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## **American Lithium Corp.**

### **Management Discussion and Analysis**

For the six months ended August 31, 2018 and 2017

(Expressed in Canadian Dollars)

## Introduction

American Lithium Corp. (the "Company" or "American Lithium") was incorporated in British Columbia under the *Business Corporations Act* (British Columbia) and is engaged in the acquisition, exploration and development of resource properties. The Company's common shares are listed for trading on Tier 2 of the TSX Venture Exchange (the "Exchange") under the symbol "LI", the Frankfurt Stock Exchange under the symbol "5LA", and the OTCQB under the symbol "LIACF".

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of the Company for the six months ended August 31, 2018 and is prepared as of October 29, 2018. The MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and six months ended August 31, 2018, and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS"); and they should be read in conjunction with our IFRS financial statements for the fiscal year ended February 28, 2018.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

## Cautionary Note Regarding Forward-Looking Information

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its planned exploration activities, the adequacy of its financial resources and statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's condensed interim and annual consolidated financial statements and management discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

## Description of Business

American Lithium Corp. is an exploration stage company engaged in the acquisition, exploration and development of resource properties.

On March 6, 2018, the Company entered into a share purchase agreement to acquire 100% of 1134989 B.C. Ltd. ("1134989 BC"). 1134989 BC has a wholly-owned subsidiary, 1134989 Nevada Ltd. ("1134989 Nevada"), which is the registered and beneficial owner of a series of 113 mineral claims located in Esmeralda County, Nevada, USA ("Fish Lake Claim Block Property") and holds the earn-in option to acquire a 100% undivided interest in the Gap Lode Claim Block Property. The Gap Lode Claim Block Property consists of a series of 54 unpatented lode claims located in Esmeralda County, Nevada, USA. On June 13, 2018, the Company issued 12,000,000 common shares with a fair value of \$4,140,000 to the shareholders of 1134989 BC to acquire all of the outstanding share capital of 1134989 BC and take control of the Fish Lake Claim Block Property and the Gap Lode Claim Block Property.

On May 2, 2018, the Company implemented a share split on its outstanding share capital on a two-for-one basis. The forward share split has been applied retrospectively and as a result all shares, options, warrants, and per share amounts are stated on an adjusted basis.

On June 26, 2018, the Board of Directors of the Company approved the issuance 1,200,000 stock options to certain officers, directors, consultants and employees at an exercise price of \$0.35. These options were granted for a period of five years and vest upon issuance.

On August 13, 2018, the Company finalized a purchase/royalty agreement with Nevada Alaska Mining Co., Inc., who has the claims and title to a series of unpatented lode mining claims located in Nye County, Nevada, USA (the "TLC Property"), subject to an overriding 2.5% gross royalty, of which 1.25% can be purchased within 3 years for \$1 million.

On September 20, 2018, the Company completed a private placement of 11,256,500 units at a price of \$0.40 per unit for gross proceeds of \$4,502,600. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant is exercisable to acquire one additional common share at an exercise price of \$0.75 per share for a period of two years. Finders' fees of \$140,182 were paid and 350,455 common share purchase warrants were issued in connection with completion of the private placement. All securities issued in connection with the private placement are subject to a four-month-and-one-day statutory hold period.

## Overall Performance

The Company has been actively involved in lithium exploration since April 2016 and has been focussed on the acquisition, exploration and development of US based properties prospective for lithium deposits. To that end, American Lithium has concluded transactions to acquire interests in seven Nevada properties: Fish Lake Valley, Atlantis, Fish South Property, Colorado Property, Fish Lake Claim Block Property, Gap Lode Claim Block Property, and the TLC Property. The main focus of work to date has been in Fish Lake Valley; North and South Playas.

Four of the Company's property interests are located within the Esmeralda Lithium District, Nevada. The geological setting at Fish Lake Valley is highly analogous to the salars of Clayton Valley, where Albemarle has its Silver Peak lithium-brine operation. Silver Peak is the only domestic lithium producer in the United States. The United States Geological Survey estimates that over 300 million pounds of lithium carbonate have been produced at this facility since production commenced in 1966. Recent developments have added the focus on the Gap Lode Claim Block Property and TLC Property lithium clay projects as well as lithium clay in the North Fish Lake Playa.

The Company, based on new data, has also investigated properties proximal to its acreage for possible acquisitions. Between July and September 2018, the Company has completed a program of surface mapping and sampling, geophysics and drilling on the Fish Lake Valley project. Geologic mapping of the entire project directed outcrop and trench sampling focused on sections of claystone, and follow-up sampling is continuing. Approximately 20-line kilometers of seismic survey has been completed, with analysis and modelling still in progress by the Company's technical team. Core drilling of 1620 m of HQ diameter core was completed in three holes at two sites; one of these holes is still pending analysis.

Assay data received to date clearly confirms the Company's stratigraphic model for lithium enriched claystone within the Fish Lake Valley Assemblage. Hole ALC18-02, drilled in the South Playa, intercepted a section of lithium enriched claystone at a depth of 466m (1527ft) a 40m (130ft), with a grade of 450ppm Li with accessory elements (Sr, Rb) further defining the interval. Detail logging and surface work is now directed at identifying this bed in the northern, shallower portions of the Fish Lake Basin, where mapping, geophysics and trench sampling can be used to refine targets. These targets can be easily tested by a proposed short reverse-circulation drill program. During core drilling, an effort was made to establish techniques and orientation for brine sampling. While these methods remain unsophisticated, geochemistry on the brine samples is pending, and will add to the understanding of the larger claystone/brine relationship.

Samples are assayed at ALS Chemex in Reno Nevada using the MEMS41 ICP\_MS protocol and technique. Blanks and standards are inserted on a 8% insertion rate. High (0.16% Li) and Low (0.07% Li) grade lithium standards (based on an aqua regia digestion and ICP-AES analysis) are used alternately unless there is indication of potential high grade lithium in which case the high grade standard is used.

At the newly acquired TLC Property, surface sampling of claystones and geologic mapping are outlining a specific claystone stratigraphy and assessing cover sediments. This claystone unit has apparently never been tested for lithium before. Large (20kg) samples are being collected for mineralogic analysis and acid leach testing. Concurrently, access and sites are being evaluated to initiate permitting of a robust first pass test of the property, possibly before year end.

Michael Collins P.Geo. is the qualified person for American Lithium and is independent of the Company.

## **Outlook**

The Company continues to believe that the growing demand for lithium ion batteries will continue to drive demand for lithium products and that the domestic market for lithium products will be under supplied for many years to come. This situation positions the Company well should the Company be able to raise the required capital to continue its exploration efforts with the goal of successfully identifying a commercially viable lithium deposit.

**Summary of Properties**
**Exploration and Evaluation Properties**

For the six months ended August 31, 2018, the Company incurred exploration and evaluation acquisition costs of \$4,737,053 as compared to \$224,208 (net of write-off) in the comparative period for 2017.

Change during the six months ended August 31, 2018:

	Clayton Valley BFF	Colorado Property	San Emidio Property	Fish Lake Valley	Atlantis	Fish South Property	Fish Lake Claim Block Property	Gap Lode Claim Block Property	TLC Property	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Common shares issued	-	-	-	76,500	32,000	22,000	2,898,000	1,242,000	-	4,270,500
Options payments in cash	-	-	-	128,940	12,828	-	-	12,837	65,435	220,040
Maintenance fees	-	54,309	-	122,080	32,294	25,674	-	12,156	-	246,513
<b>For the six months ended August 31, 2018</b>	<b>-</b>	<b>54,309</b>	<b>-</b>	<b>327,520</b>	<b>77,122</b>	<b>47,674</b>	<b>2,898,000</b>	<b>1,266,993</b>	<b>65,435</b>	<b>4,737,053</b>

Change during the six months ended August 31, 2017:

	Clayton Valley BFF	Colorado Property	San Emidio Property	Fish Lake Valley	Atlantis	Fish South Property	Fish Lake Claim Block Property	Gap Lode Claim Block Property	TLC Property	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Common shares issued	-	-	10,500	17,000	-	47,500	-	-	-	75,000
Options payments in cash	-	-	-	133,322	-	-	-	-	-	133,322
Maintenance fees	15,886	-	-	-	-	-	-	-	-	15,886
<b>For the six months ended August 31, 2017</b>	<b>15,886</b>	<b>-</b>	<b>10,500</b>	<b>150,322</b>	<b>-</b>	<b>47,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>224,208</b>

The total cumulative acquisition and deferred exploration costs for the Company's current projects to August 31, 2018 are summarized as follows:

	Colorado Property	Fish Lake Valley	Atlantis	Fish South Property	Fish Lake Claim Block Property	Gap Lode Claim Block Property	TLC Property	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Common shares issued	4,826,000	1,143,500	5,003,054	1,345,500	2,898,000	1,242,000	-	16,458,054
Warrants issued	-	-	-	409,606	-	-	-	409,606
Options payment in cash	-	433,901	12,828	233,745	-	12,837	65,435	758,746
Property costs incurred	-	118,550	27,974	-	-	-	-	146,524
Maintenance fees	54,309	122,080	32,294	25,674	-	12,156	-	246,513
<b>Balance, August 31, 2018</b>	<b>4,880,309</b>	<b>1,818,031</b>	<b>5,076,150</b>	<b>2,014,525</b>	<b>2,898,000</b>	<b>1,266,993</b>	<b>65,435</b>	<b>18,019,443</b>

## Current Properties

### Colorado Property - Nevada, USA

On May 24, 2016, the Company finalized an agreement to acquire all the outstanding share capital of 1067323 B.C. Ltd. ("1067323 BC"), a privately-held British Columbia based mineral exploration company with a common director. In consideration, the Company issued 1,200,000 common shares to acquire all of the outstanding share capital of 1067323 BC.

1067323 BC is a party to an earn-in option agreement with Colorado Exploration Inc. ("Colorado Exploration") to acquire a series of 193 placer and 44 lode claims, over 4,870 acres (1971 hectares) in Fish Lake Valley, Nevada, USA (the "Colorado Property"). Under an earn-in option agreement, the Company has the right to acquire a 100% interest in the Colorado Property, subject to a one percent (1.0%) net smelter returns royalty, by making a payment of \$200,000 and issuing 80,000 common shares to Colorado Exploration. The Company acquired the Colorado Property during its 2017 fiscal year.

### Fish Lake Valley Project - Nevada, USA

The Fish Lake Valley project consists of a series of 98 placer claims comprising a total of 7,840 acres in Esmeralda County, Nevada, USA. Under an earn-in option agreement dated March 8, 2016 and amended subsequently on February 14, 2018, the Company has the right to acquire a 100% undivided interest in the Fish Lake Valley project by fulfilling the commitments outlined below:

- i. Initial earn-in option: the Company may acquire the initial 80% undivided interest in the Fish Lake Valley project subject to the following:

	Common Shares	Cash	Exploration Expenditures
	#	US \$	US \$
Upon closing (issued and paid)	40,000	130,000	-
On or before the first anniversary of the closing – March 8, 2017 (issued, paid, and incurred)	20,000	100,000	200,000
On or before the second anniversary of the closing – March 8, 2018 (issued and paid)	180,000	100,000	-
On or before September 30, 2018 (incurred)	-	-	300,000
On or before the third anniversary of the closing – March 8, 2019	-	-	600,000
<b>Total</b>	<b>240,000</b>	<b>330,000</b>	<b>1,100,000</b>

- ii. Subsequent earn-in option: The Company may acquire an additional 20% of the Fish Lake Valley project by paying to the optionor an aggregate amount of US \$1,000,000 on or before the date that is 12 months after the exercise of the initial earn-in option.

The optionor retains a 2.5% net smelter royalty (NSR), one half of which can be purchased for \$1,000,000.

### Atlantis Property - Nevada, USA

The Atlantis property consists of a series of 69 placer claims and 19 association placer claims, comprising a total of 2,882 acres, located in Esmeralda County, Nevada, USA. Under the earn-in option agreement dated March 14, 2016 and subsequently amended on May 14, 2018, the Company has the right to acquire the 80% interest by fulfilling the commitments outlined below:

	Common Shares	Cash	Exploration Expenditures
	#	\$	US \$
Upon closing (paid) – in US\$	-	48,050	-
On or before April 28, 2016 (paid) – in CAD\$	-	100,000	-
Within 60 days of closing of acquisition (issued)	50,000	-	-
On or before the first anniversary of the closing – May 11, 2017 (incurred)	-	-	100,000
On or before May 15, 2018 (issued and paid)	100,000	10,000	-
On or before November 15, 2018	-	-	250,000
On or before May 15, 2019	100,000	-	-
On or before November 15, 2019	-	-	650,000
<b>Total</b>	<b>250,000</b>	<b>158,050</b>	<b>1,000,000</b>

### Fish South Property - Nevada, USA

On June 1, 2016, the Company finalized an option agreement with TY & Sons Explorations (Nevada) Ltd. ("FS Optionor"), who has the right to acquire a 100% interest in a series of mineral claims located in Esmeralda County, Nevada, USA ("the Fish South Property"). Under an earn-in option agreement, the Company has the right to acquire an 80% undivided interest in the Fish South Property by fulfilling the commitments outlined below:

	Common Shares	Warrants	Cash
	#	#	US\$
Within 60 days of closing to the property owner (paid)	-	-	78,800
Upon closing to the FS Optionor (issued and paid)	140,000	60,000	100,000
Within 4 months after closing to the property owner (issued)	60,000	-	-
On or before the first anniversary of the closing to the FS Optionor – June 5, 2017 (issued)	100,000	-	-
On or before the second anniversary of the closing to the FS Optionor – June 5, 2018 (issued)	100,000	-	-
<b>Total</b>	<b>400,000</b>	<b>60,000</b>	<b>178,800</b>

As at June 5, 2018, the Company had fulfilled its commitments and acquired the 80% undivided interest in the Fish South Property.

### Fish Lake Claim Block Property and Gap Lode Claim Block Property - Nevada, USA

On March 6, 2018, the Company entered into a share purchase agreement to acquire 100% of 1134989 B.C. Ltd. ("1134989 BC"). 1134989 BC has a wholly-owned subsidiary, 1134989 Nevada Ltd. ("1134989 Nevada"), which is the registered and beneficial owner of a series of 113 mineral claims located in Esmeralda County, Nevada, USA ("Fish Lake Claim Block Property") and holds the earn-in option to acquire a 100% undivided interest in the Gap Lode Claim Block Property. The Gap Lode Claim Block Property consists of a series of 54 unpatented lode claims located in Esmeralda County, Nevada, USA. Under the mineral property option agreement, the Company, after the acquisition of 1134989 BC, has the right to acquire the 100% interest by fulfilling the commitments outlined below:

	Cash	Exploration Expenditures
	US \$	US \$
Upon closing (paid)	10,000	-
On or before October 30, 2018	20,000	10,000
On or before October 30, 2019	30,000	20,000
On or before October 30, 2020	40,000	30,000
On or before October 30, 2021	100,000	50,000
<b>Total</b>	<b>200,000</b>	<b>110,000</b>

### Tonopah Claystone Claims ("TLC") Property - Nevada, USA

On August 13, 2018, the Company finalized a purchase/royalty agreement with Nevada Alaska Mining Co., Inc. ("TLC Royalty Holder"), who has the claims and title to a series of unpatented lode mining claims located in Nye County, Nevada, USA, subject to an overriding 2.5% gross royalty, of which 1.25% can be purchased within 3 years for \$1 million. Under the agreement, the terms of the purchase is outlined below:

	Common Shares	Cash
	#	US\$
On or before three business days following receipt of the approval of the TSX-V to the transaction ("TLC Closing Date") (issued and paid)	250,000	50,000
Within 90 days of the TLC Closing Date	-	50,000
<b>Total</b>	<b>250,000</b>	<b>100,000</b>

In addition, if the Company calculates a mineral resource on the TLC Property exceeding 500,000 tons of Lithium Carbonate Equivalent ("LCE") in all reserve categories, the Company will issue a bonus payment of 250,000 shares to TLC Royalty Holder. An additional 250,000 shares will be issued to TLC Royalty Holder if the calculation exceeds 1,500,000 tons of LCE on the TLC Property.

### *Abandoned Properties*

#### Clayton Valley BFF Property - Nevada, USA

On July 5, 2016, the Company entered into an agreement to acquire all of the outstanding share capital of 1074654 B.C. Ltd. ("1074654 BC"), a privately held British Columbia mineral exploration company that held a right to acquire a 70% interest in a series of 77 placer claims comprising 1,540 acres, located in Esmeralda County, Nevada and known as "Clayton Valley BFF". The Company received TSX approval and closed the transaction on July 12, 2016. In consideration of all the outstanding share capital of 1074654 BC, the Company assumed 1074654 BC's obligations in respect of Clayton Valley BFF.

During the year ended February 28, 2018, the Company decided not to proceed with the acquisition, terminated the option agreement, and wrote-off the related costs it had incurred, resulting in a write-off of \$425,533 being recognized.

#### San Emidio Property - Nevada, USA

Pursuant to the earn-in option agreement between Lithium Corp., the optionor, and 1067323 B.C. Ltd., the optionee, the Company holds the rights to acquire the San Emidio property ("San Emidio Property"), representing a series of 28 placer claims, over 2,240 acres (907 hectares) in Nevada, USA.

During the year ended February 28, 2018, the Company decided not to proceed with the acquisition, terminated the option agreement, and wrote-off the related costs it had incurred, resulting in a write-off of \$4,357,139 being recognized.

## Summary of Quarterly Results

The following table sets out selected quarterly financial information derived from the Company's unaudited condensed interim consolidated financial statements, for each of the eight recently completed quarters. The financial information has been reported in accordance with IFRS.

	Aug 31, 2018	May 31, 2018	Feb 28, 2018	Nov 30, 2017
	\$	\$	\$	\$
Total assets	19,194,345	16,708,666	17,377,457	17,839,579
Total liabilities	417,596	328,795	325,869	346,527
Working capital (deficit)	698,205	2,788,514	3,711,022	(204,950)
Revenues	-	-	-	-
Net loss	(2,132,662)	(780,217)	(5,653,829)	(174,597)
Loss per share	(0.05)	(0.02)	(0.41)	(0.02)

	Aug 31, 2017	May 31, 2017	Feb 28, 2017	Nov 30, 2016
	\$	\$	\$	\$
Total assets	17,870,996	18,683,195	18,956,169	18,281,478
Total liabilities	203,347	164,837	202,358	350,260
Working capital (deficit)	(20,129)	457,509	853,784	(13,818)
Revenues	-	-	-	-
Net loss	(898,209)	(306,703)	(736,313)	(1,053,154)
Loss per share	(0.08)	(0.03)	(0.10)	(0.12)

The Company's future financial success will be dependent upon the ability to obtain necessary financing to complete the development of reserves or the discovery and development of a body of commercial ore. Such discovery and development may take years, if at all, to complete and the amount of resulting income, if any, is impossible to determine.

These amounts fluctuate from quarter to quarter and year to year depending on its outstanding cash balance. The Company has not yet earned revenue from any of its mineral properties. If a property is determined to have limited exploration potential the property is abandoned and expenditures are written off to operations.

For the quarter ended August 31, 2018, the higher net losses are related to significant marketing costs of \$710,569, exploration and evaluation costs of \$666,896, and share-based compensation estimated fair values of \$385,080. For the quarter ended February 28, 2018, the higher net losses are related to share-based compensation estimated fair values of \$1,034,115. For the quarter ended August 31, 2017, the higher net losses are related to a write-off of exploration and evaluation assets of \$425,533 for the Clayton Valley BFF property. For the quarters ended May 31, 2018 and November 30, 2016, the higher net losses are related to significant exploration and evaluation costs of \$234,294 and \$586,487, respectively.

## Results of Operations

The following financial data is derived from the Company's condensed interim consolidated financial statements:

	For the three months ended August 31,		For the six months ended August 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenues	-	-	-	-
General and administrative expenses	(2,132,662)	(472,676)	(2,912,879)	(779,379)
Loss and comprehensive loss	(2,132,662)	(898,209)	(2,912,879)	(1,204,912)
Basic and diluted loss per common share	(0.05)	(0.08)	(0.07)	(0.10)
Working capital	698,205	(20,129)	698,205	(20,129)
Total assets	19,194,345	17,870,996	19,194,345	17,870,996
Total liabilities	417,596	203,347	417,596	203,347

As at August 31, 2018, the Company had not yet achieved profitable operations and has accumulated losses of \$18,934,226 (February 28, 2018 - \$16,021,347) since inception. The basic and diluted loss per share for the six months ended August 31, 2018 and 2017 was \$0.07 and \$0.10, respectively.

The table below details the significant changes in administrative expenditures for the three months ended August 31, 2018 as compared to corresponding period ended August 31, 2017:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Consulting and management fees	Increase of \$142,901	Increased due to the use of additional consultants during the period.
Exploration and evaluation expenses	Increase of \$414,808	Increased due to more exploration occurring as the Company had available funding from the February 2018 financing.
Marketing and promotion	Increase of \$686,351	Increased due to promoting newly acquired properties.
Share-based compensation	Increase of \$385,080	Increased as there were no stock options granted in the comparative period.
Travel	Increase of \$41,217	Increased due to significant increase in corporate activity related to site visits and marketing.

The table below details the significant changes in administrative expenditures for the six months ended August 31, 2018 as compared to corresponding period ended August 31, 2017:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Consulting and management fees	Increase of \$203,561	Increased due to the use of additional consultants during the period.
Exploration and evaluation expenses	Increase of \$601,951	Increased due to more exploration occurring as the Company had available funding from the February 2018 financing.
Marketing and promotion	Increase of \$844,334	Increased due to promoting newly acquired properties.
Share-based compensation	Increase of \$385,080	Increased as there were no stock options granted in the comparative period.
Travel	Increase of \$81,150	Increased due to significant increase in corporate activity related to site visits and marketing.

During the six months ended August 31, 2018, the Company's operations were scaled up in every category due to the closing of the private placement in the fourth quarter of 2018. The Company's operating expenses of \$2,912,879 (six months ended August 31, 2017 – \$779,379) were significantly higher reflecting the scale-up of operations. The bulk of expenses in the period were related to consulting and management fees, exploration and evaluation, marketing and promotion, and travel fees.

### Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds and therefore has been incurring losses since inception. The Company has financed its operations and met its capital requirements primarily through the sale of capital stock by way of private placements and the subsequent exercise of share purchase warrants issued in connection with such private placements and the exercise of stock options. When acquiring interests in resource properties through purchase or option, the Company issues common shares or a combination of cash and shares to the vendors of the property as consideration for the property in order to conserve its cash. The Company expects that it will continue to operate at a loss for the foreseeable future and will require additional financing to fund the exploration of its existing properties and the acquisition of potential resource properties.

As at August 31, 2018, the Company had cash of \$421,027 compared to \$3,934,384 as at February 28, 2018. Working capital was \$698,205 compared to the working capital of \$3,711,022 as at February 28, 2018. The Company has no long-term debt. The Company's cash has decreased in the current period due to operating expenses being incurred and no financings being undertaken.

### Risk Factors

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's business and the present stage of exploration of its resource properties (which are primarily early stage exploration properties with no known resources or reserves that have not been explored by modern methods), the following risk factors will apply:

***Mining Industry is Intensely Competitive:*** The Company's business will be the acquisition, exploration and development of resource properties. The mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

***Resource Exploration and Development is Generally a Speculative Business:*** Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

***Permits and Licenses:*** The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

**Uninsured or Uninsurable Risks:** The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

**Fluctuation of Metal Prices:** Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any mineral deposit will be such that any of its resource properties could be mined at a profit.

**No Assurance of Profitability:** The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, the sale or optioning of a portion of its interest in its resource properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

**Going Concern:** The Company's condensed interim consolidated financial statements have been prepared on the basis that it will continue as a going concern. For the six months ended August 31, 2018, the Company incurred a comprehensive loss of \$2,912,879 (six months ended August 31, 2017 - \$1,204,912). As at August 31, 2018, the Company had an accumulated deficit of \$18,934,226 (February 28, 2018 - \$16,021,347), which has been funded primarily by the issuance of equity. The Company's ability to continue as a going concern and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors give rise to a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern.

**Government Regulation:** Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

**Environmental Matters:** Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any mining properties will be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

**Financing Risks:** The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

**Insufficient Financial Resources:** The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned exploration and development programs. The development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There can be no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties. In particular, failure by the Company to raise the funding necessary to maintain in good standing its various option agreements could result in the loss of its rights to such properties.

**Dependence Upon Others and Key Personnel:** The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its resource properties; (ii) the ability to produce minerals from any resource deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical and mining personnel and consultants is particularly intense in the current marketplace.

**Potential conflicts of interest:** Certain of the Company's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest, to the extent that such other companies may participate in ventures in which the Company is also participating. The laws of British Columbia require the directors and officers to act honestly, in good faith, and in the best interests of the Company. In addition, each director must declare his or her interest and abstain from voting on any contract or transaction in which the director may have a conflict of interest.

**Price Fluctuations and Share Price Volatility:** In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

**Title:** Although the Company has taken steps to verify the title to the resource properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to resource properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

**Surface Rights and Access:** Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdictions.

**Exploration and development activities are inherently risky:** The business of exploration and extraction involves a high degree of risk. Few properties that are explored are ultimately developed into production. Unusual or unexpected formations, formation pressures, power outages, labour disruptions, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. These factors can all affect the timing, cost and success of exploration programs and any future development. Although the Company carries liability insurance with respect to its exploration operations, the Company may become subject to liability for damage to life and property, environmental damage, cave-ins or hazards against which it cannot insure or against which it may elect not to insure.

Previous operations may have caused environmental damage at certain of the Company's properties. It may be difficult or impossible to assess the extent to which such damage was caused by the Company or by the activities of previous operators, in which case, any indemnities and exemptions from liability may be ineffective, and the Company may be responsible for the costs of reclamation.

If any of the Company's properties move to a development stage, the Company would be subject to additional risks respecting any development and production activities.

## Related Party Transactions

### Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

	For the six months ended	
	August 31,	
	2018	2017
	\$	\$
Management and consulting fees	165,061	203,250
Share-based compensation	112,315	-
	277,376	203,250

During the six months ended August 31, 2018, the Company entered into the following transactions with key management personnel:

<b>Related party</b>	<b>Nature of transaction</b>
Michael Kobler ("Kobler")	Consulting fees for the services provided by Michael Kobler, Executive Chair and the Chief Executive Officer.
Andrew Bowering ("Bowering")	Consulting fees for the services provided by Andrew Bowering, Director.

- (a) Paid or accrued \$105,061 (August 31, 2017 – \$103,250) to Kobler and to a company controlled by Kobler for management and consulting services. The payments are disclosed in key management personnel compensation within management and consulting fees.
- (b) Paid or accrued \$60,000 (August 31, 2017 – \$Nil) to Bowering and to a company controlled by Bowering for management and consulting services. The payments are disclosed in key management personnel compensation within management and consulting fees.
- (c) Due to related parties is as follows:

	<b>August 31, 2018</b>	<b>February 28, 2018</b>
	\$	\$
Kobler	23,683	22,432
Bowering	13,863	76,358
Millennial Lithium Corp.	528	-
	<u>38,074</u>	<u>98,790</u>

### Critical Accounting Estimates

In the application of the Company's accounting policies, which are described in note 3 to the condensed interim consolidated financial statements for the three and six months ended August 31, 2018, management is required to make judgments, apart from those requiring estimates, in applying accounting policies. The most significant estimates and judgments applying to the Company's financial statements include:

- the determination of the element of costs recorded as exploration and evaluation assets and determination of reclamation obligations;
- recognition of deferred tax assets and liabilities;
- the determination that the Company will continue as a going concern for the next year; and
- assumptions used in valuing options and warrants in share-based compensation calculation

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

## Changes in accounting policy

### Financial instruments

On March 1, 2018, the Company adopted IFRS 9 *Financial Instruments* which replaced IAS 39, *Financial Instruments: Classification and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.
- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

### Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. Receivables and reclamation bonds are measured at amortized cost with subsequent impairments recognized in profit or loss and cash and investments are classified as FVTPL.

### Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

### *Financial liabilities*

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the balance sheet subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as other financial liabilities and carried on the balance sheet at amortized cost.

As at August 31, 2018, the Company did not have any derivative financial liabilities.

### *New accounting standards issued but not yet effective*

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the six months ended August 31, 2018 and have not been applied in preparing the condensed interim consolidated financial statements:

IFRS 16 – Leases, establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard is effective for annual periods beginning on or after January 1, 2019. Management does not anticipate this standard having a material effect on the Company's condensed interim consolidated financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company's condensed interim consolidated financial statements.

## **Financial Instruments and Risk Management**

### ***Fair value of financial instruments***

The Company's condensed interim consolidated financial instruments consist of cash, term deposit, amounts receivable, accounts payable and due to related parties. As at August 31, 2018, the Company classifies its cash, term deposit, and accounts receivable as fair value through profit and loss, and its accounts payable and due to related parties as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash and term deposit is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. Accounts payable are classified under Level 3.

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and term deposit.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at August 31, 2018 relating to cash and term deposit of \$449,848. The cash and term deposit is held at a Canadian chartered bank and the Company considers the credit risk to be minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. As at August 31, 2018, the Company had a cash balance of \$421,027 to settle liabilities of \$417,596.

Foreign Exchange Risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable, and commitments that are denominated in a foreign currency. As at August 31, 2018, a 10% fluctuation in the foreign exchange rate of the United States dollar against the Canadian dollar would affect the Company's cash and account payable by approximately \$52,900

Interest Rate Risk

The Company has cash balances and term deposits with interest based on the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of lithium. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

During the six months ended August 31, 2018, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

**Capital Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. The Company includes the components of shareholders' equity in its management of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares to raise cash and obtain bridging loans from related parties. The Company's investment policy is to invest its cash in investment instruments in financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

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

### Outstanding Share Data

#### As at the date of this report:

- a) Authorized: unlimited common shares without par value.
- b) Issued and outstanding: 60,975,742 common shares.
- c) Outstanding stock options:

Number of options	Exercise price \$	Expiry date
3,400,000	0.31	February 9, 2023
1,200,000	0.35	June 29, 2023
<b>4,600,000</b>		

- d) Outstanding warrants:

Number of warrants	Exercise price \$	Expiry date
136,000	0.35	December 20, 2018
130,000	0.50	September 17, 2020
595,000	2.50	April 6, 2020
341,666	5.00	May 4, 2019
60,000	5.50	June 1, 2019
2,041,232	1.25	February 28, 2020
22,791,430	0.375	February 1, 2020
5,628,250	0.75	September 20, 2020
350,455	0.75	September 20, 2020
<b>32,074,033</b>		

### Other MD&A Requirements

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com) including, but not limited to:

- the Company's condensed interim consolidated financial statements for the three and six months ended August 31, 2018 and 2017; and
- the Company's audited consolidated financial statements for the years ended February 28, 2018 and 2017.

This MD&A has been approved by the Board on October 29, 2018.