive equipment	Total
	\$	\$	\$
Impact of the application of IFRS 16	87,804	15,481	<b>103,285</b>
Depreciation	(22,906)	(8,444)	<b>(31,350)</b>
Balance as at August 31, 2020	64,898	7,037	<b>71,935</b>
Depreciation	(11,452)	(4,222)	<b>(15,674)</b>
<b>Balance as at February 28, 2021</b>	<b>53,446</b>	<b>2,815</b>	<b>56,261</b>

The Company rents its offices under a lease expiring in June 2021. This lease includes an option to renew for an additional 24 months which the Company may exercise of by giving three-month notice. The Company also leases mobile equipment under a lease expiring in June 2021. For the six-month period ended February 28, 2021, the depreciation of right-of-use assets totals \$15,674 is recognized as an expense (\$7,837 as of February 29, 2020 which \$7,169 is recognized as an expense and \$668 is recognized as exploration and evaluation assets).

## Vision Lithium Inc.

### Notes to Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)

(in Canadian dollars)

#### 6. EXPLORATION AND EVALUATION ASSETS

The carrying amount can be detailed as follows:

##### MINING RIGHTS

	Balance as at September 1, 2020	Additions	Tax credits and credit on duties	Write-off	Balance as at February 28, 2021
	\$	\$	\$	\$	\$
Sirmac Lithium (Qc)	9,577,103	5,899	-	-	9,583,002
Dôme Lemieux (Qc)	2,327,668	432	-	-	2,328,100
Broadback North (Qc)	1,731	-	-	-	1,731
Wabouchi (Qc)	641	-	-	-	641
Red Brook (NB)	300,340	-	-	-	300,340
Epithermal (NB)	103,060	-	-	-	103,060
Benjamin (NB)	113,695	-	-	-	113,695
Epsilon (Qc)	-	347	-	(347)	-
<b>TOTAL</b>	<b>12,424,238</b>	<b>6,678</b>	<b>-</b>	<b>(347)</b>	<b>12,430,569</b>

##### EXPLORATION AND EVALUATION EXPENSES

	Balance as at September 1, 2020	Additions	Tax credits and credit on duties	Write-off	Balance as at February 28, 2021
	\$	\$	\$	\$	\$
Sirmac Lithium (Qc)	646,136	11,629	-	-	657,765
Dôme Lemieux (Qc)	77,501	16,058	-	-	93,559
Broadback North (Qc)	17,240	9,123	-	-	26,363
Wabouchi (Qc)	195	-	-	-	195
Red Brook (NB)	2,429	1,051	-	-	3,480
Epsilon (Qc)	-	6,863	-	(6,863)	-
St-Stephen (NB)	-	(9,275)	-	9,275	-
	<b>743,501</b>	<b>35,449</b>	<b>-</b>	<b>2,412</b>	<b>781,362</b>
<b>TOTAL</b>	<b>13,167,739</b>	<b>42,127</b>	<b>-</b>	<b>2,065</b>	<b>13,211,931</b>

##### Sirmac Lithium

The Company owned 100% the Sirmac Lithium property which comprises 25 mineral claims covering a total area of approximately 1,108 hectares located approximately 180 kilometers northwest of Chibougamau, in the province of Quebec. 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.

## **Vision Lithium Inc.**

### Notes to Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)

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(in Canadian dollars)

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

##### **Dôme Lemieux**

This 100% owned property is located near the town of Ste-Anne-des-Monts in the province of Quebec and comprises 238 claims covering 11,599.84 hectares.

##### **Broadback North**

The Broadback North property, owned 100%, is comprised of 27 claims covering 1,414 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.

##### **Wabouchi (formerly Nemiscau)**

The Wabouchi property, 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 Wabouchi lithium deposit of Nemaska Lithium which is in the development construction phase.

##### **Red Brook**

On June 12, 2020, the Company acquired the Red Brook property, owned 100%, which is located approximately 60 km West of the mining center of Bathurst, in Northern New Brunswick. The Red Brook property consists of 139 claims covering 3,018 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.

##### **Epithermal**

On June 12, 2020, the Company acquired the Epithermal property, owned 100%, which is located approximately 60 km West of the mining center of Bathurst, in Northern New Brunswick. The Epithermal property consists of 96 claims covering 2,083 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.

In June 2020, the Company staked 30 mining claims for \$300 in cash. In addition, 20 claims were redistributed from the Benjamin property to the Epithermal property.

##### **Benjamin**

On June 12, 2020, the Company acquired the Benjamin property, owned 100%, which is located approximately 60 km West of the mining center of Bathurst, in Northern New Brunswick. The Benjamin property consists of 33 claims covering 715 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.

In June 2020, 20 claims were redistributed from the Benjamin property to the Epithermal property.

## Vision Lithium Inc.

### Notes to Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)

(in Canadian dollars)

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

##### 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 two NSR royalties of 2% on all mineral production. The Company can buy back up to 50% of each of the NSR interests for \$1,000,000 each. The property was written off during the year 2019.

##### 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. The property was written off during the year 2019.

#### 7. LEASE OBLIGATIONS

	<b>February 28, 2021</b>	August 31, 2020
	\$	\$
Lease obligations included in the consolidated statement of financial position		
Initial recognition upon adoption of IFRS 16	<b>73,382</b>	103,285
Interests on lease obligations	<b>1,024</b>	2,663
Payments on lease obligations	<b>(16,283)</b>	(32,566)
	<b>58,123</b>	73,382
Current portion of lease obligations	<b>(28,774)</b>	(26,340)
	<b>29,349</b>	47,042
<b>Lease obligations</b>	<b>29,349</b>	47,042
Maturity analysis – contractual undiscounted cash flows		
Less than one year	<b>27,335</b>	<b>24,500</b>
One to five years	<b>32,960</b>	<b>45,320</b>
	<b>60,295</b>	69,820
<b>Total undiscounted lease obligations</b>	<b>60,295</b>	69,820

#### 8. LOAN

During the six-month period ended February 28, 2021, the Company received a \$20,000 loan under the Canada Emergency Business Account program. If the Company repays \$10,000 of the loan by December 31, 2022, no other amount will be payable. Otherwise, the loan balance will bear interest at 5% and may either be repaid in 36 monthly instalments of capital and interest or repaid on maturity on December 31, 2025. Since \$10,000 of the government assistance is forgivable if the Company repays \$10,000 by December 31, 2022, the amount will be recognized in earnings at the time the government assistance was granted.

## **Vision Lithium Inc.**

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

**For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)**

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(in Canadian dollars)

#### **8. LOAN (continued)**

During the year ended August, 31 2020, the Company received a \$40,000 loan under the Canada Emergency Business Account program. If the Company repays \$30,000 of the loan by December 31, 2022, no other amount will be payable. Otherwise, the loan balance will bear interest at 5% and may either be repaid in 36 monthly instalments of capital and interest or repaid on maturity on December 31, 2025. Since \$10,000 of the government assistance is forgivable if the Company repays \$30,000 by December 31, 2022, the amount was recognized in earnings at the time the government assistance was granted.

#### **9. EQUITY**

##### **9.1 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 5, 2021, the Company closed the second and final tranche of its non-intermediary private placement. The second tranche consisted of 40,250,000 common units of the Company at a price of \$0.02 for aggregate gross proceeds of \$805,000. Each common unit consists of one common share of the company and one warrant. Each warrant entitles its holder to purchase one share at a price of \$0.05 per share for a period of 3 years following the closing of the first tranche. Under the second tranche, finder's fees totaling \$32,775 were paid.

On December 31, 2020, the Company closed a non-intermediary private placement. The placement consisted of 400,000 flow-through units of the Company at a price of \$0.05 for aggregate gross proceeds of \$20,000. Under the second tranche, finder's fees totaling \$1,400 were paid.

On December 23, 2020, the Company closed the first tranche of its non-intermediary private placement. The first tranche consisted of 39,150,000 common units of the Company at a price of \$0.02 per unit for aggregate gross proceeds of \$783,000. Each common unit consists of one common share of the company and one warrant. Each warrant entitles its holder to purchase one share at a price of \$0.05 per share for a period of 3 years following the closing of the first tranche. Under the first tranche, finder's fees totaling \$51,932 were paid.

On June 12, 2020, the Company acquired the Red Brook, Epithermal and Benjamin properties in consideration of 10,000,000 common shares at a price of \$0.05 per share for a total of \$500,000.

On December 31, 2019, the Company 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 totaling \$30,380 were paid to third parties dealing at arm's length with the Company. Share issue expenses totaling \$9,787 were also applied against the deficit.

The Company renounced to the tax deduction related to flow-through shares, which reduced share capital by \$201,200, and the counterparty is presented as liability related to flow-through shares.

## Vision Lithium Inc.

### Notes to Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)

(in Canadian dollars)

#### 9.2 Warrants

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

	<u>February 28, 2021</u>		<u>August 31, 2020</u>	
	<u>Number</u>	<u>Weighted average exercise price</u>	<u>Number</u>	<u>Weighted average exercise price</u>
		\$		\$
Balance, beginning of reporting period	-	-	-	-
Granted <sup>(1)</sup>	<u>79,400,000</u>	<u>0.05</u>	-	-
Balance, end of reporting period	<u>79,400,000</u>	<u>0.05</u>	-	-

<sup>(1)</sup> At issuance, the warrants are subject to a 4 months and 1 day statutory hold period.

For the six-month period ended February 28, 2021, the Company recorded an amount of \$746,360 in diminution of shareholders' equity instruments when warrants were issued to the investors and the fair value is recorded as an increase of the contributed surplus.

As at February 28, 2021, the fair value of \$0.03 for the warrants granted was estimated using the Black-Scholes option pricing model and based on the following assumptions:

	<u>February 28, 2021</u>
Share price at date of grant	\$0.035
Expected dividends yield	0%
Expected volatility	193%
Risk-free interest rate	0.26%
Expected life	3 years
Exercise price at date of grant	\$0.05

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected life of the warrants.

Outlined below are the outstanding warrants which could be exercised for an equivalent number of common shares:

	<u>February 28, 2021</u>	
Expiration date	<u>Number</u>	<u>Exercise price</u>
		\$
December 23, 2023	<u>39,150,000</u>	<u>0.05</u>
January 5, 2024	<u>40,250,000</u>	<u>0.05</u>
	<u>79,400,000</u>	<u>-</u>

## Vision Lithium Inc.

### Notes to Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)

(in Canadian dollars)

#### 10. EMPLOYEE REMUNERATION

##### 10.1 Employee benefits expense

Employee benefits expense recognized is analyzed below:

	Three-month period ended		Six-month period ended	
	February 28, 2021	February 28, 2020	February 28, 2021	February 28, 2020
	\$	\$	\$	\$
Salaries and benefits	145,233	101,952	264,617	177,009
Share-based payments	-	-	28,750	-
	145,233	101,952	293,366	177,009
Less: salaries capitalized and share-based payments in	(14,640)	(14,535)	(37,864)	(15,839)
Less: salaries reclassified to	(4,141)	(4,564)	(6,441)	(20,291)
Employee benefits expense	126,452	82,853	249,061	140,879

##### 10.2 Share-based payments

The Company has adopted a share-based payment plan under which members of the Board of Directors August 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 (18,105,499 shares as at February 28, 2021 and as at August 31, 2020).

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 investor relations services, 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.
- 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 25% 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.

## Vision Lithium Inc.

### Notes to Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)

(in Canadian dollars)

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

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

	February 28, 2021		August 31, 2020	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding, beginning of the reporting period	7,050,000	0.26	4,587,500	0.34
Exercised	-	-	2,500,000	0.10
Expired	-	-	(37,500)	0.10
Outstanding, end of the reporting period	<u>7,050,000</u>	<u>0.26</u>	<u>7,050,000</u>	<u>0.26</u>
Exercisable, end of the reporting period	<u>7,050,000</u>	<u>0.26</u>	<u>5,800,000</u>	<u>0.29</u>

On June 5, 2020, the Company granted 2,500,000 options to directors, officers and employees at an exercise price of \$0.10 per share. The options have a contractual life of 5 years from the date of grant. 50% of the options are exercisable immediately and 50% are exercisable 6 months after the date of the grant.

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

	February 28, 2021		August 31, 2019	
	Number	Weighted average remaining contractual life (years)	Number	Weighted average remaining contractual life (years)
<u>Range of exercise price</u>				
\$0.10 to \$0.25	2,500,000	4.27	2,500,000	4.76
\$0.26 to \$0.41	2,650,000	1.58	2,650,000	1.74
\$0.42 to \$0.55	1,900,000	1.87	1,900,000	2.37
	<u>7,050,000</u>	<u>2.61</u>	<u>7,050,000</u>	<u>2.98</u>

For the six-month period ended February 28, 2021, the share-based payments amounted to \$28,750 (nil as of February 29, 2020), all of which related to equity-settled share-based payment transactions (which \$2,300 was capitalized in exploration and evaluation assets, \$26,450 were included in employee benefits expenses and reported in profit or loss) and credited to contributed surplus.



# Vision Lithium Inc.

## Notes to Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)

(in Canadian dollars)

### 11. FAIR VALUE MEASUREMENT

#### 11.1 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 February 28, 2021 and August 31, 2020 and are classified in Level 1.

### 12. 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 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	\$	\$	\$	\$
Interest income from cash and guaranteed investment certificate	<b>70</b>	184	<b>141</b>	409

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

	Three-month period ended		Six-month period ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	\$	\$	\$	\$
Interests on lease obligations	<b>486</b>	691	<b>1,024</b>	1,433

### 13. 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 10.2.

## Vision Lithium Inc.

### Notes to Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)

(in Canadian dollars)

#### 13. LOSS PER SHARE (continued)

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 for the three-month periods ended February 28, 2021 and February 28, 2020.

	Three-month period ended		Six-month period ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Net loss	<b>\$(171,396)</b>	\$(124,098)	<b>\$(332,412)</b>	\$(266,047)
Weighted average number of shares	<b>154,936,652</b>	87,827,953	<b>127,947,527</b>	84,511,470
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.

#### 14. ADDITIONAL INFORMATION - CASH FLOWS

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

	Six-month period ended	
	February 28, 2021	February 29, 2020
Sales taxes receivable	\$	\$
Tax credits receivable <sup>(1)</sup>	<b>(10,393)</b>	1,081
Prepaid expenses	-	(6,674)
Trade and other payables	<b>(156,787)</b>	(661)
	<b>171,425</b>	30,697
	<b>4,245</b>	24,443

<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 28, 2021	February 29, 2020
	\$	\$
Amortization of property and equipment asset included in exploration and evaluation assets	<b>1,619</b>	2,000
Depreciation of right-of-use assets included in exploration and evaluation assets	-	669
Share-based payments included in exploration and evaluation assets	<b>2,300</b>	-
Trade and other payables included in exploration and evaluation assets	<b>1,585</b>	9,996
Tax credits receivable credited to exploration and evaluation assets	-	13,950

# Vision Lithium Inc.

## Notes to Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)

(in Canadian dollars)

### 15. 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.

#### 15.1 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		Three-month period ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	\$	\$	\$	\$
Short-term employee benefits	90,948	63,261	170,711	108,101
Share-based payments	-	-	26,450	-
Total remuneration	90,948	63,261	197,161	108,101

As at February 28, 2021 and February 29, 2020, no key management personnel exercised options.

As at February 28, 2021, salaries payable for two of the key management personnel are included in trade and other payables for an amount of \$227,500 (nil as of February 29, 2020).

On November 26, 2020, an officer made an advance of \$105,000 to the Company, without interest (nil as of February 29, 2020). On January 5, 2021, the Company repaid the advance of \$105,000 made by an officer.

### 16. 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, details provided in Notes 9 and 18.

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.

## Vision Lithium Inc.

### Notes to Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)

(in Canadian dollars)

#### 17. 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.

##### 17.1 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 28, 2021</b>	August 31, 2020
	\$	\$
Cash	<b>1,528,117</b>	453,474
Guaranteed investment certificate	<b>51,985</b>	51,844
	<b><u>1,580,102</u></b>	<u>505,318</u>

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.

##### 17.2 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 three-month period ended February 28, 2021, 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 28, 2021</b>	August 31, 2020
	\$	\$
Less than 6 months:		
Trade and other payables	<b>65,161</b>	15,402

## **Vision Lithium Inc.**

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

**For the three and six-month periods ended February 28, 2021 and February 29, 2020 (unaudited)**

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(in Canadian dollars)

#### **18. CONTINGENCIES AND COMMITMENTS**

The Company is partially financed through the issuance of flow-through shares and, under the tax rules relating to this type of financing, the Company is committed to carrying out exploration and evaluation expenses.

These tax rules also set deadlines for carrying out exploration work no later than the first of the following dates:

- Two years following flow-through placements;
- One year after the Company waived tax deductions relating to exploration work.

However, there is no guarantee that these exploration expenses will qualify as exploration expenses in Canada, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities could have a negative tax impact for investors.

During the three and six-month periods ended February 28, 2021, the Company received an amount of \$20,000 from any flow-through placement (\$503,000 as at August 31, 2020), for which the Company renounced to the tax deductions, for the benefit of investors, on December 31, 2020. Management is required to fulfill its commitments within the stipulated period of one year from the renunciation date.

As at February 28, 2021, the balance of the unspent funding related to flow-through financing amount totals \$407,678 (\$441,446 as of August 31, 2020).

#### **19. SUBSEQUENT EVENTS**

- 1) On March 22, 2021, the Company finalized the acquisition of the Godslith property for a consideration of 4,000,000 common shares.
- 2) On April 20, 2021, the Company closed a non-brokered private placement for gross proceeds of \$3,622,949.78. The placement consisted of the issuance of: i) 15,097,499 flow-through units of the Company at a price of \$0.22 each; and ii) 1,675,000 common units of the Company at a price of \$0.18 each. Each flow-through unit consists of one common share of the Company and one-half warrant, each warrant entitling its holder to purchase one common share of the Company at a price of \$0.30 per share over a period of 2 years from the date of issue. Each common unit consists of one common share of the Company and one-half warrant, each warrant conferring on its holder the right to purchase one common share of the Company at a price of \$0.25 per share over a period of 2 years from the date of issue.

In connection with this placement, the Company paid certain finders acting at arm's length to the Company: i) cash commissions totaling \$260,690, representing 8% of the proceeds collected from subscribers introduced to the Company by such finders; and (ii) a total of 1,186,774 non-transferable compensation warrants, representing 8% of the number of flow-through units and common units sold to such subscribers, each exercisable to acquire one common share of the Company over a period of 2 years following the date of issue at the same exercise price of the warrants comprising the flow-through and common units for which the compensation warrants were issued.