



Ultra Lithium Inc.

(the “Company”)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2018

UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

**UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS’
(DEFICIT)/EQUITY**

UNAUDITED CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of Ultra Lithium Inc. is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim consolidated financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

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

October 01, 2018

Ultra Lithium Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		Unaudited July 31, 2018	Audited October 31, 2017
	<i>Note</i>	\$	\$
Assets			
Current assets:			
Cash and cash equivalents		1,103,256	921,833
Amounts receivable		5,271	11,499
Prepaid expenses and deposits		136,864	14,532
Marketable securities	3	157,000	20,000
		1,402,391	967,864
Noncurrent assets:			
Exploration and evaluation assets	4	2,054,650	1,205,725
		3,457,041	2,173,589
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade payables and accrued liabilities	6	150,825	87,133
		150,825	87,133
Shareholders' equity:			
Share capital	5	14,676,651	13,187,148
Reserves	5	1,011,727	863,808
Deficit		(12,382,162)	(11,964,500)
		3,306,216	2,086,456
		3,547,041	2,173,589

Nature and continuance of operations (Note 1)

Subsequent events (Note 10)

"Weiguo Lang" Director
Weiguo Lang

"Cao Shao Guo" Director
Cao Shao Guo

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

Ultra Lithium Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited)

(Expressed in Canadian Dollars)

Three and nine months ended July 31,

	Note	Three months ended		Nine months ended	
		2018	2017	2018	2017
		\$	\$	\$	\$
Expenses:					
Bank charges and interest		850	1,208	8,741	3,690
Consulting fees		-	-	21,965	-
General exploration		-	58,506	35,246	156,763
Management fees	6	22,500	22,500	67,500	67,500
Share based payments		-	-	204,460	-
Office, rent and administration		19,463	18,662	63,621	56,552
Professional fees	6	20,881	17,199	62,981	60,155
Stock exchange and filing fees		49,720	98	52,869	11,305
Transfer agent fees		623	976	8,944	5,155
Travel and promotion		20,488	15,902	56,353	51,772
		(134,525)	(135,051)	(582,680)	(412,892)
Other income (expenses):					
Remeasurement gain on investments		1,000	-	137,000	-
Interest income		3,029	25	5,040	85
Gain on settlement of debt		-	-	20,164	-
Foreign exchange gain (loss)		(243)	(87,364)	2,814	(18,153)
		3,786	(87,339)	165,018	(18,068)
Net loss for the period		(130,739)	(222,390)	(417,662)	(430,960)
Other comprehensive income (loss):					
Foreign currency translation		11,571	(89,501)	6,704	(91,770)
Comprehensive loss for the period		(119,168)	(311,891)	(410,958)	(522,730)
Basic and diluted loss per share		(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares – basic and diluted					
		70,573,443	64,722,248	69,660,114	63,162,914

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

Ultra Lithium Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

Nine months ended July 31, 2018

(Expressed in Canadian Dollars)

	Share Capital			Reserves				Total shareholder's equity		
	Note	Common shares	Amount	Share subscriptions received	Stock options	Warrants	Foreign currency translation		Total	Deficit
		#	\$	\$	\$	\$	\$		\$	\$
Balance, October 31, 2016		46,702,249	11,185,509	40,000	397,367	141,889	134,852	674,108	(10,001,735)	1,897,882
Private placement		1,200,000	180,000	(40,000)	-	-	-	-	-	140,000
Share issue cost		-	(2,250)	-	-	-	-	-	-	(2,250)
Warrants exercised		16,820,000	1,682,000	-	-	-	-	-	-	1,682,000
Warrants expired		-	70,945	-	-	(70,945)	-	(70,945)	-	-
Comprehensive loss for the period		-	-	-	-	-	(91,770)	(91,770)	(430,960)	(522,730)
Balance, July 31, 2017		64,722,249	13,116,204	-	397,367	70,944	43,082	511,393	(10,432,695)	3,194,902
Balance, October 31, 2017		64,722,249	13,187,148	-	789,526	-	74,282	863,808	(11,964,500)	2,086,456
Private placement		4,833,000	1,208,250	-	-	-	-	-	-	1,208,250
Shares issue costs		-	(6,791)	-	-	-	-	-	-	(6,791)
Warrants exercised		533,333	160,000	-	-	-	-	-	-	160,000
Options exercised		510,000	128,044	-	(63,245)	-	-	(63,245)	-	64,799
Share-based payments		-	-	-	204,460	-	-	204,460	-	204,460
Comprehensive loss for the period		-	-	-	-	-	6,704	6,704	(417,662)	(410,958)
Balance, July 31, 2018		70,598,582	14,676,651	-	930,741	-	80,986	1,011,727	(12,382,162)	3,306,216

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

Ultra Lithium Inc.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

(Expressed in Canadian Dollars)

Nine months ended July 31,

	2018	2017
	\$	\$
Operations:		
Net loss for the period	(417,662)	(430,960)
Items not involving cash:		
Share-based payments	204,460	-
Remeasurement gain on investments	(137,000)	-
Debt written off	(20,164)	-
Unrealized foreign exchange	195	(5,695)
Changes in non-cash working capital items:		
Amounts receivable	6,228	11,372
Prepaid expenses and deposits	(122,332)	(14,756)
Trade payables and accrued liabilities	29,069	(12,212)
	(457,206)	(452,251)
Financing:		
Share issued for cash	1,433,049	1,822,000
Share issuance costs	(6,791)	(2,250)
	1,426,258	1,819,750
Investing:		
Exploration and evaluation assets	(817,629)	(373,042)
Proceeds from option agreements	30,000	-
	(787,629)	(373,042)
Increase in cash and cash equivalents	181,423	994,457
Cash and cash equivalents, beginning of period	921,833	71,720
Cash and cash equivalents, end of period	1,103,256	1,066,177
Supplementary information:		
Exploration and evaluation assets in trade payables and accrued liabilities	73,672	-
Exercised warrants	-	1,682,000
Exercised options	63,245	-
Expired warrants	-	70,945
Cash and cash equivalents consist of:		
Cash	432,841	1,056,152
Guaranteed investment certificates	670,415	10,025
	1,103,256	1,066,177

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

Ultra Lithium Inc.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three and nine months ended July 31, 2018

NOTE 1 – NATURE AND CONTINANCE OF OPERATIONS

Ultra Lithium Inc. (the “Company”) was incorporated on November 27, 2004 under the Business Corporations Act of British Columbia and is engaged in the acquisition, exploration and evaluation of exploration and evaluation assets. The Company’s common shares are listed for trading on Tier 2 of the TSX Venture Exchange (the “Exchange”) under the symbol “ULI”.

The head office and principal address of the Company are located at 2735 Carolina Street, Vancouver, BC, Canada, V5T 3T3. The Company’s records office and registered office address is located at Suite 700 - 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company’s ability to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependent upon the ability of the Company to raise additional financing in order to complete the exploration and development of its resource properties, the discovery of economically recoverable reserves and upon future profitable production or proceeds from disposition of the Company’s exploration and evaluation assets. As a resource company in the exploration stage, the ability of the Company to complete its acquisition, exploration and development will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

These consolidated financial statements have been prepared on a basis of accounting principles applicable to a going concern which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has a history of losses with no operating revenue other than interest income and had a working capital of \$1,251,566 as at July 31, 2018 (October 31, 2017 - \$880,731) and accumulated deficit of \$12,382,162 (October 31, 2017 - \$11,964,500) and expects to incur further losses in the development of its business. The Company requires additional financing in order to fund working capital requirements and operations for the upcoming fiscal year. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These material uncertainties may cast significant doubt on the entity’s ability to continue as a going concern.

These consolidated financial statements do not reflect any adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These Financial Statements are unaudited and have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These interim financial statements should be read in conjunction with the audited financial statements for the year ended October 31, 2017, which have been prepared in accordance with IFRS.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Ultra Lithium (USA) Inc. (“ULI USA”), Ultra Balkans D.O.O. Beograd (“ULI Balkans”) and Ultra Dragon Holdings Inc. (“Ultra Dragon”). All intercompany balances and transactions are eliminated on consolidation.

The consolidated financial statements were authorized for issue on October 01, 2018 by the Directors of the Company. The accounting policies have been applied consistently to all years presented in these consolidated financial statements.

Ultra Lithium Inc.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three and nine months ended July 31, 2018

NOTE 3 – MARKETABLE SECURITIES

Marketable securities are comprised of:

	Original Cost \$	Remeasurement gain (loss) \$	July 31, 2018 Fair value \$
Common shares in public companies received pursuant to option agreements	20,000	137,000	157,000

See note 4(b)

NOTE 4 – EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are comprised of:

	October 31, 2016 \$	Change \$	October 31, 2017 \$	Change \$	July 31, 2018 \$
South Big Smoky Valley, Nevada					
Acquisition (i)	413,660	(40,000)	373,660	(30,000)	343,660
Deferred exploration costs	1,673,997	(996,738)	677,259	23,928	701,187
	2,087,657	(1,036,738)	1,050,919	(6,072)	1,044,847
Georgia Lake Ontario					
Acquisition	16,200	10,000	26,200	-	26,200
Deferred exploration costs	87,118	41,488	128,606	17,218	145,824
	103,318	51,488	154,806	17,218	172,024
La Borita, Argentina					
Acquisition	-	-	-	73,842	73,842
Deferred exploration costs	-	-	-	63,409	63,409
	-	-	-	137,251	137,251
Antofagasta, Argentina					
Acquisition	-	-	-	213,856	213,856
Deferred exploration costs	-	-	-	486,673	486,673
	-	-	-	700,529	700,529
Total	2,190,975	(985,250)	1,205,725	848,925	2,054,650

(i) During the nine months ended July 31, 2018, the Company received \$30,000 cash (October 31, 2017: \$20,000) and shares with a value of \$nil (October 31, 2017: \$20,000) as consideration under option agreements (See note 4(b)).

Ultra Lithium Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three and nine months ended July 31, 2018

NOTE 4 – EXPLORATION AND EVALUATION ASSETS (Continued)

Deferred exploration costs were as follows:

	Georgia Lake Ontario	South Big Smoky Valley, Nevada	La Borita, Argentina	Antofagasta, Argentina	Total
	(a)	(b)	(c)	(d)	
	\$	\$	\$		\$
Balance, October 31, 2017	128,606	677,259	-	-	805,865
Exploration:					
Assays	-	-	2,036	28,461	30,497
Drilling	-	8,357	-	-	8,357
General exploration	-	-	1,342	15,428	16,770
Geology and geophysics	14,000	500	18,886	351,467	384,854
Licenses, permits, claim fees and taxes	2,925	7,446	-	-	10,371
Office, rent and administration	-	-	14,363	26,621	40,984
Professional fees	-	-	4,814	19,106	23,920
Travel	293	-	21,967	42,507	64,766
Tools and equipment	-	-	-	3,083	3,083
	17,218	16,303	63,409	486,673	583,603
Foreign exchange	-	7,624	-	-	7,624
Balance, July 31, 2018	145,824	701,186	63,409	486,673	1,397,092

	Georgia Lake Ontario	South Big Smoky Valley, Nevada	Total
	(a)	(b)	
	\$	\$	\$
Balance, October 31, 2016	87,118	1,673,997	1,761,115
Exploration:			
Assays	1,926	-	1,926
Drilling	6,960	-	6,960
General exploration	2,000	-	2,000
Geology and geophysics	26,600	11,000	37,600
Licenses, permits, claim fees and taxes	1,101	9,387	10,488
Travel	2,901	-	2,901
	41,488	20,387	61,875
Impairment	-	(960,360)	(960,360)
Foreign exchange	-	(56,765)	(56,765)
Balance, October 31, 2017	128,606	677,259	805,865

Ultra Lithium Inc.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three and nine months ended July 31, 2018

NOTE 4 – EXPLORATION AND EVALUATION ASSETS (Continued)

(a) Georgia Lake Property, Ontario

The Company holds certain claims staked in Ontario.

(b) South Big Smoky Valley, Nevada

The Company entered into a mineral property acquisition agreement dated February 22, 2010, through its wholly-owned subsidiary, ULI USA, to acquire a 100% interest in certain claims comprising the South Big Smoky Valley Property located in Esmeralda County, Nevada. As consideration, the Company paid \$155,745 (US\$150,000) and issued 1,500,000 common shares at a fair value of \$85,000. The Company issued an aggregate of 300,000 common shares at a fair value of \$18,000 to arm's length parties as finders' fees related to this acquisition. During the year ended October 31, 2013, the Company staked additional claims in the South Big Smoky Valley area for \$90,701. During the year ended October 31, 2017, the Company relinquished its rights to certain claims in the South Big Smoky Valley and recognized an impairment of \$960,360 thereof.

In December 2016, the Company entered into an option agreement with Metron Capital Corp. ("MCC") granting MCC the right to acquire certain mineral claims in the South Big Smoky Property. For acquiring these claims MCC must in the first year make cash payment of \$15,000, issue 100,000 common shares of MCC, and incur not less than \$20,000 in the exploration expenditures on or before May 31, 2017 (June 30, 2018 as per the amendment agreement dated January 31, 2018). In the second year, MCC must make cash payment of \$30,000 (on or before May 31, 2018 as per the amendment agreement dated January 31, 2018), issue 500,000 common shares of MCC (on or before June 30, 2018 as per the amendment agreement dated January 31, 2018), and incur not less than \$150,000 in the exploration expenditures on or before May 31, 2018 (September 30, 2018 as per the amendment agreement dated January 31, 2018). In the third year, MCC must make cash payment of \$60,000 (on or before May 01, 2019 as per the amendment agreement dated January 31, 2018), issue 1,000,000 common shares of MCC (on or before May 31, 2019 as per the amendment agreement dated January 31, 2018), and incur not less than \$250,000 in the exploration expenditures on or before May 31, 2019. The Company received \$20,000 (October 31, 2017: \$15,000) and nil common shares (October 31, 2017: 100,000 common shares with a value of \$5,000) from MCC as part of its consideration under the option agreement.

On May 15, 2017, the Company entered into an option agreement with United Lithium Corp ("ULC") granting ULC the right to acquire certain mineral claims in the South Big Smoky Property. For acquiring these claims ULC must make an initial payment of \$5,000 cash and 300,000 common shares of ULC, followed by a payment of \$10,000 on the date ULC shares trade on a stock exchange (the "closing date"), and incur not less than \$115,000 in exploration expenditures before the first anniversary of the closing date. In the second year, ULC must make a cash payment of \$50,000, issue 200,000 common shares of ULC, and incur not less than \$100,000 in the exploration expenditures before the second anniversary of the closing date. The Company received the cash payment of \$10,000 (October 31, 2017: \$5,000) and nil common shares (October 31, 2017: 300,000 common shares with a value of \$15,000) from ULC. During the period ended July 31, 2018, ULC served the notice of termination of option agreement to ULI.

(c) La Borita, Argentina

On June 20, 2017, the Company entered into an option agreement to acquire 100% interest in La Borita lithium brine property located in the Antofagasta region, province of Catamarca in Argentina. Under the terms of agreement, ULI will pay \$408,320 Argentinian Pesos (approximately \$25,520 USD) to the Mining Secretariat of Catamarca to settle outstanding canon fees. Thirty days after completion of verification sampling and due diligence the Company will pay \$30,000 USD. Commencing one year thereafter, the Company will pay \$1,000,000 USD in four equal quarterly payments to acquire 100% rights to the property. The property is subject to 2.5 % royalty. During November 2017, the Company settled \$408,320 Argentinian Pesos canon fees. In December 2017, the Company paid \$30,000 USD as per the terms of option agreement.

Ultra Lithium Inc.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three and nine months ended July 31, 2018

NOTE 4 – EXPLORATION AND EVALUATION ASSETS (Continued)

(d) Antofagasta, Argentina

On August 4, 2017, the Company entered into an option agreement to acquire 100% interest in three lithium brine properties located in the Antofagasta region, Province of Catamarca in Argentina. Under the terms of agreement, ULI will pay \$2,486,040 Argentinian Pesos (approximately \$155,378 USD) to the Mining Secretariat of Catamarca for outstanding canon fees. Thirty days after completion of verification sampling and due diligence the Company will pay \$30,000 USD. Commencing 270 days thereafter, the Company will pay \$1,960,000 USD in eight equal quarterly payments to acquire 100% rights to the property. The property is subject to 2.5 % royalty. During November 2017, the Company settled \$1,611,520 Argentinian Pesos canon fees for certain concessions. In December 2017, the Company paid \$30,000 USD as per the terms of option agreement.

NOTE 5 – SHARE CAPITAL AND RESERVES

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

At July 31, 2018, there were 70,598,582 issued and fully paid common shares (October 31, 2017 – 64,722,249).

(c) Share Issuances

On May 2, 2018, the Company issued 50,000 common shares at \$0.10 pursuant to the exercise of options.

On December 15, 2017, the Company completed a private placement of 4,833,000 units for gross proceeds of \$1,208,250. Each unit is comprised of one common share and one half common share purchase warrant exercisable at \$0.40 for a period of one year from the date of issuance.

On December 13, 2017, the Company issued 266,667 common shares at \$0.30 per share pursuant to the exercise of warrants for proceeds of \$80,000.

On December 12, 2017, the Company issued 266,666 common shares at \$0.30 per share pursuant to the exercise of warrants for proceeds of \$80,000.

On November 15, 2017, the Company issued 460,000 common shares at \$0.13 per share pursuant to the exercise of options for proceeds of \$59,800.

On December 13, 2016, the Company completed a private placement of 1,200,000 units for gross proceeds of \$180,000, of which \$40,000 was received in advance as at October 31, 2016. Each unit is comprised of one common share and one common share purchase warrant exercisable at \$0.30 for a period of one year from the date of issuance.

During November 2016, the Company issued 16,820,000 common shares at \$0.10 per share pursuant to the exercise of warrants for proceeds of \$1,682,000.

On April 28, 2016, the Company issued 750,000 common shares at \$0.10 pursuant to the exercise of warrants.

On June 17, 2016, the Company issued 20,000 common shares at \$0.13 pursuant to the exercise of options.

Ultra Lithium Inc.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three and nine months ended July 31, 2018

NOTE 5 – SHARE CAPITAL AND RESERVES (Continued)

(d) Warrants

Each whole warrant entitles the holder to purchase one common share of the Company. A summary of the status of the warrants outstanding follows:

	Warrants	Weighted Average
	#	Exercise Price
		\$
Balance, October 31, 2016	23,820,000	0.20
Issued	1,200,000	0.30
Exercised	(16,820,000)	0.10
Expired	(7,000,000) ⁽¹⁾	0.33
Balance, October 31, 2017	1,200,000	0.30
Issued	2,416,500	0.40
Exercised	(533,333)	0.30
Expired	(666,667)	0.30
Balance, July 31, 2018	2,416,500	0.40

⁽¹⁾ During the year ended October 31, 2017, 5,000,000 warrants exercisable at \$0.20 each and 2,000,000 warrants exercisable at \$1.00 each expired unexercised. The fair value of the warrants \$141,889 was reclassified from reserves to share capital.

Warrants	Exercise Price	Expiry Date
#	\$	
2,416,500	0.40	December 15, 2018
2,416,500		

(e) Stock Options

The Company adopted a stock option plan whereby the Company may from time to time in accordance with the Exchange requirements grant to directors, officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company's common shares issued and outstanding at the time of granting stock options.

On September 8, 2017, the Company granted 2,150,000 stock options to certain directors, officers and consultants pursuant to the Company's Stock Option Plan. The options have an exercise price of \$0.19 per share and an expiry date of September 8, 2022. The options were valued at \$392,159, calculated using the Black-Scholes option pricing model with an expected volatility of 182.93% and a risk-free interest rate of 1.67%.

On April 4, 2018, the Company granted 1,010,000 stock options to certain directors, officers and consultants pursuant to the Company's Stock Option Plan. The options have an exercise price of \$0.205 per share and an expiry date of April 4, 2023. The options were valued at \$204,4560, calculated using the Black-Scholes option pricing model with an expected volatility of 222% and a risk-free interest rate of 2.00%.

Ultra Lithium Inc.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three and nine months ended July 31, 2018

NOTE 5 – SHARE CAPITAL AND RESERVES (Continued)

A summary of the status of the options outstanding follows:

	Options #	Weighted Average Exercise Price \$
Balance, October 31, 2017	5,465,000	0.15
Granted	1,010,000	0.205
Exercised	(510,000) ⁽¹⁾	0.13
Expired	(225,000)	0.10
Balance, July 31, 2018	5,740,000	0.16
Balance, October 31, 2016	3,315,000	0.13
Granted	2,150,000	0.19
Exercised	-	-
Balance, October 31, 2017	5,465,000	0.15

- ⁽¹⁾ During nine months ended July 31, 2018, 460,000 options were exercised at \$0.13 per share and 50,000 options were exercised at \$0.10 per share, the fair value of \$63,244 was reclassified from reserves to share capital.

The following table summarizes the options outstanding and exercisable as at July 31, 2018:

Shares #	Exercise Price Per Share \$	Expiry Date	Exercisable #
130,000	0.10	April 19, 2023	130,000
10,000	0.10	February 14, 2021	10,000
2,440,000	0.13	March 8, 2026	2,440,000
2,150,000	0.19	September 08, 2022	2,150,000
1,010,000	0.205	April 4, 2023	21,010,000
5,740,000			5,740,000

Ultra Lithium Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three and nine months ended July 31, 2018

NOTE 6 – RELATED PARTY TRANSACTIONS

(a) Related party transactions

During three and nine months ended July 31, 2018, the Company incurred the following transactions with (i) a company that is controlled by an officer of the Company, (ii) a Company controlled by the CFO and (iii) with a company controlled by the VP exploration:

	Three months ended July 31,		Nine months ended July 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Legal fees (i)	-	87	4,872	3,648
Accounting fees (ii)	15,000	15,000	45,000	45,000
Geological fees (iii)	15,000	15,000	45,000	45,000
	30,000	30,087	94,872	93,648

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel were as follows:

	Three months ended July 31,		Nine months ended July 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Short-term benefits ⁽¹⁾	22,500	22,500	67,500	67,500
Share-based payments ⁽²⁾	-	-	113,363	-
	22,500	22,500	180,863	67,500

⁽¹⁾ Short-term benefits include management fees paid directly to key management.

⁽²⁾ Share-based payments are the fair value of options granted and vested to key management personnel under the Company's stock option plan (note 5(e)).

(c) Related party balances

Included in accounts payable is \$1,441 owed to the CEO for expenses.

Included in prepaid expenses is \$nil (October 31, 2017: \$3,288) advanced to the CEO and \$405 (October 31, 2017: \$nil) advanced to the VP exploration for travel expenses.

Ultra Lithium Inc.

Notes to the Consolidated Financial Statements
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NOTE 7 – SEGMENTED INFORMATION

The Company operated in the following geographic segments as at:

	Canada	United States	Argentina	Total
	\$	\$	\$	\$
Exploration and evaluation assets				
July 31, 2018	172,024	1,044,846	837,780	2,054,650
October 31, 2017	154,806	1,050,919	-	1,205,725

During the year ended October 31, 2017 the Company recorded \$235,218 as general exploration expense on Argentina exploration properties.

NOTE 8 - FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

(a) Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, amounts receivable, trade payables and amounts due to related parties approximate their fair values because of their short-term nature.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

The fair value of the marketable securities is disclosed in Note 3 of the financial statements and is based on inputs other than quoted market prices that are observable for the asset or liability either directly or indirectly – Level 2.

(b) Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes:

(i) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances and short-term bank guaranteed investment certificates (“GIC”) at the bank and amounts receivable. The risk to the Company managed as its investments are with Schedule 1 banks or equivalent, with the majority of its cash held in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. The credit risk from amounts receivable is also minimal as at July 31, 2018, the amounts receivable consists primarily of GST.

Ultra Lithium Inc.

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NOTE 8 - FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT (continued)

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at July 31, 2018, the Company had a cash and cash equivalents balance of \$1,103,256 to settle current liabilities of \$150,825 that are considered short term. Management believes that the Company will be able to obtain financing as required to meet its obligations and commitments for fiscal 2018.

(iii) Market Risk

a) Currency Risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has subsidiaries in the United States and the Republic of Serbia and holds cash in Canadian dollars, United States dollars, Euros and Serbian Dinar currencies in line with forecasted expenditures. The Company's main risk is associated with fluctuations in the US dollar, Euros and Serbian Dinar and assets and liabilities are translated based on the foreign currency translation policy described in Note 2.

The Canadian dollar equivalent of the Company's net exposure to the US dollar, Euros and Serbian Dinar on financial instruments is as follows:

	July 31, 2018	October 31, 2017
	\$	\$
US dollar:		
Cash	563,797	869,102
Trade payable and accrued liabilities	(89,754)	(817)
Net US dollar	474,042	868,285
Serbian Dinar:		
Cash	-	-
Trade payable and accrued liabilities	(44,244)	(39,671)
Net Serbian Dinar	(44,244)	(39,671)

The Company has determined that an effect of a 10% increase or decrease in the US dollar and Serbian Dinar against the Canadian dollar on financial assets and liabilities, as at July 31, 2018, including cash and trade payable and accrued liabilities denominated in US dollars and Serbian Dinar, would result in an increase or decrease of approximately \$42,980 to the net loss and comprehensive loss for nine months ended July 31, 2018. At July 31, 2018, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

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NOTE 8 - FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT (Continued)

b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest on cash and short-term investments is typical of Canadian banking rates, which are at present low, however, the conservative investment strategy mitigates the risk of deterioration to the investment. A change of 100 basis points in the interest rates would not be material to the Company's consolidated financial statements.

c) Commodity Price Risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's risk relates primarily to the expected output to be produced at its exploration and evaluation assets described in Note 4 of these consolidated financial statements of which production is not expected in the near future.

During the nine months ended July 31, 2018, there were no changes to the Company's risk exposure or to the Company's policies for risk management.

NOTE 9 - CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funds to support the acquisition, exploration and development of exploration and evaluation assets such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or sell assets to settle liabilities. The Company has no long-term debt and is not subject to externally imposed capital requirements.

The properties in which the Company currently has an interest in are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical sources of capital have consisted of the sale of equity securities, loans, and advances from related parties. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's management of capital during the nine months ended July 31, 2018.

NOTE 10 – SUBSEQUENT EVENTS

On September 4, 2018, the Company entered into an purchase agreement with International Lithium Corp. (TSX-V: ILC) to acquire 100% interest in the Forgan Lake Lithium property for a consideration of \$200,000 in cash and shares over the period of two years: \$25,000 in cash and \$25,000 in shares on signing, \$37,500 in cash and \$37,500 in shares on the first anniversary, and \$37,500 in cash and \$37,500 in shares on the second anniversary of the agreement date. The property consists of approximately 256 hectares land in 16 units located in the Thunder Bay Mining District in Northwestern Ontario, Canada, and is subject to 1.5% NSR with an option to ULI to purchase 1% NSR for \$1,000,000. The Company has paid \$25,000 in cash towards the purchase consideration.

The Company is in the process of incorporating an Argentinian subsidiary.