

# **STANDARD LITHIUM LTD.**

**(formerly Patriot Petroleum Corp.)**

## **Management Discussion and Analysis**

**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017**

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# STANDARD LITHIUM LTD.

(formerly Patriot Petroleum Corp.)

## Management's Discussion and Analysis

For the Nine Months Ended September 30, 2017

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The following management's discussion and analysis ("MD&A") for Standard Lithium Ltd. was prepared by management based on information available as at November 24, 2017 and it should be reviewed in conjunction with the unaudited condensed consolidated interim financial statements and related notes thereto of the Company for the nine months ended September 30, 2017. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). All dollar figures are expressed in Canadian dollars unless otherwise stated. These documents and additional information on the corporation are available on SEDAR at [www.sedar.com](http://www.sedar.com).

As used in this MD&A, the terms "Standard" and "the Company" mean Standard Lithium Ltd, unless the context clearly requires otherwise.

### Forward-Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking information"). In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations or the negative of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. The Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

### Nature of Business and Operations

Standard was incorporated under the laws of the Province of British Columbia on August 14, 1998. At its annual general meeting held on November 3, 2016, the shareholders of the Company approved the change of name of the Company to "Standard Lithium Ltd." and to the continuance of the Company from the *Business Corporations Act* (British Columbia) to the *Canada Business Corporations Act*. The shareholders also approved the consolidation of the Company's common shares on the basis of one post-consolidation share for five pre-consolidation shares. All common share and per common share amounts in this report have been retroactively restated to reflect the share consolidation.

The Company's common shares are listed on the TSX Venture Exchange (the "TSXV") under the symbol "SLL". The head office is located at Suite 835, 1100 Melville Street, Vancouver, V6E 4A6 Canada. The Company was formerly in the oil and gas business, but changed its focus during the 2016 fiscal year. The Company is currently focusing on evaluating, acquiring and developing lithium projects in the USA.

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 Standard 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"),

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### Nature of Business and Operations - continued

under which TY & Sons has the option (the "Option") to acquire from Nevada Mining an interest in the Bristol Lake Project (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 October 17, 2016. As consideration, the Company issued 14,000,000 common shares of the Company.

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 and pay the total sum of US\$325,000 to Nevada Mining over the course of four years. Upon exercise of the Option, the Company will earn 100% interest in the Bristol Lake Project, situated in San Bernardino County, California.

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 23, 2017 the Company announced the appointment of Jeff Barber and Anthony Alvaro as directors of the Company and that Gavin Cooper will be assuming the interim role of Chief Financial Officer replacing Kyle Stevenson. Jeff Barber was a Co-founder and Managing Partner of a boutique M&A advisory firm in Calgary from 2012 to 2016. Prior thereto, he was an investment banker with Raymond James Limited for four years and previously held investment banking and equity research positions at Canaccord Genuity Corp. Jeff Barber is a CFA charterholder and holds a Masters degree in Finance and Economics from the University of Alberta. Anthony Alvaro has over two decades working primarily in the international capital markets. The breadth of his capital markets experience includes roles within wealth management, corporate finance, institutional sales, M&A, venture capital and private equity. Over the years, Mr. Alvaro has developed a passion for helping companies navigate from the private sector to the public markets. To-date, Anthony Alvaro has helped a number of companies across multiple industry sectors raise in excess of \$500 million in aggregate. He has also held executive and board positions with a number of public and private companies.

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 Property, which consists of two series of placer mineral claims, consisting of 2,175 placer claims, covering an area of approximately 43,500 acres, located in the Paradox Basin in Grand and San Juan Counties in the State of Utah. 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. 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 March 3, 2017, the Company granted 1,250,000 incentive stock options to certain directors and officers of the Company. The options are exercisable at a price of \$1.05 per share for a period of five years.

Mr. Robert Mintak was appointed as a Director and interim Chief Executive Officer of the Company on March 21, 2017, replacing Mr. Gavin Cooper who has resigned as interim CEO. Mr. Mintak was one of the founders of Pure Energy Minerals, served as the company's CEO from 2013 to 2016 and most recently as Executive Chairman and

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### Nature of Business and Operations – continued

under Mr. Mintak's leadership, Pure Energy Minerals was recognized as the top mining company in the 2016 TSX Venture 50. He has a global network of industry contacts and is a pioneer in the rapidly evolving lithium space.

Mr. Mintak has 20+ years' experience in corporate management, with a specific emphasis on strategic development and corporate governance. Over the past 10 years, he has served as a senior officer and director of several publicly traded companies.

On April 20, 2017, the Company established a wholly-owned subsidiary, California Lithium Ltd. ("California"), registered in the state of California.

On April 20, 2017, Dr. Andy Robinson was appointed as President and Chief Operating Officer of the Company. Dr. Robinson most recently served as Chief Operating Officer and board member for Pure Energy Minerals Ltd. During his tenure at that company, he was instrumental in developing innovative exploration, sampling and assessment techniques for lithium brine resources, and was responsible for developing a world-class lithium brine process engineering team. This team successfully developed and tested efficient and effective modern brine processing techniques that will help shape the way in which lithium products are extracted from brine in the future. Prior to joining Pure Energy in 2014, Andy held a series of senior technical and executive management roles with publicly listed companies in the energy, power and engineering sectors, and has been responsible for successfully taking projects from inception to production while developing sustained corporate growth. Andy is an experienced geoscientist with 20+ years of experience, a PhD in Geochemistry from the University of Bristol, UK, and has worked on a wide range of projects in the resource, power and energy sectors in Europe, Africa and North and S. America.

On May 1, 2017, Ms. Kara Norman was appointed as Chief Financial Officer and Corporate Secretary, replacing Mr. Gavin Cooper and Ms. Emily Davis who resigned from the Company. Ms. Norman is a Chartered Professional Accountant with extensive experience in financial reporting for exploration-stage resource companies.

On May 3, 2017, the Company signed a Property Lease Option Agreement with National Chloride Corporation of America ("National Chloride") under which National Chloride will grant the Company the option to conduct lithium exploration, development, and production activities, in accordance with existing longstanding Federal and State mining permits and claims held by National Chloride in California. The Company made a cash payment of \$34,268 (US\$25,000) upon the execution of the Property Lease Agreement. The Company had also provided a \$33,275 (US\$25,000) deposit to National Chloride as a non-refundable deposit at signing of an LOI on February 27, 2017. 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 1,700,000 common shares and pay the total sum of US\$1,800,000 to National Chloride Corporation of America over the course of five years. Following successful completion of the above payments and share issuances, National Chloride will grant the Leased Rights to the Company effective on the Closing Date and until the expiration of the Lease Period. 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. The transaction, having received the approval of the TSX Venture Exchange, closed on May 16, 2017. As consideration, the Company issued 100,000 common shares of the Company. See Bristol Lake Project and September 1, 2017 details below for more information.

On June 16, 2017, the Company granted 2,590,000 incentive stock options to certain directors and officers of the Company. The options are exercisable at a price of \$0.96 per share for a period of five years.

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### Nature of Business and Operations – continued

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 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.

On August 9, 2017, the Company granted 825,000 incentive stock options to certain consultants of the Company. The options are exercisable at a price of \$1.02 per share for a period of three years.

On September 1, 2017, the Company the Property Lease Agreement National Chloride 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.

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.

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

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### Nature of Business and Operations – continued

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

The Company is continuing to review its options with respect to the current and other prospective properties.

### Mineral Properties

#### *Bristol Lake Project*

The Bristol Lake Project is located in San Bernardino County, California approximately 150 miles east-northeast of Los Angeles. The Company has rights and access to two sets of placer mining claims which cover a total of approximately 16,320 acres (4,030 acres with Nevada Alaska Mining and 12,290 acres with National Chloride) and are situated on Federal lands controlled by the Bureau of Land Management (BLM). The Bristol Lake playa is a flat salt lake in the Mojave Desert that occupies approximately 155 sq. km in a 2,000 sq. km arid drainage basin. There are two established brine producers in the basin and 100+ years of industrial mineral production (salts and brines) from the brine deposits.

As described above, the Company entered into an option purchase and assignment agreement with TY & Sons and Nevada Alaska to acquire an interest in the BLD Claims. Under this agreement, as amended, the Company is required to pay to Nevada Alaska US\$125,000 by November 30, 2016 (paid) and US\$50,000 on each of the four years commencing on July 7, 2017. In addition, the Company is to issue 500,000 common shares to Nevada Alaska by November 30, 2016 (issued) and a further 500,000 common shares on each of the four years commencing on July 7, 2017.

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. The property is also subject to ongoing BLM and County fees in order to keep the placer claims current and in good standing.

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 is required to pay US\$25,000 (paid) at signing of LOI, US\$25,000 (paid) at Agreement date, US\$50,000 and issuance of 100,000 Consideration Shares (issued) at or before 6 month anniversary of Agreement date, 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.

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### Mineral Properties - continued

Costs incurred on the Bristol Lake Property to September 30, 2017 were as follows:

	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

### Paradox Project

The Paradox Project is located in Grand and San Juan Counties, Utah. The main block (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 2,058 placer mining claims are located on BLM land and occupy one contiguous area on an upland bench of sandstone lying between the Green River, Interstate 70 and Highway US191, and can be accessed via a network of resource roads that have been historically constructed to service oil/gas and potash exploration and resource extraction.

As described above, on February 2, 2017, the Company acquired the Paradox Property by entering into a definitive agreement to acquire all of the outstanding assets share capital of Moab Minerals Corp. ("Moab"). In consideration for the acquisition of the share capital of Moab Minerals, 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 property is subject to ongoing BLM and County fees in order to keep the placer claims current and in good standing. As at December 31, 2016, the Company had advanced Moab US\$404,000 to cover a portion of the costs to stake claims on the Paradox Project property.

On August 31, 2017, the Company dropped the Paradox Project allowed the claims comprising the property to lapse to focus on its California and Smackover opportunities and wrote off \$8,520,439 of acquisition costs and \$6,676 of exploration costs. This allowed the Company to focus its available capital on its existing California and Smackover opportunities, and eliminate ongoing carrying costs associated with the property.

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

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### Mineral Properties - continued

#### QA/QC

Raymond Spanjers, Registered Professional Geologist (SME No. 3041730), is a qualified person as defined by NI 43-101, and has reviewed and approved the exploration information and technical disclosure in this MD&A. Mr. Spanjers is not independent of the Company as he is an officer in his role as Vice President, Exploration and Development.

#### Selected Annual Information

The following table contains a summary of the Company's financial results as reported under IFRS:

	Dec 31, 2016 \$	Dec 31, 2015 \$	Dec 31, 2014 \$
Total revenue	-	-	-
Total assets	4,821,181	4,197	10,254
Working capital surplus (deficiency)	(154,994)	(453,263)	(317,246)
Total non-current financial liabilities	693,174	-	-
Net loss	374,873	136,017	348,478
Net loss per share	0.05	0.06	0.03

#### Results of Operations

*Nine months ended September 30, 2017 compared to the nine months ended September 30, 2016:*

The Company incurred a net loss of \$13,959,942 for the nine months ended September 30, 2017 ("Q3-17") compared to a loss of \$116,630 for the same period in 2016 ("Q3-16"). The primary reason for the increase in costs was the reactivation of the Company and the change of focus towards the lithium industry and the write-off the Paradox Project during Q3-17. Consulting fees increased to \$1,003,705 in Q3-17, compared with \$50,873 in Q3-16, due to the engagement of consultants to assist with property evaluations and acquisitions, technical reports etc. Filing and transfer agent fees increased by \$37,624 from \$38,591 during Q3-16 to \$76,215 during Q3-17, resulting from the property acquisitions and financings described previously. Office and administration increased by \$122,172 from \$367 in Q3-16 to \$122,539 during Q3-17. This is mainly due to the establishment of permanent office and rental charges. Corporate development and advertising and promotion costs of \$292,500 and \$725,373 were incurred during Q3-17. Travel costs of \$118,517 were incurred during the nine month period ended September 30, 2017. These costs relate to flights, hotels, vehicle rental and meals for management when visiting existing and potential projects. Property investigation costs of \$236,265 were incurred during the nine month period ended September 30, 2017. These costs were incurred during the search for potential property acquisitions for the Company. A cost of \$2,722,975 was recognized in Q3-17 as share-based compensation resulting from stock options granted during the period. The Company recognized a gain in the settlement of debenture of \$7,329 as are result of the repayment of the convertible debenture during Q1-17. The Company dropped the Paradox Project resulting in a write-off of \$8,527,115 during Q3-17.



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### Summary of Quarterly Results

The following table presents selected unaudited consolidated financial information for the last eight quarters in accordance with IFRS, stated in Canadian dollars:

	Sep 30, 2017 \$	Jun 30, 2017 \$	Mar 31, 2017 \$	Dec 31, 2016 \$	Sep 30, 2016 \$	Jun 30, 2016 \$	Mar 31, 2016 \$	Dec 31, 2015 \$
Revenue for the Period	-	-	-	-	-	-	-	-
Net Loss for the Period	(10,794,595)	(2,045,425)	(1,119,920)	(258,243)	(70,243)	(18,551)	(27,836)	(35,778)
Basic & Diluted Loss per Share	(0.20)	(0.04)	(0.03)	(0.05)	(0.00)	(0.00)	(0.00)	(0.02)

### Liquidity and Capital Resources

As of September 30, 2017, the Company had a working capital of \$6,106,325 compared to a working capital deficiency of \$73,545 as of September 30, 2016. Cash and cash equivalents at September 30, 2017 totaled \$6,289,369 compared to \$35,852 at September 30, 2016. During the nine months ended September 30, 2017 the Company had net cash inflow of \$6,003,166 in cash in ongoing operating activities and to settle accounts payable.

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 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.

On February 2, 2017, the Company issued 7,050,000 shares with a fair value of \$1,762,500 pursuant to the terms of the purchase and sale agreement for the acquisition on Moab Minerals Corp. See Paradox Project for more information.

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.

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### Liquidity and Capital Resources - continued

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.

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

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.

On November 3, 2017, 150,000 warrants were exercised for proceeds of \$37,500 and 150,000 common shares were issued.

Management has determined that the cash resources will be sufficient to continue operations in the short term but that additional funding will be required to sustain the Company's ongoing operations. As a result, the Company will continue to attempt to raise funds through equity or debt financing to meet its on-going obligations. There can be no certainty that such additional funds may be raised when required.

### Transactions with Related Parties

The aggregate amount of expenditures made 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	-
	<u>\$ 632,078</u>	<u>\$ 3,000</u>	<u>\$ 1,968,391</u>	<u>\$ 9,000</u>

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### Transactions with Related Parties - continued

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

### Outstanding Share Data

Effective 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 this report have been retroactively restated to reflect the share consolidation.

The authorized capital of Standard consists of an unlimited number of common shares and Class A preference shares without par value.

As of the date of this report, there were 60,841,155 common shares issued and outstanding and 4,775,000 warrants to acquire common shares at \$0.25 per share, expiring on May 10, 2021.

Details of options outstanding and exercisable at the date of this report are as follows:

Exercise Price \$	Number of Shares	Options Outstanding		Options Exercisable	
		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

### Off-Balance Sheet Arrangements and Other Financial Instruments

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

### Recent Accounting Pronouncements

Accounting standards issued, but not effective, up to the date of issuance of the Company's consolidated 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 applies at a future date. The company intends to adopt these standards when they become effective.

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### **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.

### **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 consolidated financial statements of the Company has not been determined.

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# STANDARD LITHIUM LTD.

(formerly Patriot Petroleum Corp.)

## Management's Discussion and Analysis

For the Nine Months Ended September 30, 2017

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### RISK FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements relating to the Company. These include widespread risks associated with any form of business and specific risks associated with the Company's business and its involvement in the lithium exploration and development industry.

This section describes risk factors identified as being potentially significant to the Company and its material properties, the Bristol Lake Project. Additional risk factors may be included in technical reports or other documents previously disclosed by the Company. In addition, other risks and uncertainties not discussed to date or not known to management could have material and adverse effects on the valuation of our securities, existing business activities, financial condition, results operations, plans and prospects.

#### Reliance on Key Personnel

The senior officers of the Company are critical to its success. In the event of the departure of a senior officer, the Company believes that it will be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Company grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, engineering, geological and mining personnel as well as additional operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of the Company. The Company is particularly at risk at this state of its development as it relies on a small management team, the loss of any member of which could cause severe adverse consequences.

#### Substantial Capital Requirements and Liquidity

The Company anticipates that it will make substantial capital expenditures for the continued exploration and development of the Bristol Lake Project and the Paradox Basin Project in the future. The Company currently has no revenue and may have limited ability to undertake or complete future drilling or exploration programs, chemical studies and the design of a surface plant and processing facilities. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects. Sales of substantial amounts of securities may have a highly dilutive effect on the ownership or share structure of the Company. Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

The Company has not yet commenced commercial production at any of its properties and as such, it has not generated positive cash flows to date and has no reasonable prospects of doing so unless successful commercial production can be achieved at one or more of its Properties. The Company expects to continue to incur negative investing and operating cash flows until such time as it enters into commercial production. This will require the Company to deploy its working capital to fund such negative cash flow and to seek additional sources of financing. There is no assurance that any such financing sources will be available or sufficient to meet the Company's requirements. There is no assurance that the Company will be able to continue to raise equity capital or that the Company will not continue to incur losses.

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# STANDARD LITHIUM LTD.

(formerly Patriot Petroleum Corp.)

## Management's Discussion and Analysis

For the Nine Months Ended September 30, 2017

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### RISK FACTORS - continued

#### Property Commitments

The Company's mining properties may be subject to various land payments, royalties and/or work commitments. Failure by the Company to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

#### Exploration and Development

Exploring and developing natural resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. Natural resource exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damage to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of resources and corresponding grades being extracted or dedicated to future production. Until actually extracted and processed, the quantity of lithium brine reserves and grade must be considered as estimates only. In addition, the quantity of reserves may vary depending on commodity prices. Any material change in quantity of reserves, grade or recovery ratio, may affect the economic viability of the Company's properties. In addition, there can be no assurance that results obtained in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. The Company closely monitors its activities and those factors which could impact them, and employs experienced consulting, engineering, and legal advisors to assist in its risk management reviews where it is deemed necessary.

#### Operational Risks

The Company will be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental pollution, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the property of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Additionally, the Company may be subject to liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

#### Environmental Risks

All phases of mineral exploration and development businesses present environmental risks and hazards and are subject to environmental regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances used and or produced in association with natural resource exploration and production operations. The legislation also requires that facility sites be operated,

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# STANDARD LITHIUM LTD.

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## Management's Discussion and Analysis

For the Nine Months Ended September 30, 2017

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### RISK FACTORS - continued

#### Environmental Risks - continued

maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

#### Commodity Price Fluctuations

The price of commodities varies on a daily basis. However, price volatility could have dramatic effects on the results of operations and the ability of the Company to execute its business plan. Lithium is a specialty chemical and is a commonly traded commodity such as copper, zinc, gold or iron ore. However the price of lithium tends to be set through a limited long term offtake market contracted between the very few suppliers and purchasers.

The world's largest suppliers of lithium are Sociedad Quimica y Minera de Chile S.A (NYSE:SQM), FMC Corporation (NYSE:FMC), Albemarle Corporation (NYSE:ALB) and Tianqi Group who collectively supply approximately 85% of the world's lithium business, and any attempt to suppress the price of lithium materials by such suppliers, or an increase in production by any supplier in excess of any increased demand, would have negative consequences on the Company. The price of lithium materials may also be reduced by the discovery of new lithium deposits, which could not only increase the overall supply of lithium (causing downward pressure on its price), but could draw new firms into the lithium industry which would compete with the Company.

#### Volatility of the Market Price of the Company's Common Shares

The Company's common shares are listed on the TSX.V under the symbol "SLL", on the Frankfurt Stock Exchange under the trading symbol "S5L" and, on the OTCQX under the trading symbol STLHF. The quotation of Standard Lithium Common Shares on the TSX.V may result in a less liquid market available for existing and potential stockholders to trade Common Shares, could depress the trading price of our common stock and could have a long-term adverse impact on our ability to raise capital in the future.

Securities of junior companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America/globally and market perceptions of the attractiveness of particular industries. The Company's Common Share price is also likely to be significantly affected by delays experienced in progressing our development plans, a decrease in the investor appetite for junior stocks, or in adverse changes in our financial condition or results of operations as reflected in our quarterly financial statements. Other factors unrelated to our performance that could have an effect on the price of the Company's Common Shares include the following:

- (a) The trading volume and general market interest in the Company's common shares could affect a shareholder's ability to trade significant numbers of Common Shares; and

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# STANDARD LITHIUM LTD.

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For the Nine Months Ended September 30, 2017

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### RISK FACTORS - continued

#### Volatility of the Market Price of the Company's Common Shares - continued

- (b) The size of the public float in the Company's common shares may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these factors, the market price of the Company's Common Shares at any given point in time might not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company could in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

#### Future Share Issuances May Affect the Market Price of the Common Shares

In order to finance future operations, the Company may raise funds through the issuance of additional Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. The Company cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the dilutive effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares.

#### Economic and Financial Market Instability

Global financial markets have been volatile and unstable at times since the global financial crisis, which started in 2007. Bank failures, the risk of sovereign defaults, other economic conditions and intervention measures have caused significant uncertainties in the markets. The resulting disruptions in credit and capital markets have negatively impacted the availability and terms of credit and capital. High levels of volatility and market turmoil could also adversely impact commodity prices, exchange rates and interest rates. In the short term, these factors, combined with the Company's financial position, may impact the Company's ability to obtain equity or debt financing in the future and, if obtained, on terms that are favourable to the Company. In the longer term these factors, combined with the Company's financial position could have important consequences, including the following:

- (a) Increasing the Company's vulnerability to general adverse economic and industry conditions;
- (b) Limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements;
- (c) Limiting the Company's flexibility in planning for, or reacting to, changes in the Company's business and the industry; and
- (d) Placing the Company at a disadvantage when compared to competitors that has less debt relative to their market capitalization.

#### Issuance of Debt

From time to time the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. The Company's ability to service its debt obligations will depend on the Company's future operations, which are subject to prevailing industry conditions and other factors, many of which are beyond the control of the Company.



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# STANDARD LITHIUM LTD.

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## Management's Discussion and Analysis

For the Nine Months Ended September 30, 2017

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### RISK FACTORS - continued

#### Industry Competition and International Trade Restrictions

The international resource industries are highly competitive. The value of any future reserves discovered and developed by the Company may be limited by competition from other world resource mining companies, or from excess inventories. Existing international trade agreements and policies and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Company and may affect the supply of and demand for minerals, including lithium, around the world.

#### Governmental Regulation and Policy

Mining operations and exploration activities are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic and radioactive substances, transportation safety and emergency response, and other matters. Compliance with such laws and regulations increases the costs of exploring, drilling, developing, constructing, operating and closing mines and refining and other facilities. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact decisions of the Company with respect to the exploration and development of properties such as the Bristol Lake Project, the Paradox Basin Project, or any other properties in which the Company has an interest. The Company will be required to expend significant financial and managerial resources to comply with such laws and regulations. Since legal requirements change frequently, are subject to interpretation and may be enforced in varying degrees in practice, the Company is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, future changes in governments, regulations and policies and practices, such as those affecting exploration and development of the Company's properties could materially and adversely affect the results of operations and financial condition of the Company in a particular period or in its long-term business prospects.

The development of mines and related facilities is contingent upon governmental approvals, licenses and permits which are complex and time consuming to obtain and which, depending upon the location of the project, involve multiple governmental agencies. The receipt, duration and renewal of such approvals, licenses and permits are subject to many variables outside the control of the Company, including potential legal challenges from various stakeholders such as environmental groups or non-government organizations. Any significant delays in obtaining or renewing such approvals, licenses or permits could have a material adverse effect on the Company.

#### Risk Related to the Cyclical Nature of the Mining Business

The mining business and the marketability of the products that are produced are affected by worldwide economic cycles. At the present time, the significant demand for commodities such as Lithium, in many countries is driving increased prices, but it is difficult to assess how long such demand may continue. Fluctuations in supply and demand in various regions throughout the world are common.

As the Company's mining and exploration business is in the exploration stage and as the Company does not carry on production activities, its ability to fund ongoing exploration is affected by the availability of financing which is, in turn, affected by the strength of the economy and other general economic factors.

#### Properties May be Subject to Defects in Title

The Company has investigated its rights to explore and exploit the Bristol Lake and Paradox Basin resources and, to the best of its knowledge, its rights in relation to lands covering the Bristol Lake Project and the Paradox Basin Project resource are in good standing. Nevertheless, no assurance can be given that such rights will not be revoked, or significantly altered, to the Company's detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties.

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# STANDARD LITHIUM LTD.

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## Management's Discussion and Analysis

For the Nine Months Ended September 30, 2017

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### RISK FACTORS – continued

#### Properties May be Subject to Defects in Title - continued

Although the Company is not aware of any existing title uncertainties with respect to lands covering material portions of its Properties, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

#### No Revenue and Negative Cash Flow

The Company has negative cash flow from operating activities and does not currently generate any revenue. Lack of cash flow from the Company's operating activities could impede its ability to raise capital through debt or equity financing to the extent required to fund its business operations. In addition, working capital deficiencies could negatively impact the Company's ability to satisfy its obligations promptly as they become due. The Company is currently operating under a working capital deficiency, and requires additional financing to ensure it can continue to maintain a positive working capital position. If the Company does not generate sufficient cash flow from operating activities it will remain dependent upon external financing sources. There can be no assurance that such sources of financing will be available on acceptable terms or at all.

#### Legal and Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material adverse effect on the Company's business, prospects, financial condition, and operating results. Defense and settlement of costs of legal claims can be substantial. There are no current claims or litigation outstanding against the Company.

#### Insurance

The Company is also subject to a number of operational risks and may not be adequately insured for certain risks, including: accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, tornados, thunderstorms, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the properties of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. The payment of any such liabilities would reduce the funds available to the Company. If the Company is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company is not currently covered by any form of environmental liability insurance, since insurance against environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is unavailable or prohibitively expensive. This lack of environmental liability insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

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# STANDARD LITHIUM LTD.

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## Management's Discussion and Analysis

For the Nine Months Ended September 30, 2017

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### RISK FACTORS – continued

#### Currency

The Company is exposed to foreign currency fluctuations to the extent that the Company's material mineral properties are located in the US and its expenditures and obligations are denominated in US dollars, yet the Company is currently headquartered in Canada, is listed on a Canadian stock exchange and typically raises funds in Canadian dollars. In addition, a number of the Company's key vendors are based in Canada, including vendors that supply geological, process engineering and chemical testing services. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company does not currently, and it is not expected to, take any significant steps to hedge against currency fluctuations.

#### Conflicts of Interest

The Company's directors and officers are or may become directors or officers of other mineral resource companies or reporting issuers or may acquire or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which The Company may, or may also wish to participate, the directors and officers of the Company may have a conflict of interest with respect to such opportunities or in negotiating and concluding terms respecting the extent of such participation. The Company and its directors and officers will attempt to minimize such conflicts. If such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.