

**Vision Lithium Inc.**

***Unaudited Interim Financial Statements***

***May 31, 2019***

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

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

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

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

# Vision Lithium Inc.

## Consolidated Statements of Financial Position

(in Canadian dollars)

|  | Notes | May 31,<br>2019<br>(Unaudited)<br>\$ | August 31,<br>2018<br>(Audited)<br>\$ |
|--|-------|--------------------------------------|---------------------------------------|
| <b>ASSETS</b>  |       |                                      |                                       |
| <b>Current</b>   |       |                                      |                                       |
| Cash   | 6     | 125,533                              | 907,945                               |
| Guaranteed investment certificate, 1.20 %, expiring in July 2019 |       | 50,993                               | 50,452                                |
| Accounts receivable  |       | -                                    | 5,350                                 |
| Consumption taxes receivable                                     |       | 5,163                                | 101,696                               |
| Tax credits receivable   |       | 489,631                              | 365,252                               |
| Prepaid expenses   |       | 12,763                               | 30,815                                |
| Marketable securities in quoted mining exploration companies     |       | 1,734                                | 1,725                                 |
|  |       | <u>685,817</u>                       | <u>1,463,235</u>                      |
| <b>Non-current</b>   |       |                                      |                                       |
| Property and equipment   |       | 13,914                               | 16,659                                |
| Exploration and evaluation assets                                | 7     | 12,667,351                           | 12,482,740                            |
|  |       | <u>12,681,265</u>                    | <u>12,499,399</u>                     |
| <b>Total assets</b>  |       | <u><u>13,367,082</u></u>             | <u><u>13,962,634</u></u>              |
| <b>LIABILITIES</b>   |       |                                      |                                       |
| <b>Current</b>   |       |                                      |                                       |
| Trade and other payables   |       | 72,529                               | 161,641                               |
| Provision for compensation                                       | 9     | 604,858                              | 604,858                               |
| <b>Total liabilities</b>   |       | <u>677,387</u>                       | <u>766,499</u>                        |
| <b>EQUITY</b>  |       |                                      |                                       |
| Share capital  | 10.1  | 47,201,835                           | 47,200,740                            |
| Contributed surplus  |       | 7,543,908                            | 7,407,550                             |
| Deficit  |       | (42,056,048)                         | (41,412,155)                          |
| <b>Total equity</b>  |       | <u>12,689,695</u>                    | <u>13,196,135</u>                     |
| <b>Total liabilities and equity</b>                              |       | <u><u>13,367,082</u></u>             | <u><u>13,962,634</u></u>              |

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 22, 2019.

Approved on behalf of the Board of Directors

(signed) Yves Rougerie, Director

(signed) Robert C. Bryce, Director

# Vision Lithium Inc.

## Consolidated Statements of Comprehensive Loss

(in Canadian dollars)

|  | Notes | Three-month period ended |                         | Nine-month period ended |                           |
|--|-------|--------------------------|-------------------------|-------------------------|---------------------------|
|  |       | May 31,                  | May 31,                 | May 31,                 | May 31,                   |
|  |       | 2019                     | 2018                    | 2019                    | 2018                      |
|  |       | \$                       | \$                      | \$                      | \$                        |
| <b>Expenses</b>  |       |                          |                         |                         |                           |
| Employee benefits expense  | 11.1  | 86,220                   | 286,440                 | 333,331                 | 717,376                   |
| Insurance, taxes and permits   |       | 4,739                    | 4,671                   | 13,445                  | 12,889                    |
| Consulting fees  |       | 1,894                    | -                       | 52,631                  | 3,240                     |
| Professional fees  |       | 1,542                    | 146,078                 | 62,662                  | 482,606                   |
| Rent and maintenance   |       | 2,257                    | 1,128                   | 6,770                   | 6,863                     |
| Business development   |       | 13,485                   | 46,858                  | 100,220                 | 134,009                   |
| Advertising and sponsorship  |       | -                        | 689                     | 3,200                   | 1,008                     |
| Stationery and office expenses   |       | 1,910                    | 6,713                   | 7,820                   | 13,055                    |
| Travel, board and lodging  |       | 3,696                    | 7,083                   | 9,657                   | 17,676                    |
| Registration fees  |       | 4,509                    | 3,280                   | 22,286                  | 16,284                    |
| Write-off of exploration and evaluation assets   | 7     | 5,987                    | -                       | 16,535                  | -                         |
| Exploration costs of other properties  |       | 11,293                   | -                       | 20,505                  | 20,305                    |
| Tax credit   |       | (34)                     | (190)                   | (34)                    | (417)                     |
| Bank charges   |       | 698                      | 763                     | 2,635                   | 3,100                     |
| Amortization of property and equipment   |       | 155                      | (185)                   | 464                     | 206                       |
| Loss on settlement of debts  |       |                          |                         |                         |                           |
| <b>Operating loss</b>  |       | <b>138,351</b>           | <b>503,328</b>          | <b>652,127</b>          | <b>1,428,200</b>          |
| <b>Other income</b>  |       |                          |                         |                         |                           |
| Finance income   | 13    | (903)                    | (3,368)                 | (3,725)                 | (3,369)                   |
| Net change in fair value of marketable securities in quoted mining exploration companies |       | 112                      | 91                      | (9)                     | (714)                     |
| Other revenues   |       | (1,500)                  | -                       | (4,500)                 | -                         |
|  |       | <u>(2,291)</u>           | <u>(3,277)</u>          | <u>(8,234)</u>          | <u>(4,083)</u>            |
| <b>Net loss and total of comprehensive loss for the period</b>                           |       | <b><u>(136,060)</u></b>  | <b><u>(500,051)</u></b> | <b><u>(643,893)</u></b> | <b><u>(1,424,117)</u></b> |
| <b>Loss per share</b>  |       |                          |                         |                         |                           |
| Basic and diluted net loss per share   | 14    | <b><u>(0.00)</u></b>     | <b><u>(0.01)</u></b>    | <b><u>(0.01)</u></b>    | <b><u>(0.02)</u></b>      |

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

**Vision Lithium Inc.**  
**Consolidated Statements of Changes in Equity**

(in Canadian dollars)

|   |      | Share capital     |                   | Contributed surplus | Deficit             | Total equity      |
|---|------|-------------------|-------------------|---------------------|---------------------|-------------------|
|   |      | Number            | Amount            |                     |                     |                   |
|   |      |                   | \$                | \$                  | \$                  | \$                |
| <b>Balance, September 1<sup>st</sup>, 2017</b>          |      | <u>59,906,070</u> | <u>36,736,195</u> | <u>6,640,744</u>    | <u>(39,621,277)</u> | <u>3,755,662</u>  |
| Shares issued by private placement                      |      | -                 | -                 | -                   | -                   | -                 |
| Share issue costs                                       | 10.1 | -                 | -                 | -                   | (43,296)            | (43,296)          |
| Shares issued for the acquisition of mining duties      | 10.1 | 15,000,000        | 9,300,000         | -                   | (23,500)            | 9,276,500         |
| Exercise of warrants                                    | 10.2 | 5,954,600         | 1,033,641         | (107,701)           | -                   | 925,940           |
| Exercise of share options                               | 11.2 | 100,000           | 35,660            | (16,660)            | -                   | 19,000            |
| Share-based payments                                    | 11.2 | -                 | -                 | 819,455             | -                   | 819,455           |
| Transactions with owners                                |      | <u>21,054,600</u> | <u>10,369,301</u> | <u>695,094</u>      | <u>(66,796)</u>     | <u>10,997,599</u> |
| Net loss and total of comprehensive loss for the period |      | -                 | -                 | -                   | (1,424,117)         | (1,424,117)       |
| <b>Balance as at May 31, 2018</b>                       |      | <u>80,960,670</u> | <u>47,105,496</u> | <u>7,335,838</u>    | <u>(41,112,190)</u> | <u>13,329,144</u> |
| Exercise of warrants                                    | 10.2 | 203,000           | 81,948            | (51,498)            | -                   | 30,450            |
| Exercise of share options                               | 11.2 | 25,000            | 13,296            | (6,546)             | -                   | 6,750             |
| Share-based payments                                    | 11.2 | -                 | -                 | 129,756             | -                   | 129,756           |
| Transactions with owners                                |      | <u>228,000</u>    | <u>95,244</u>     | <u>71,712</u>       | <u>-</u>            | <u>166,956</u>    |
| Net loss and total of comprehensive loss for the period |      | -                 | -                 | -                   | (299,965)           | (299,965)         |
| <b>Balance as at August 31, 2018</b>                    |      | <u>81,188,670</u> | <u>47,200,740</u> | <u>7,407,550</u>    | <u>(41,412,155)</u> | <u>13,196,135</u> |
| Exercise of warrants                                    | 10.2 | 6,316             | 1,095             | (148)               | -                   | 947               |
| Share-based payments                                    | 11.2 | -                 | -                 | 136,506             | -                   | 136,506           |
| Transactions with owners                                |      | <u>6,316</u>      | <u>1,095</u>      | <u>136,358</u>      | <u>-</u>            | <u>137,453</u>    |
| Net loss and total of comprehensive loss for the period |      | -                 | -                 | -                   | (643,893)           | (643,893)         |
| <b>Balance as at May 31, 2019</b>                       |      | <u>81,194,986</u> | <u>47,201,835</u> | <u>7,543,908</u>    | <u>(42,056,048)</u> | <u>12,689,695</u> |

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

**Vision Lithium Inc.**  
**Consolidated Statements of Cash Flows**  
(in Canadian dollars)

|  | Notes | <b>Nine-month period ended</b> |                         |
|--|-------|--------------------------------|-------------------------|
|  |       | <b>May 31,<br/>2019</b>        | <b>May 31,<br/>2018</b> |
|  |       | \$                             | \$                      |
| <b>Operating activities</b>  |       |                                |                         |
| Net loss   |       | (643,893)                      | (1,424,117)             |
| Adjustments  |       |                                |                         |
| Amortization of property and equipment   |       | 464                            | 206                     |
| Net change in fair value of marketable securities in quoted mining exploration companies |       | (9)                            | (714)                   |
| Share-based payments   |       | 136,506                        | 819,455                 |
| Write-off of exploration and evaluation assets   |       | 16,535                         | -                       |
| Write-off of exploration accounts receivable   |       | 5,350                          | -                       |
| Interest on guaranteed investment certificate  |       | (541)                          | -                       |
| Changes in working capital items   | 15    | 54,075                         | (529,488)               |
| Cash flows used in operating activities  |       | <u>(431,513)</u>               | <u>(1,134,658)</u>      |
| <b>Investing activities</b>  |       |                                |                         |
| Acquisition  |       | -                              | (3,894)                 |
| Additions to exploration and evaluation assets   |       | (350,101)                      | (699,372)               |
| Tax credits received   |       | (1,745)                        | -                       |
| Issue cost for acquisition of mining duties  |       | -                              | (23,500)                |
| Cash flows used in investing activities  |       | <u>(351,846)</u>               | <u>(726,766)</u>        |
| <b>Financing activities</b>  |       |                                |                         |
| Share issue costs  | 10.1  | -                              | (43,296)                |
| Warrants exercised   | 10.2  | 947                            | 925,940                 |
| Share options exercised  | 11.2  | -                              | 19,000                  |
| Cash flows from financing activities   |       | <u>947</u>                     | <u>901,644</u>          |
| <b>Net change in cash</b>  |       | <b>(782,412)</b>               | <b>(959,780)</b>        |
| <b>Cash, beginning of the period</b>   |       | <b>907,945</b>                 | <b>1,990,128</b>        |
| <b>Cash, end of the period</b>   |       | <b><u>125,533</u></b>          | <b><u>1,030,348</u></b> |

**Additional information - Cash flows (Note 15)**

**Additional information**

|   |       |       |
|---|-------|-------|
| Interest received from operating activities | 3,725 | 3,369 |
|---|-------|-------|

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

# **Vision Lithium Inc.**

## **Notes to Consolidated Financial Statements**

### **May 31, 2019**

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(in Canadian dollars)

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

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

#### **2. GOING CONCERN ASSUMPTION**

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

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. As at May 31, 2019 the Company has a cumulated deficit of \$42,056,048 (\$41,412,155 as at August 31, 2018). These uncertainties cast doubt regarding the Company’s ability to continue as a going concern.

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

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

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

These interim consolidated financial statements of the Company as at May 31, 2019 were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standard (IAS) 34 - Interim Financial Reporting. These interim consolidated financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 5, SIGNIFICANT ACCOUNTING POLICIES as described in our financial statements for the year ended August 31, 2018. The interim consolidated financial statements do not include all of the notes required in annual financial statements.

#### **4. NEW STANDARD AND REVISED STANDARDS**

##### **Impact of the application of IFRS 9, Financial Instruments**

During the period ended May 31, 2019, the Company applied IFRS 9, Financial Instruments, (issued July 2014) and related consequential amendments to other IFRS. The requirements of IFRS 9, are a significant change from IAS 39, Financial Instruments: Recognition and Measurement. These new requirements are relevant to the Company; the details of the requirements and their impact on the Company’s financial statements are described below.

The Company has applied IFRS 9 retrospectively in accordance with the transitional provisions set out in the standard, and has restated its comparative financial statement. The initial application date for the Company was September 1, 2018. Consequently, the Company applied the requirements of IFRS 9 to financial instruments that were not derecognized as at September 1, 2018, but not to financial instrument requirements that were derecognized at that date. Comparative amounts relating to financial instruments not derecognized as at September 1, 2018, were restated where applicable.

# Vision Lithium Inc.

## Notes to Consolidated Financial Statements

May 31, 2019

(in Canadian dollars)

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### 4. NEW STANDARD AND REVISED STANDARDS (continued)

#### Classification and valuation of financial assets

IFRS 9 contains three categories of financial assets: measured at cost after amortization, at fair value through other comprehensive income and at fair value through profit or loss. The classification of financial assets in accordance with IFRS 9 is generally based on the business model in which a financial asset is managed and the assets contractual cash flow characteristics. IFRS 9 eliminates the following IAS 39 categories: held-to-maturity financial investments, loans and receivables, and available-for-sale financial assets.

Management reviewed and measured the Company's existing financial instruments as at September 1, 2018, based on the facts and circumstances that existed at that date and concluded that the application of IFRS 9 has the following impact on the Company's financial instruments regarding their classification and measurement:

Investments previously designated as available-for-sale financial assets and measured at fair value at each reporting date under IAS 39 will now be classified in the fair value through profit and loss category in accordance with IFRS 9. Unrealized gains or losses reflected in other comprehensive income until these gains or losses are realized or a decline in value of the financial asset is other than temporary will now be charged to net earnings. This change resulted in the following adjustments to the prior year's financial statements:

|   |                 |
|---|-----------------|
| Increase in net income for fiscal 2018  | <u>\$</u><br>10 |
| Decrease in the sum of the other elements of comprehensive income as at August 31, 2018 | 121,004         |
| Increase in deficit as at August 31, 2018   | 121,004         |

#### Classification and measurement of financial liabilities

The classification and measurement requirements for financial liabilities are the same in IFRS 9 as in IAS 39. The application of IFRS 9 had no impact on the classification and measurement of the Company's financial liabilities.

### 5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

#### 5.1 Significant management judgment

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

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

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

# **Vision Lithium Inc.**

## Notes to Consolidated Financial Statements

May 31, 2019

(in Canadian dollars)

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### **5.2 Estimation uncertainty**

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

#### **Impairment of exploration and evaluation assets**

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

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

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

#### **Share-based payments**

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

#### **Provisions and contingent liabilities**

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

#### **Tax credits receivable**

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

## Vision Lithium Inc.

### Notes to Consolidated Financial Statements

May 31, 2019

(in Canadian dollars)

#### 6. CASH

As at May 31, 2019, the cash includes an account bearing a high interest rate of 1.10%.

#### 7. EXPLORATION AND EVALUATION ASSETS

The carrying amount can be analyzed as follows:

##### MINING RIGHTS

|                     | Balance as at<br>September 1,<br>2018 | Additions     | Tax credits and<br>credit on duties | Write-off      | Balance as at<br>May 31,<br>2019 |
|---------------------|---------------------------------------|---------------|-------------------------------------|----------------|----------------------------------|
|                     | \$                                    | \$            | \$                                  | \$             | \$                               |
| Sirmac Lithium (Qc) | 9,590,764                             | 4,869         | -                                   | -              | 9,595,633                        |
| Case Twp (On)       | 68,441                                | -             | -                                   | -              | 68,441                           |
| Dôme Lemieux (Qc)   | 2,310,043                             | 6,285         | -                                   | -              | 2,316,328                        |
| La Corne (Qc)       | 10,141                                | -             | -                                   | -              | 10,141                           |
| Broadback (Qc)      | 1,666                                 | 1,731         | -                                   | -              | 3,397                            |
| Nemaska (Qc)        | -                                     | 641           | -                                   | -              | 641                              |
| St-Stephen (NB)     | -                                     | 6,236         | -                                   | (6,236)        | -                                |
|                     | <u>11,981,055</u>                     | <u>19,762</u> | <u>-</u>                            | <u>(6,236)</u> | <u>11,994,581</u>                |

##### EXPLORATION AND EVALUATION EXPENSES

|                     | Balance as at<br>September 1,<br>2018 | Additions      | Tax credits and<br>credit on duties | Write-off       | Balance as at<br>May 31,<br>2019 |
|---------------------|---------------------------------------|----------------|-------------------------------------|-----------------|----------------------------------|
|                     | \$                                    | \$             | \$                                  | \$              | \$                               |
| Sirmac Lithium (Qc) | 438,161                               | 246,018        | (104,695)                           | -               | 579,484                          |
| Case Twp (On)       | 10,219                                | 8,926          | -                                   | -               | 19,145                           |
| Dôme Lemieux (Qc)   | 42,068                                | 28,064         | (5,449)                             | -               | 64,683                           |
| La Corne (Qc)       | 4,425                                 | 439            | (103)                               | -               | 4,761                            |
| Broadback (Qc)      | 2,811                                 | 3,001          | (1,310)                             | -               | 4,502                            |
| Nemaska (Qc)        | -                                     | 347            | (152)                               | -               | 195                              |
| Epsilon (Qc)        | 4,001                                 | 358            | (19)                                | (4,340)         | -                                |
|                     | <u>501,685</u>                        | <u>287,153</u> | <u>(111,728)</u>                    | <u>(4,340)</u>  | <u>672,770</u>                   |
| <b>TOTAL</b>        | <u>12,482,740</u>                     | <u>306,915</u> | <u>(111,728)</u>                    | <u>(10,576)</u> | <u>12,667,351</u>                |

## Vision Lithium Inc.

### Notes to Consolidated Financial Statements

May 31, 2019

(in Canadian dollars)

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

The carrying amount can be analyzed as follows:

##### MINING RIGHTS

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

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

##### EXPLORATION AND EVALUATION EXPENSES

|                     | Balance as at<br>September 1,<br>2017 | Additions         | Tax credits and<br>credit on duties | Write-off      | Balance as at<br>August 31,<br>2018 |
|---------------------|---------------------------------------|-------------------|-------------------------------------|----------------|-------------------------------------|
|                     | \$                                    | \$                | \$                                  | \$             | \$                                  |
| Sirmac Lithium (Qc) | -                                     | 773,763           | (335,602)                           | -              | 438,161                             |
| Case Twp (On)       | -                                     | 10,219            | -                                   | -              | 10,219                              |
| Dôme Lemieux (Qc)   | 43,489                                | 45,265            | (46,686)                            | -              | 42,068                              |
| La Corne (Qc)       | -                                     | 5,546             | (1,121)                             | -              | 4,425                               |
| Broadback (Qc)      | -                                     | 4,594             | (1,783)                             | -              | 2,811                               |
| Epsilon (Qc)        | 3,713                                 | 288               | -                                   | -              | 4,001                               |
|                     | <u>47,202</u>                         | <u>839,675</u>    | <u>(385,192)</u>                    | <u>-</u>       | <u>501,685</u>                      |
| <b>TOTAL</b>        | <u>2,357,245</u>                      | <u>10,513,362</u> | <u>(385,192)</u>                    | <u>(2,675)</u> | <u>12,482,740</u>                   |

All charges for write-offs are presented in net income under Write-off of exploration and evaluation assets.

##### Sirmac Lithium

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

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

## **Vision Lithium Inc.**

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

##### **Case Twp**

In April 2018, map staking carried out in Case Twp property for an amount of \$68,441, which comprises 1,145 claims covering 24,045 hectares and is located in Township in Northeastern Ontario, east of Cochrane and just North of Lake Abitibi.

##### **Dôme Lemieux**

This 100% owned property is located near the town of Ste-Anne-des-Monts in the province of Quebec and comprises 217 claims covering 11,599.84 hectares.

##### **La Corne**

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

##### **Broadback**

The Broadback property is comprised of 26 cell claims covering 1,422 hectares and is located approx. 180 km NW of Chibougamau, Québec. The property was staked to cover a prominent pegmatite body which may be prospective for lithium exploration.

##### **Nemaska**

The Nemaska property consists of 10 contiguous claims covering 534 hectares located Southeast of the village of Nemaska in northern Québec. The claims were acquired because of their location in the general area of the Nemaska dyke swarm, approximately 5 km south of the Whabouchi lithium deposit.

##### **Epsilon**

This 100% owned property is located in the Otish Mountains region of Quebec. The Epsilon property consists of 51 claims covering 2,693.51 hectares. This property is subject to 2% NSR royalties on all mineral production. The Company can buy back up to 50% of each of the NSR interests for \$1,000,000 each. The property had been written off previously in 2016.

##### **St-Stephen**

This property is owned 50% by the Company and 50% by Indiana Inc. and is located near the border town of St-Stephen in the southwest corner of the province of New Brunswick, near the Canada-US border. Both parties must participate pro rata to their respective share of ongoing expenditures or be diluted. Should either party dilute to less than a 15% interest, it will revert to a 3% smelter return ("NSR") royalty of which 2% can be purchased for \$2,000,000 at any time by the other party. The property had been written off previously in 2015.

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**8. LEASES**

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

|                 | Minimum lease payments due |              |        |
|-----------------|----------------------------|--------------|--------|
|                 | Within 1 year              | 1 to 5 years | Total  |
|                 | \$                         | \$           | \$     |
| May 31, 2019    | 30,566                     | 31,711       | 62,277 |
| August 31, 2018 | 23,566                     | 15,705       | 39,271 |

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

Lease payments recognized as an expense during the reporting period amount to \$19,925 (\$26,566 as at August 31, 2018) of which \$8,308 is recognized as an expense (\$5,400 as rent and maintenance and \$2,908 as travel, board and lodging; \$13,454 is recognized as an expense as at August 31, 2018 which \$8,100 as rent and maintenance and \$5,354 as travel, board and lodging as at August 31, 2018) and \$11,617 is capitalised in exploration and evaluation assets (\$13,112 as at August 31, 2018). These amounts consist of minimum lease payments.

**9. PROVISION FOR COMPENSATION**

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

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

**10. EQUITY**

**10.1 Share capital**

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

**Share capital authorized**

Unlimited number of common shares without par value.

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

**Share issuance**

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

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#### 10.2 Warrants

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

|  | <u>May 31, 2019</u> |  | <u>August 31, 2018</u> |  |
|--|---------------------|--|------------------------|--|
|  | <u>Number</u>       | <u>Weighted<br/>average<br/>exercise price</u><br>\$ | <u>Number</u>          | <u>Weighted<br/>average<br/>exercise price</u><br>\$ |
| Balance, beginning of reporting period | <b>39,497,400</b>   | <b>0.15</b>  | 45,655,000             | 0.15   |
| Exercised                              | <b>(6,316)</b>      | <b>0.15</b>  | (6,157,600)            | 0.16   |
| Expired                                | <b>(39,491,084)</b> | -  | -                      | -  |
| Balance, end of reporting period       | <u>-</u>            | <u>-</u>   | <u>39,497,400</u>      | <u>0.15</u>  |

#### 11. EMPLOYEE REMUNERATION

##### 11.1 Employee benefits expense

Employee benefits expense recognized is analyzed below:

|   | <u>Three-month period ended</u> |                         | <u>Nine-month period ended</u> |                         |
|---|---------------------------------|-------------------------|--------------------------------|-------------------------|
|   | <u>May 31,<br/>2019</u>         | <u>May 31,<br/>2018</u> | <u>May 31,<br/>2019</u>        | <u>May 31,<br/>2018</u> |
|   | <u>\$</u>                       | <u>\$</u>               | <u>\$</u>                      | <u>\$</u>               |
| Salaries and benefits   | <b>117,803</b>                  | 160,123                 | <b>344,953</b>                 | 391,071                 |
| Share-based payments  | <b>5,684</b>                    | 172,152                 | <b>83,875</b>                  | 440,736                 |
|   | <b>123,487</b>                  | 332,275                 | <b>428,828</b>                 | 831,807                 |
| Less: salaries capitalized and share-based<br>payments in exploration and evaluation assets | <b>(16,421)</b>                 | (45,833)                | <b>(60,922)</b>                | (114,431)               |
| Less: salaries reclassified to Exploration costs<br>other properties in profit or loss      | <b>(20,846)</b>                 | -                       | <b>(34,575)</b>                | -                       |
| Employee benefits expense   | <u><b>86,220</b></u>            | <u>286,442</u>          | <u><b>333,331</b></u>          | <u>717,376</u>          |

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#### 11.2 Share-based payments

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

The material terms of the plan are as follows:

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

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

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

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

|  | <u>May 31, 2019</u> |  | <u>August 31, 2018</u> |  |
|--|---------------------|--|------------------------|--|
|  | <u>Number</u>       | <u>Weighted average exercise price</u> | <u>Number</u>          | <u>Weighted average exercise price</u> |
|  |                     | \$                                     |                        | \$                                     |
| Outstanding, beginning of the reporting period (1) | 4,662,500           | 0.34                                   | 2,287,500              | 0.26                                   |
| Granted  | -                   | -                                      | 1,900,000              | 0.43                                   |
| Exercised  | -                   | -                                      | (125,000)              | 0.21                                   |
| Expired  | (75,000)            | -                                      | -                      | -                                      |
| Outstanding, end of the reporting period           | <u>4,587,500</u>    | <u>0.34</u>                            | <u>4,062,500</u>       | <u>0.33</u>                            |
| Exercisable, end of the reporting period           | <u>4,587,500</u>    | <u>0.34</u>                            | <u>3,612,500</u>       | <u>0.30</u>                            |

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

The weighted average share price at the date of exercise was \$0.47 August 31, 2018.

## Vision Lithium Inc.

### Notes to Consolidated Financial Statements

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

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

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

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

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

| <u>Range of exercise price</u> | <u>May 31, 2019</u> |  | <u>August 31, 2018</u> |  |
|--------------------------------|---------------------|--|------------------------|--|
|                                | <u>Number</u>       | <u>Weighted average remaining contractual life (years)</u> | <u>Number</u>          | <u>Weighted average remaining contractual life (years)</u> |
| \$0.10 to \$0.25               | 37,500              | 0.80   | 112,500                | 0.90   |
| \$0.26 to \$0.41               | 2,650,000           | 3.33   | 2,650,000              | 3.74   |
| \$0.42 to \$0.55               | 1,900,000           | 3.62   | 1,900,000              | 4.37   |
|                                | <u>4,587,500</u>    | <u>3.43</u>  | <u>4,662,500</u>       | <u>3.93</u>  |

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

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

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

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

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

**12. FAIR VALUE MEASUREMENT**

**12.1 Financial instruments measured at fair value**

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

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

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

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

**13. FINANCE INCOME**

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

|                           | Three-month period ended |                 | Nine-month period ended |                 |
|---------------------------|--------------------------|-----------------|-------------------------|-----------------|
|                           | May 31,<br>2019          | May 31,<br>2018 | May 31,<br>2019         | May 31,<br>2018 |
|                           | \$                       | \$              | \$                      | \$              |
| Interest income from cash | <b>903</b>               | 3,368           | <b>3,725</b>            | 3,369           |
| Finance income            | <b>903</b>               | 3,368           | <b>3,725</b>            | 3,369           |

# Vision Lithium Inc.

## Notes to Consolidated Financial Statements

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### 14. LOSS PER SHARE

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

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

|                                   | Three-month period ended |                 | Nine-month period ended |                 |
|-----------------------------------|--------------------------|-----------------|-------------------------|-----------------|
|                                   | May 31,<br>2019          | May 31,<br>2018 | May 31,<br>2019         | May 31,<br>2018 |
| Net loss                          | (136,060) \$             | (500,051) \$    | (643,893) \$            | (1,424,117) \$  |
| Weighted average number of shares | 81,190,317               | 68,518,409      | 81,189,225              | 68,519,409      |
| Basic and diluted loss per share  | (0,00) \$                | (0,01) \$       | (0,01) \$               | (0,02) \$       |

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

### 15. ADDITIONAL INFORMATIONS - CASH FLOWS

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

|                                       | Nine-month period ended |                  |
|---------------------------------------|-------------------------|------------------|
|                                       | May 31,<br>2019         | May 31,<br>2018  |
|                                       | \$                      | \$               |
| Other receivable                      | -                       | (352,716)        |
| Consumption taxes receivable          | 96,533                  | -                |
| Tax credits receivable <sup>(1)</sup> | (34)                    | (167,439)        |
| Prepaid expenses                      | 18,052                  | 1,787            |
| Trade and other payables              | (60,477)                | (11,120)         |
|                                       | <b>54,075</b>           | <b>(529,488)</b> |

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

|  | Nine-month period ended |                 |
|--|-------------------------|-----------------|
|  | May 31,<br>2019         | May 31,<br>2018 |
|  | \$                      | \$              |
| Amortization of property and equipment asset included in exploration and evaluation assets | 1,521                   | 610             |
| Share-based payments included in exploration and evaluation assets                         | -                       | 5,322           |
| Trade and other payables included in exploration and evaluation assets                     | 28,635                  | 9,880           |
| Tax credits receivable credited to exploration and evaluation assets                       | 112,182                 | 163,362         |

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### 16. RELATED PARTY TRANSACTIONS

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

#### 16.1 Transactions with key management personnel

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

|                              | Three-month period ended |                 | Nine-month period ended |                 |
|------------------------------|--------------------------|-----------------|-------------------------|-----------------|
|                              | May 31,<br>2019          | May 31,<br>2018 | May 31,<br>2019         | May 31,<br>2018 |
|                              | \$                       | \$              | \$                      | \$              |
| Short-term employee benefits | 84,370                   | 115,532         | 239,245                 | 271,404         |
| Share-based payments         | 5,684                    | 171,088         | 83,875                  | 435,414         |
| Total remuneration           | 90,054                   | 286,620         | 323,120                 | 706,818         |

### 17. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

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

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

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

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

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

### 18. FINANCIAL INSTRUMENT RISKS

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

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

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

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#### 18.1 Credit risk

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

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

|                                   | <b>May 31,<br/>2019</b> | August 31,<br>2018 |
|-----------------------------------|-------------------------|--------------------|
|                                   | \$                      | \$                 |
| Cash                              | <b>125,533</b>          | 907,945            |
| Guaranteed investment certificate | <b>50,993</b>           | 50,452             |
| Accounts receivable               | -                       | 5,350              |
|                                   | <b>176,525</b>          | 963,747            |

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

#### 18.2 Liquidity risk

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

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

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

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

|                          | <b>May 31,<br/>2019</b> | August 31,<br>2018 |
|--------------------------|-------------------------|--------------------|
|                          | \$                      | \$                 |
| Less than 6 months :     |                         |                    |
| Trade and other payables | <b>7,005</b>            | 94,671             |