

STANDARD LITHIUM LTD.

(formerly Patriot Petroleum Corp.)

Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

Three and nine months ended September 30, 2017 and 2016

STANDARD LITHIUM LTD.

NOTICE OF NO 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 condensed interim consolidated 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 CPA Canada for a review of interim financial statements by the entity's auditor.

STANDARD LITHIUM LTD.

Condensed Consolidated Interim Statements of Financial Position

As at September 30, 2017 and December 31, 2016

(Expressed in Canadian dollars)

	September 30, 2017	December 31, 2016
	(unaudited)	(audited)
ASSETS		
Current assets		
Cash	\$ 6,289,369	\$ 286,203
Receivables	29,867	2,822
Prepaid expenses	400,605	-
	6,719,841	289,025
Non-current assets		
Loan receivable (Note 3)	-	542,451
Deposit on mineral property (Note 5)	644,858	-
Reclamation deposit (Note 6)	76,952	-
Exploration and evaluation assets (Note 4)	5,008,776	3,989,705
Investment in subsidiary	1,150	-
	5,731,736	4,821,181
TOTAL ASSETS	\$ 12,451,577	\$ 4,821,181
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 613,516	\$ 444,019
Non-current liabilities		
Convertible debenture (Note 6)	-	693,174
TOTAL LIABILITIES	613,516	1,137,193
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	24,457,640	4,783,187
Share subscriptions received	-	235,250
Equity portion of convertible debenture (Note 7)	-	48,162
Stock option reserve (Note 8)	2,760,339	37,364
Deficit	(15,379,918)	(1,419,975)
TOTAL SHAREHOLDERS' EQUITY	11,838,061	3,683,988
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 12,451,577	\$ 4,821,181

Nature and Continuance of Operations (Note 1)

Subsequent Events (Note 12)

Approved by the Board of Directors and authorized for issue on November 24, 2017.

"Robert Mintak"

Director

"Dr. Andrew Robinson"

Director

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

STANDARD LITHIUM LTD.

Condensed Consolidated Interim Statements of Comprehensive Loss
Three and nine months ended September 30, 2017 and 2016

Expressed in Canadian Dollars - unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Administrative Expenses				
Office and administration	\$ 49,216	\$ 272	\$ 122,539	367
Corporate development	139,167	-	292,500	-
Advertising and promotion	377,539	-	725,373	-
Consulting fees (Note 9)	300,366	26,873	1,003,705	50,873
Professional fees	28,663	15,072	95,985	15,827
Filing and transfer agent	24,012	28,026	76,215	38,591
Travel	35,514	-	118,517	-
Property investigation	52,844	-	236,265	-
Share-based payments (Notes 8 and 9)	1,260,991	-	2,722,975	-
Foreign exchange	(784)	-	30,137	-
Loss from operations before other items	(2,267,528)	(70,243)	(5,424,211)	(105,658)
Other (expenses) income				
Write-off of mineral property (Note 4)	(8,527,115)	-	(8,527,115)	-
Interest and accretion expense (Note 7)	48	-	(1,288)	(11,972)
Gain on settlement of convertible debenture (Note 7)	-	-	(7,329)	-
Other income	-	-	-	1,000
	(8,527,067)	-	(8,535,732)	(10,972)
Net and comprehensive loss	(10,794,595)	(70,243)	(13,959,943)	(116,630)
Basic and diluted loss per share	\$ (0.20)	\$ (0.01)	\$ (0.32)	(0.02)
Weighted average number of common shares outstanding – basic and diluted	53,114,693	7,320,083	43,485,468	4,869,572

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

STANDARD LITHIUM LTD.

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

Nine months ended September 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

	Number of shares	Share capital	Share subscriptions received	Equity portion of convertible debenture	Stock Option Reserve	Retained Earnings (Deficit)	Total equity (deficiency)
Balance, December 31, 2015	2,260,083	\$ 591,839	\$ -	\$ -	\$ 25,548	\$ (1,070,650)	\$ (453,263)
Stock option reserve transferred to deficit	-	-	-	-	(25,548)	25,548	-
Shares issued for cash, net of costs	5,000,000	496,348	-	-	-	-	496,348
Net loss for the period	-	-	-	-	-	(116,630)	(116,630)
Balance, September 30, 2016	7,260,083	1,088,187	-	-	-	(1,161,732)	(73,545)
Balance, December 31, 2016	21,760,083	4,783,187	235,250	48,162	37,364	(1,419,975)	3,683,988
Share-based payment	-	-	-	-	2,722,975	-	2,722,975
Settlement of debenture	120,000	30,000	-	(48,162)	-	-	(18,162)
Shares issued for cash, net of costs	30,486,072	12,273,634	(235,250)	-	-	-	12,038,384
Shares issued for exploration and evaluation assets	7,150,000	7,202,069	-	-	-	-	7,202,069
Warrants exercised	75,000	18,750	-	-	-	-	18,750
Stock options exercised	600,000	150,000	-	-	-	-	150,000
Net loss for the period	-	-	-	-	-	(13,959,943)	(13,959,943)
Balance, September 30, 2017	60,191,155	\$ 24,457,640	\$ -	\$ -	\$ 2,760,339	\$(15,379,918)	\$ 11,838,061

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

STANDARD LITHIUM LTD.

Condensed Consolidated Interim Statements of Cash Flows
Three and nine months ended September 30, 2017 and 2016

(Expressed in Canadian Dollars - unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Cash flows from (used in) operating activities				
Net loss for the period	\$(10,794,595)	\$ (70,243)	\$(13,959,943)	\$ (116,630)
Item not involving cash				
Share-based payments	1,260,991	-	2,722,975	-
Write-off of mineral property	8,527,115	-	8,527,115	-
Interest expense	-	-	1,335	-
Gain of settlement of convertible debenture	-	-	7,329	-
Change in non-cash working capital items				
Receivables	13,744	(929)	(27,045)	(1,714)
Prepaid expenses	(179,662)	1,300	(400,605)	(1,300)
Accounts payable and accrued liabilities	320,771	10,181	169,497	(94,283)
Cash used in operating activities	(851,636)	(59,691)	(2,959,342)	(213,927)
Cash flows from (used in) investing activities				
Exploration and evaluation assets	(684,227)	-	(1,891,666)	-
Deposit paid on mineral property	(612,415)	-	(644,858)	-
Reclamation deposit paid	(76,952)	-	(76,952)	-
Shares issued for acquisition of asset	-	-	90,000	-
Investment in subsidiary	-	-	(1,150)	-
Cash used in investing activities	(1,373,594)	-	(2,524,626)	-
Cash flows from (used in) financing activities				
Private Placement, net of issuance costs	150,992	-	12,038,384	496,348
Repayment of convertible debenture	-	-	(720,000)	-
Exercise of warrants	6,250	-	18,750	-
Exercise of stock options	75,000	-	150,000	-
Loan repayment	-	-	-	(250,000)
Cash provided by financing activities	232,242	-	11,487,134	246,348
Increase/(decrease) in cash during the period	(1,992,988)	(59,691)	6,003,166	32,421
Cash, beginning of period	8,282,357	95,543	286,203	3,431
Cash, end of period	\$ 6,289,369	\$ 35,852	\$ 6,289,369	\$ 35,852

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

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(in Canadian Dollars - Expressed unaudited)

1. Nature and Continuance of Operations

Standard Lithium Ltd. (the "Company") was incorporated under the laws of the Province of British Columbia on August 14, 1998 under the name Tango Capital Corp. On April 7, 1999, the Company changed its name to Patriot Capital Corp. and to Patriot Petroleum Corp. effective March 5, 2002. On December 1, 2016 the Company continued under the Canadian Business Corporations Act and changed its name to Standard Lithium Ltd. The Company's principal operations are comprised of exploration for and development of lithium brine properties in the United States of America ("USA").

The address of the Company's corporate office and principal place of business is 835, 1100 Melville Street, Vancouver, British Columbia, Canada, V6E 4A6. The Company's shares are listed on the TSX Venture Exchange under the symbol "SLL".

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has no sources of revenue and for the nine months ended September 30, 2017 had an accumulated deficit of \$15,379,918. These matters raise significant doubt regarding the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise equity financings. These condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Basis of Presentation

a) Statement of compliance

The condensed consolidated interim financial statements of the Company, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements comply with International Accounting Standard ("IAS") 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required of a complete set of consolidated financial statements and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and the performance of the Company since the end of its last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2016, which were prepared in accordance with IFRS as issued by the IASB, except as discussed in Note 2. f).

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

2. Basis of Presentation - continued

b) Basis of consolidation

The condensed consolidated financial statements of the Company include its wholly owned subsidiary, Moab Minerals Corp. (“Moab”), and its wholly owned subsidiaries 1093905 Nevada Corp. and Arkansas Lithium Corp. (formerly 1093914 Nevada Corp.) (“Arkansas”). Moab was acquired by the Company on February 21, 2017. Moab is incorporated under the British Columbia Business Corporations Act. The subsidiaries of Moab were incorporated in the State of Nevada, US. On March 17, 2017 the Company incorporated its wholly owned subsidiary, California Lithium Ltd. (“California”). California is incorporated in the State of Nevada, US. Additionally, on June 13, 2017 the Company acquired its wholly owned subsidiary Vernal Minerals Corp. (“Vernal”). All significant inter-company balances and transactions have been eliminated upon consolidation.

On December 1, 2016, the Company completed a share consolidation on the basis of five existing common shares for one post-consolidation common share. All common share and per common share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

c) Functional and presentation currency

Items included in the condensed consolidated interim financial statements of the Company and its wholly owned subsidiaries are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The functional currency of the Company and its subsidiary, Moab Minerals Corp., is the Canadian dollar. The functional currency of California is the United States dollar.

d) Basis of presentation

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial assets classified as fair value through profit or loss which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

e) Going concern

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of \$15,379,918 at September 30, 2017. Management has determined that the Company will be able to continue as a going concern for a reasonable period of time, and realize its assets and discharge its liabilities and commitments in the normal course of business.

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

2. Basis of Presentation - continued

f) Changes in accounting standards

Accounting standards issued but not effective

Standards issued, but not effective, up to the date of issuance of the Company's condensed consolidated interim financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when they apply at a future date. The Company intends to adopt these standards when they become effective.

New accounting standards effective for annual periods on or after January 1, 2018:

IFRS 9 Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

Amendments to IFRS 2 Share-based Payment

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

2. Basis of Presentation - continued

f) Changes in accounting standards

New accounting standards effective for annual periods on or after January 1, 2019:

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify lease as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The extent of the impact of adoption of these standards and interpretations on the condensed consolidated interim financial statements of the Company has not been determined.

3. Loan Receivable

The Company advanced \$542,451 (US\$404,000) under a loan agreement with Moab entered into on December 2, 2016, with a repayment date of June 2, 2017. Under the terms of a Security Agreement entered into on December 2, 2016 with Moab, the loan is secured by all of the personal property, assets and undertakings of Moab. On February 2, 2017 the Company acquired all of the outstanding shares of Moab. See Note 2 b) and Note 4. All inter-company balances have been included as consideration for the transaction.

4. Exploration and Evaluation Expenditures

Bristol Lake Property

In August 2016 the Company entered into an option purchase and assignment agreement (the "Option Purchase Agreement") with TY & Sons Explorations (Nevada), Inc. ("TY & Sons") and Nevada Alaska Mining Company Inc. ("Nevada Mining"), pursuant to which the Company will acquire all of TY & Sons' right, title and interest in a property option agreement between TY & Sons and Nevada Mining, as property owner (the "Underlying Option Agreement"), under which TY & Sons has the option (the "Option") to acquire from Nevada Mining an interest in what is known as the Bristol Lake Property (collectively, the "Option Purchase"), subject to certain royalties in favour of Nevada Mining. The transaction, having received the approval of the TSX Venture Exchange, closed on November 17, 2016. As consideration, the Company issued 14,000,000 common shares of the Company and paid TY & Sons for certain costs incurred.

In order to exercise the Option pursuant to the terms of the Underlying Option Agreement, the Company will be required to issue an aggregate of 2,500,000 common shares (500,000 issued) and pay the total sum of US\$325,000 to Nevada Mining over the course of four years (US\$25,000 paid). Upon exercise of the Option, the Company will hold an interest in the Bristol Lake Property, which comprises mineral claims situated in San Bernardino County, California. The property is subject to a 2.5% net smelter returns royalty on commercial production from the mineral claims, in favour of Nevada Mining and a 0.5% net smelter returns royalty applicable to any after acquired properties in the area of interest stipulated by the Option Purchase Agreement, also in favour of Nevada Mining.

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

4. Exploration and Evaluation Expenditures - continued

Bristol Lake Property - continued

	January 1, 2017	Acquisition Costs	Claim Maintenance	Exploration Costs	September 30, 2017
Bristol Lake	\$ 3,989,705	\$ 185,198	\$ 97,784	\$ 530,623	\$ 4,803,310

	January 1, 2016	Acquisition Costs	Claim Maintenance	December 31, 2016
Bristol Lake	\$ -	\$ 3,897,220	\$ 92,485	\$ 3,989,705

On May 3, 2017 the Company signed a Property Lease Agreement with National Chloride for rights to the adjacent approximate 12,290 acres. Under this agreement, the Company paid a US\$25,000 at signing of LOI and US\$25,000 at the Agreement date. A US\$50,000 payment is due on or before the 6 month anniversary of the closing date. The Company issued 100,000 Consideration Shares on May 24, 2017 and an additional five US\$100,000 cash payment and issuance of 200,000 Consideration Shares on or before each successive Agreement anniversary date, a cash payment of US\$250,000 and the issuance of 500,000 Consideration Shares upon successful completion of a pre-feasibility study and a cash payment of US\$1,000,000 upon the successful completion of a bankable feasibility study on the Property. It is expressly agreed that the "Leased Rights" are limited to lithium exploration and production activities and operations. The Company will pay a two percent royalty on gross revenue derived from the properties to National Chloride, subject to a minimum annual royalty payment of US\$500,000. On September 1, 2017, the Property Lease Agreement was amended to include an additional approximate 6,000 acres adjacent to the 12,290 acres. The amendment agreement continues all the economic terms of the previous lease agreement with National Chloride, with the additional requirement that the company will be responsible for ongoing carrying costs associated with the additional claims. A payment of \$56,873 (US\$44,805) was made to the Bureau of Land Management, Department of the Interior ("BLM") for these carrying costs.

Paradox Project

On February 2, 2017, the Company entered into a definitive agreement to acquire all of the outstanding share capital of Moab Minerals Corp. ("Moab"), a privately-held British Columbia-based mineral exploration company. Moab holds the rights to the Paradox Project ("Paradox"), which consists of two series of placer mineral claims, consisting of 2,175 placer claims, covering an area of approximately 43,335 acres, in the Paradox basin in Grand and San Juan counties in the State of Utah. The main block, Paradox North ("PN Claims") consists of 2,058 placer claims, occupying approximately 41,160 acres, and is located approximately 22 miles north-west of Moab in Grand County. The Project also has a southern block of claims, Paradox South ("PS Claims") that consist of 117 placer claims (approximately 2,175 acres), located approximately 24 miles to the south-east of Moab in San Juan County.

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

4. Exploration and Evaluation Expenditures - continued

Paradox Project – continued

In consideration for the acquisition of the share capital of Moab, the Company issued 6,850,000 common shares and has assumed responsibility for all outstanding liabilities of Moab. In addition, the Company paid a finders' fee of 200,000 common shares to an arm's length third-party who assisted in facilitating the acquisition. The transaction was approved by the TSX Venture Exchange on February 21, 2017.

In consideration for the claims under the Paradox Project the Company is required to pay the vendor US\$380,850 (paid), and US\$250,000 on each of the 12, 18, and 24 months anniversaries from the effective date of the agreement.

The value of the shares, advances, and liabilities assumed, totalling \$8,520,439 has been attributed to the underlying Paradox surface rights held by Moab. On August 31, 2017, the Company dropped the Paradox Project and wrote off \$8,520,439 of acquisition costs and \$6,676 of exploration costs.

	January 1, 2017	Acquisition Costs	Exploration Costs	Property Write-Off	September 30, 2017
Paradox	\$ -	\$ 8,520,439	\$ 6,676	\$ (8,527,115)	\$ -

Arkansas Project

On July 25, 2017, the Company entered into a Memorandum of Understanding (MoU) with a non-affiliated NYSE-listed company ("Vendor") with regard to an option to acquire certain rights to conduct brine exploration and production and lithium extraction activities on approximately 33,000 net brine acres located in Columbian and Lafayette Counties, Arkansas ("Arkansas"). At signing of the MoU, a non-refundable deposit of \$614,150 (US\$500,000) was made with additional fees and payment obligations in the future if the option is executed and exercised, and subject to certain conditions. A Due Diligence Period of one-hundred-eighty (180) days ("Due Diligence Period") from MoU signing, expires at 5:00pm Vancouver time on January 20, 2018. The Company has the right to conduct a full due diligence on or before the expiration of the Due Diligence Period. Unless the Company provides the Vendor with written notice on or before the expiration of the Due Diligence period, that the results of the due diligence investigations are satisfactory and the Company intends to proceed with the transaction, the MoU will automatically terminate without liability, unless such date and time is mutually extended by the parties in writing. If the parties are unable to mutually agreed upon and execute the Definitive Agreement within 30 days following the date Standard provides written notice to the Vendor that Standard intends to proceed with the transaction, this MoU will terminate, without liability, upon the expiration of the thirty (30) day period and the Vendor will retain the non-refundable deposit.

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

Arkansas Project - continued

The brine leases overlie the Smackover Formation in a region with a long history of commercial scale brine processing. A review of historical published brine data from within and adjacent to the lease area leads the Company to believe that lithium-bearing brines are likely present, though further work will be conducted during the due-diligence period to confirm this.

As at September 30, 2017, the Company has incurred \$205,466 in costs related to the advancement of the project.

5. Deposit on mineral property

On February 27, 2017, the Company signed a Letter of Intent ("LOI") with National Chloride Company of America ("National Chloride") to acquire the right to conduct lithium exploration and production activities within a series of placer mineral claims, totalling approximately 20,000 acres located adjacent to the Company's existing Bristol Lake Property. The Company paid \$30,708 (US\$25,000) as non-refundable deposit to National Chloride at the signing of the LOI. See Note 4 for more details.

On July 25, 2017, the Company entered into a Memorandum of Understanding (MoU) with a non-affiliated NYSE-listed company ("Vendor") as detailed in Note 4 – Arkansas Project. The Company paid \$614,150 (US\$500,000) as non-refundable deposit to the Vendor on signing the MoU.

6. Reclamation bond

On September 6, 2017, the Company paid \$76,952 (US\$62,659) of reclamation bond to the Bureau of Land Management California State ("BLM") with respect to the exploration trenching and drilling on Bristol Dry Lake. This amount was determined by the BLM to be sufficient to meet all anticipated reclamation requirements.

7. Convertible Debenture

On November 17, 2016, the Company completed a financing in the form of a \$750,000 convertible debenture issued by the Company to TY & Sons Investments Inc. (the "Debenture"). The Debenture, which is unsecured, has a term of 24 months, is convertible into common shares of the Company at a price of \$0.25 per share for the first 12 months and \$0.50 per share thereafter, bears interest at a rate of 5% per annum and is subject to a forced conversion provision which will be triggered if the Company completes an equity private placement during the period between the issue date and the maturity date of the Debenture at a price per share or unit of \$0.25, provided that the Company has completed a 5:1 consolidation of its common shares.

The convertible debenture has been classified into its separate debenture liability and equity portions in the Company's financial statements by the fair value method using an effective interest of 10% when valuing the liability first. This resulted in an initial amount of \$684,917 being allocated to the liability portion and \$48,162 being allocated to the equity portion net of deferred income tax recovery of \$16,921. For the year ended

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

7. Convertible Debenture (continued)

December 31, 2016, total interest and accretion expense related to the liability component of the convertible debenture is \$8,257. The carrying value of the debenture will be accreted up to its face value over the term to maturity.

On January 13, 2017, the Company settled its obligations under the \$750,000 convertible debenture. Of this amount, \$720,000 was repaid and \$30,000 was converted into 120,000 common shares of the Company.

The settlement of the convertible debenture resulted in a reversal for of the Equity portion due to conversion of debt into common shares. This resulted in a gain on convertible debenture of \$7,329.

Summary of transaction is as follows:

Balance, December 31, 2015	\$	-
Face value of convertible debenture		750,000
Equity portion of convertible debenture		(65,083)
Accretion and interest expense		8,257
Balance, December 31, 2016		693,174
Repayment of debenture		(720,000)
Conversion to common shares		(30,000)
Reversal of equity portion of convertible debenture		48,162
Interest		1,335
Gain on convertible debenture		7,329
Balance, September 30, 2017	\$	-

8. Share Capital

a) Authorized capital

Unlimited number of common voting shares without nominal or par value

Unlimited number of preferred shares without par value issued in one or more series

60,191,155 common shares were issued and outstanding at September 30, 2017.

On May 10, 2016, the Company closed a non-brokered private placement comprising of 5,000,000 units at a price of \$0.10 per unit for gross proceeds of \$500,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.25 per share until May 10, 2021.

In November and December 2016, the Company issued 14,500,000 shares with a fair value of \$3,695,000 under the terms of the Option Purchase Agreement with TY & Sons relating to the Bristol Lake Property (See Note 4).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

8. Share Capital

a) Authorized capital

On January 13, 2017 the Company closed a private placement comprising 20,000,600 shares issued at a price of \$0.25 per share for gross proceeds of \$5,000,150. All shares issued pursuant to the private placement are subject to a four month hold period expiring May 14, 2017. The transaction was approved by the TSX Venture Exchange on January 18, 2017.

On January 13, 2017, the Company issued 120,000 common shares with a fair value of \$30,000 as part of the settlement of the convertible debenture. (See Note 7).

On February 2, 2017, the Company issued 7,050,000 shares with a fair value of \$7,112,069 pursuant to the terms of the purchase and sale agreement for the acquisition on Moab Minerals Corp as disclosed in Note 2. b) and Note 4.

On February 23, 2017, 12,500 warrants were exercised for proceeds of \$3,125 and 12,500 common shares were issued.

On April 3, 2017, 200,000 options were exercised for proceeds of \$50,000 and 200,000 common shares were issued.

On April 28, 2017, 25,000 warrants were exercised for proceeds of \$6,250 and 25,000 common shares were issued.

On May 24, 2017, the Company issued 100,000 common shares at a value of \$90,000 to Nation Chloride Company of America to satisfy terms of the Agreement. The shares are subject to a four month and one day hold that expires on September 25, 2017.

On June 8, 2017, 50,000 options were exercised for proceeds of \$12,500 and 50,000 common shares were issued.

On June 22, 2017, 50,000 options were exercised for proceeds of \$12,500 and 50,000 common shares were issued.

On June 22, 2017 the Company closed a private placement comprising 9,894,785 shares issued at a price of \$0.75 per share for gross proceeds of \$7,421,089. Finder's fees were \$74,841 in cash and 590,687 common shares at a price of \$0.75 per share. All shares issued pursuant to the private placement are subject to a four month and one day hold period expiring October 23, 2017. The transaction was approved by the TSX Venture Exchange on June 26, 2017.

On June 28, 2017, 12,500 warrants were exercised for proceeds of \$3,125 and 12,500 common shares were issued.

On July 7, 2017, 300,000 options were exercised for proceeds of \$75,000 and 300,000 common shares were issued.

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8. Share Capital

a) Authorized capital

On September 25, 2017, 25,000 warrants were exercised for proceeds of \$6,250 and 25,000 common shares were issued.

b) Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance at December 31, 2015	-	-
Issued	5,000,000	0.25
Balance at December 31, 2016	5,000,000	0.25
Exercised	(75,000)	0.25
Balance at September 30, 2017	4,925,000	\$ 0.25

The weighted average contractual life of the warrants outstanding is 3.61 years.

c) Options

The Company has a stock option plan in place under which it is authorized to grant options to officers, directors, employees, consultants and management company employees enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option shall not be less than the price permitted by any stock exchange. The options can be granted for a maximum term of 10 years.

On December 2, 2016, the Company granted 600,000 options to directors and consultants of the Company at an exercise price of \$0.25 per share for a period of three years. 200,000 of these options vested immediately and 400,000 of the options vest over two year period. These options had an estimated fair value of \$92,669. All 600,000 options were exercised by September 30, 2017.

On March 3, 2017, the Company granted 1,250,000 options to directors and officers of the Company at an exercise price of \$1.05 per share for a period of 5 years. 416,667 of these options vested immediately and 833,333 of the options vest over a two year period. These options had an estimate fair value of \$1,172,787.

On June 16, 2017, the Company granted 2,590,000 options to directors, officers and consultants of the Company at an exercise price of \$0.96 per share for a period of 5 years. 863,333 of these options vested immediately and 1,726,667 of the options vest over a one year period. These options had an estimate fair value of \$2,218,883.

On August 9, 2017, the Company granted 825,000 options to consultants of the Company at an exercise price of \$1.02 per share for a period of 3 years. 275,000 of these options vested immediately and 550,000 of these options vest over a period of 1 year. These options had an estimate fair value of \$743,160.

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8. Share Capital (continued)

c) Options

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	August 9, 2017	June 16, 2017	March 3, 2017	December 2, 2016
Annualized volatility	180%	143%	143%	100%
Risk free interest rate	1.23%	1.08%	1.11%	0.69%
Dividend rate	0%	0%	0%	0.00%
Expected life of options	3 years	5 years	5 years	3 years
Forfeiture rate	0.00%	0.00%	0.00%	0.00%
Share price	\$1.02	\$0.96	\$1.05	\$0.25

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance at December 31, 2015	175,000	\$ 0.22
Options cancelled	(175,000)	0.22
Options granted	600,000	0.25
Balance at December 31, 2016	600,000	0.25
Options exercised	(600,000)	0.25
Options issued	1,250,000	1.05
Options issued	2,590,000	0.96
Options issued	825,000	1.02
Balance at September 30, 2017	4,665,000	\$ 0.995

The following table summarizes stock options outstanding and exercisable at September 30, 2017:

Exercise Price \$	Options Outstanding			Options Exercisable	
	Number of Shares	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price \$	Number Exercisable	Weighted Average Exercise Price \$
1.05	1,250,000	4.42	1.05	833,334	1.05
0.96	2,590,000	4.71	0.96	863,333	0.96
1.02	825,000	2.86	1.02	275,000	1.02
	4,665,000	4.00	.995	1,971,667	0.785

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8. Share Capital (continued)

c) Options

Stock options outstanding at September 30, 2017 will expire on March 3, 2022, June 16, 2022 and August 9, 2020.

9. Related Party Transactions

Compensation to key management:

The aggregate amount accrued to parties not at arm's length from the Company consists of the following:

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Consulting fees paid to officers of the Company	\$ 182,516	\$ 3,000	\$ 436,653	\$ 9,000
Share-based payments	449,562	-	1,531,738	-
	\$ 632,078	\$ 3,000	\$ 1,968,391	\$ 9,000

As at September 30, 2017 there is \$45,681 (September 30, 2016: \$5,000) in accounts payable and accrued liabilities owing to officers of the Company.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, unless otherwise noted. Amounts due to/from the related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

10. Capital Management

The Company considers its capital structure to include working capital and shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. Management reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company is reasonable.

The Company is not subject to any external restrictions and the Company did not change its approach to capital management during the year.

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11. Financial instruments and financial risk management

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics.

The fair value of current financial instruments approximates their carrying value as they are short term in nature.

Financial instruments that are held at fair value are categorised based on a valuation hierarchy which is determined by the valuation methodology utilised:

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 (that is as prices) or indirectly (that is, derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Levels 1, 2 or 3 for the periods ended September 30, 2017 and December 31, 2016.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

September 30, 2017	Level 1	Level 2	Level 3	Total
Cash	\$ 6,289,369	\$ -	\$ -	\$ 6,289,369
December 31, 2016	Level 1	Level 2	Level 3	Total
Cash	\$ 286,203	\$ -	\$ -	\$ 286,203

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in response to the Company's activities. Management regularly monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

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11. Financial instruments and financial risk management - continued

In the normal course of operations, the Company is exposed to various risks such as commodity, interest rate, credit, and liquidity risk. To manage these risks, management determines what activities must be undertaken to minimize potential exposure to risks. The objectives of the Company in managing risk are as follows:

- maintaining sound financial condition;
- financing operations; and
- ensuring liquidity to all operations.

In order to satisfy these objectives, the Company has adopted the following policies:

- recognize and observe the extent of operating risk within the business;
- identify the magnitude of the impact of market risk factors on the overall risk of the business and take advantage of natural risk reductions that arise from these relationships.

(i) Interest rate risk

The Company does not have any financial instruments which are subject to interest rate risk.

(ii) Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from trade receivables. The Company's loan receivable was not collected subsequent to the nine months ended September 30, 2017, as the Company acquired all of the outstanding shares of the borrower, Moab Minerals Corp. The Company does not have any other financial instruments which are subject to credit risk.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources. At September 30, 2017, the Company has a net working capital of \$6,106,325. The Company will require financing from lenders, shareholders and other investors to generate sufficient capital its meet its short term business requirements.

(iv) Foreign Exchange Risk

The Company is exposed to currency fluctuations. The company has US dollar balances in cash, reclamation bond and accounts payable a significant change in the currency exchange rate between the Canadian dollar relative to e US dollar could have an effect on the company's results of operations, financial position and/or cash flows.

On September 8, 2017, the Company purchased US\$2,000,000 at a rate of 1.218 and on September 11, 2017, the Company purchased US\$1,000,000 at a rate of 1.213. A balance of US\$2,932,579 remains as at September 30, 2017

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12. Subsequent Events

- i) On October 1, 2017, the Company issued 500,000 common shares to Nevada Alaska Mining Company Inc. under the terms of the Option Agreement. See Note 4 – Bristol Lake Property.
- ii) On October 30, 2017, the Company announced that it has entered into a Memorandum of Understanding (“MoU”), with TETRA Technologies, Inc., a NYSE-listed company (“TETRA”) to secure access to additional operating and permitted land consisting of approximately 12,100 acres in Bristol Dry Lake, and up to 11,840 acres in the adjacent Cadiz Dry Lake, Mojave Desert, California. As a result, the Company now has access to approximately 48,000 acres of mixed private, patented and placer claim land in the Bristol Dry Lake and Cadiz Dry Lake basins that allows for exclusive lithium brine exploration and processing. The new MoU with TETRA allows for the exclusive right to negotiate and conduct exploration activities and to enter into a mineral lease to allow exploration and production activities for lithium extraction on property held under longstanding mining claims and permits by TETRA (transaction terms described below). In connection with the entering into of the MoU, and in support of the transaction with TETRA, the Company has made a non-refundable deposit of US\$100,000.
- iii) On November 2, 2017 the Company announced that it has entered into a definitive agreement to acquire a series of fifty-four prospective mineral claims located in San Bernardino County, California. Pursuant to the terms of the definitive agreement, the Company will acquire all of the outstanding share capital of a privately-held British Columbia-based mineral exploration company which holds the rights to the claims (the “Vendor”).

In consideration for the acquisition of the Vendor, the Company will issue 1,000,000 common shares, and will assume responsibility for all outstanding liabilities of the Vendor. Closing of the acquisition remains subject to the final approval of the TSX Venture Exchange, as well as certain other conditions as are customary in transactions of this nature. All common shares issued in connection with the acquisition will be subject to a four-month-and-one-day hold period in accordance with the policies of the TSX Venture Exchange.
- iv) On November 3, 2017, 150,000 warrants were exercised for proceeds of \$37,500 and 150,000 common shares were issued