



Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

Three months ended March 31, 2018 and 2017

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 March 31, 2018 and December 31, 2017

(Expressed in Canadian dollars)

	March 31, 2018	December 31, 2017
	(unaudited)	(audited)
ASSETS		
Current assets		
Cash	\$ 20,586,081	\$ 4,067,672
Receivables	69,385	51,922
Prepaid expenses	623,897	390,434
	21,279,363	4,510,028
Non-current assets		
Reclamation deposit (Note 5)	80,793	78,825
Exploration and evaluation assets (Note 3)	10,112,071	7,885,906
Deposit on mineral property (Note 4)	128,940	125,800
	10,321,804	8,090,531
TOTAL ASSETS	\$ 31,601,167	\$ 12,600,559
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 1,133,883	\$ 1,050,201
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	45,510,301	25,709,682
Stock option reserve (Note 6)	15,112,403	7,437,154
Deficit	(30,131,842)	(21,331,831)
Accumulated other comprehensive income	(23,578)	(264,647)
TOTAL SHAREHOLDERS' EQUITY	30,467,284	11,550,358
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 31,601,167	\$ 12,600,559

Nature and Continuance of Operations (Note 1)

Subsequent Events (Note 11)

Approved by the Board of Directors and authorized for issue on May 28, 2018.

"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 months ended March 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

	Three Months Ended	
	March 31, 2018	March 31, 2017
Administrative Expenses		
Consulting fees	\$ 140,390	\$ 427,726
Management fees (Note 7)	201,039	-
Advertising and investor relations	239,956	37,162
Corporate development	18,500	76,667
Filing and transfer agent	25,473	11,978
Office and administration	58,221	14,243
Professional fees	24,587	43,984
Share-based payments (Notes 6 and 7)	7,809,663	464,130
Research and development	225,835	-
Property investigation	-	5,769
Travel	69,693	12,461
Foreign exchange	(13,346)	17,136
	8,800,011	1,111,256
Loss from operations before other items	(8,800,011)	(1,111,256)
Other items		
Interest and accretion expense	-	(1,336)
Gain on settlement of convertible debenture	-	(7,329)
	-	(8,664)
Net loss	(8,800,011)	(1,119,920)
Other comprehensive gain/(loss)		
Items that may be reclassified subsequently to income or loss:		
Currency translation differences of foreign operations	241,069	-
Total comprehensive loss	\$ (8,558,942)	\$ (1,119,920)
Weighted average number of common shares		
outstanding – basic and diluted	66,760,531	41,942,707
Basic and diluted loss per share	\$ (0.13)	\$ (0.03)

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

Three months ended March 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

	Number of shares	Share capital	Share subscriptions received	Equity portion of convertible debenture	Stock Option Reserve	Deficit	Accumulated Other Comprehensive Loss	Total
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	-	-	-	-	464,130	-	-	464,130
Settlement of debenture	120,000	30,000	-	(48,162)	-	-	-	(18,162)
Shares issued for cash, net of costs	20,000,600	4,975,148	(235,250)	-	-	-	-	4,739,898
Shares issued for exploration and evaluation assets	7,050,000	7,112,069	-	-	-	-	-	7,112,069
Warrants exercised	12,500	3,125	-	-	-	-	-	3,125
Net loss for the period	-	-	-	-	-	(1,119,920)	-	(1,119,920)
Balance, March 31, 2017	48,943,183	16,903,529	-	-	501,494	(2,539,895)	-	14,865,128
Balance, December 31, 2017	60,991,155	\$ 25,709,682	-	-	\$ 7,437,154	\$ (21,331,831)	\$ (264,647)	\$ 11,550,358
Share-based payment	-	-	-	-	7,809,663	-	-	7,809,663
Shares issued for cash, net of costs	10,622,205	19,276,505	-	-	-	-	-	19,276,505
Warrants exercised	950,000	237,500	-	-	-	-	-	237,500
Stock options exercised	149,216	286,614	-	-	(134,414)	-	-	152,200
Net loss for the period	-	-	-	-	-	(8,800,011)	-	(8,800,011)
Currency translation differences for foreign operations	-	-	-	-	-	-	241,069	241,069
Balance, March 31, 2018	72,712,576	\$ 45,510,301	-	-	\$ 15,112,403	\$ (30,131,842)	\$ (23,578)	\$ 30,467,284

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 months ended March 31, 2018 and 2017
(Expressed in Canadian dollars - unaudited)

	Three Months Ended	
	March 31, 2018	March 31, 2017
Cash flows from (used in) operating activities		
Net loss	\$ (8,800,011)	\$ (1,119,920)
Add items not affecting cash		
Share-based payments	7,809,663	464,130
Interest expense	-	1,336
Gain on settlement of convertible debenture	-	7,329
Net changes in non-cash working capital items to operations:		
Receivables	(17,463)	(11,276)
Prepaid expenses	(233,463)	(200,184)
Accounts payable and accrued liabilities	(228,260)	(365,949)
Net cash used in operating activities	(1,469,534)	(1,224,534)
Cash flows used in investing activities		
Exploration and evaluation assets	(1,673,154)	(972,712)
Reclamation deposit	(1,968)	-
Deposit paid on mineral property	(3,140)	(33,275)
Net cash used in investing activities	(1,678,262)	(1,005,987)
Cash flows from (used in) financing activities		
Private placement, net of issue costs	19,276,505	4,739,898
Repayment of convertible debenture	-	(720,000)
Exercise of options	152,200	-
Exercise of warrants	237,500	3,125
Net cash from financing activities	19,666,205	4,023,023
Increase in cash	16,518,409	1,792,502
Cash, beginning of period	4,067,672	286,203
Cash, end of period	\$ 20,586,081	\$ 2,078,705

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 THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(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”.

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, 2017, which were prepared in accordance with IFRS as issued by the IASB, except as discussed in Note 2. f).

b) Basis of consolidation

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

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

2. Basis of Presentation - continued

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 Canadian subsidiaries, Moab Minerals Corp. and Vernal Minerals Corp. is the Canadian dollar. The functional currency of 1093905 Nevada Corp., California Lithium Ltd. and Arkansas Lithium Corp. is the United States dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are included in profit and loss.

The results and financial position of a subsidiary that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses for each income statement are translated at average exchange rates for the period; and
- All resulting exchange differences are recognised in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entity is taken to accumulated other comprehensive loss. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

d) Basis of measurement

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.

f) Changes in accounting standards

New accounting standards adopted effective January 1, 2018:

IFRS 9 Financial Instruments

IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018. The Company adopted IFRS 9 retrospectively, without restatement of prior year financial statements. IFRS 9 replaces the provisions of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") that relate to the recognition, classification, and measurements of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets. IFRS 9

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

f) Changes in accounting standards – continued

New accounting standards adopted effective January 1, 2018: - continued

uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how the Company manages its financial instruments and the contractual cash

flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The application of IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities, and there was also no impact to the carrying value of any of the Company's financial assets or liabilities on the date of transition.

IFRS 15 Revenue from Contracts with Customers

The Company adopted IFRS 15, "Revenue from Contracts and Customers" effective for January 1, 2018. The adoption of this standard did not have any impact on the Company's condensed consolidated interim financial statements as the Company does not have any revenue.

Accounting standards issued by 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 applies at a future date. The following new standards, amendments and interpretations have not been early adopted in these consolidated financial statements and are not expected to have a material effect on the Company's future results and financial position:

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.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23, Uncertainty over Income Tax Treatments, provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

f) Changes in accounting standards – continued

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

IFRIC 23 Uncertainty over Income Tax Treatments - continued

uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The Company has not yet determined the potential the impact of the adoption of this standard on the consolidated financial statements.

3. Exploration and Evaluation Expenditures

	California Property \$	Arkansas Property \$	Total \$
Acquisition costs:			
Balance, December 31, 2016	3,989,705	-	3,989,705
Acquisition of property	1,316,250	1,258,000	2,574,250
Claim maintenance fees	97,734	-	97,734
Balance, December 31, 2017	5,403,689	1,258,000	6,661,689
Acquisition of property	2,173	225,278	227,451
Effect of movement in foreign exchange rates	134,877	31,400	166,277
Balance, March 31, 2018	5,540,739	1,514,678	7,055,417
Exploration Costs:			
Balance, December 31, 2017	839,179	385,038	1,224,217
Site management	96,393	-	96,393
Other exploration costs	1,391,236	314,245	1,705,481
Effect of movement in foreign exchange rates	20,947	9,616	30,563
	2,347,755	708,899	3,056,654
Balance, March 31, 2018	7,888,494	2,223,577	10,112,071

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

3. Exploration and Evaluation Expenditures - continued

California Property

On August 11, 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 the Underlying Option Agreement, TY & Sons has the option (the "Option") to acquire from Nevada Mining an interest in the California Property (collectively, the "Option Purchase"), which comprises mineral claims situated in San Bernardino County, California. 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 certain costs incurred to TY & Sons.

In order to exercise the Option pursuant to the terms of the Underlying Option Agreement, the Company will be required to pay the total sum of US\$325,000 and issue an aggregate of 2,500,000 common shares to Nevada Mining as follows:

- US\$125,000 on closing of the Option Purchase Agreement (paid)
- US\$50,000 on or before November 1, 2017 (paid)
- US\$50,000 on or before November 1, 2018
- US\$50,000 on or before November 1, 2019
- US\$50,000 on or before November 1, 2020
- Issue 500,000 common shares on closing of the Option Purchase Agreement (issued)
- Issue 500,000 common shares on or before October 1, 2017 (issued)
- Issue 500,000 common shares on or before October 1, 2018
- Issue 500,000 common shares on or before October 1, 2019
- Issue 500,000 common shares on or before October 1, 2020

The property is subject to a 2.5% net smelter return royalty on commercial production from the mineral claims, in favour of Nevada Mining, of which 1.0% may be repurchased for US\$1,000,000 on or before July 7, 2019. The property is also subject to an additional 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.

On May 1, 2017, the Company signed a Property Lease Agreement with National Chloride Company of America ("National Chloride") for rights to an adjacent property to the California Property, with approximately 12,290 acres. Under this Property Lease Agreement, the Company paid US\$25,000 at signing of a Letter of Intent and will be required to pay the total sum of US\$1,825,000 and issue an aggregate of 1,700,000 common shares of the Company to National Chloride as follows:

- US\$25,000 on the Purchase Agreement date (paid)
- US\$50,000 on or before the six month anniversary of the closing date (paid)

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

3. Exploration and Evaluation Expenditures - continued

California Property – continued

- US\$100,000 on or before the first anniversary of the closing date
 - US\$100,000 on or before the second anniversary of the closing date
 - US\$100,000 on or before the third anniversary of the closing date
 - US\$100,000 on or before the fourth anniversary of the closing date
 - US\$100,000 on or before the fifth anniversary of the closing date
 - US\$250,000 upon successful completion of a pre-feasibility study
 - US\$1,000,000 upon successful completion of a bankable feasibility study
-
- Issue 100,000 common shares on the closing date (issued)
 - Issue 100,000 common shares on or before the six month anniversary of the closing date (issued)
 - Issue 200,000 common shares on or before the first anniversary of the closing date
 - Issue 200,000 common shares on or before the second anniversary of the closing date
 - Issue 200,000 common shares on or before the third anniversary of the closing date
 - Issue 200,000 common shares on or before the fourth anniversary of the closing date
 - Issue 200,000 common shares on or before the fifth anniversary of the closing date
 - Issue 500,000 common shares successful completion of a pre-feasibility study

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 approximately 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 23, 2017, the Company entered into a Memorandum of Understanding (“MOU”), with TETRA Technologies, Inc., 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. The 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. In connection with the entering into of the MOU, the Company has made a non-refundable deposit of \$128,940 (US\$100,000) (See Note 4).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

3. Exploration and Evaluation Expenditures - continued

California Property – continued

On November 1, 2017, the Company entered into a share purchase agreement to acquire all of the outstanding share capital of a privately held British Columbia based mineral exploration company (the “Vendor”) which holds the rights to a series of 54 prospective mineral claims located in San Bernardino County, California.

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.

Paradox Project

On February 2, 2017, the Company entered into a share purchase 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 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. In consideration for the claims Moab 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 purchase agreement between Moab and the vendor.

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 and the common shares were issued on February 21, 2017. The value of the common shares of Moab acquired less the liabilities assumed, totalling \$8,449,939 has been attributed to the underlying Paradox surface rights held by Moab. On August 31, 2017, the Company dropped the Paradox Property and terminated the purchase agreement with the vendor. The Company recorded a write-off of mineral property of \$8,441,085. The Company has no further obligations or liabilities in relation to the Paradox Property.

Arkansas Property

On July 26, 2017, the Company entered into a Memorandum of Understanding (MOU) with a non-affiliated NYSE-listed company (the “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. 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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

3. Exploration and Evaluation Expenditures - continued

Arkansas Property - continued

On December 29, 2017, the Company entered into an Option Agreement to proceed with the transaction (the "Agreement Date"). Under this Option Agreement, the Company will be required to make payments to the Vendor as follows:

- US\$500,000 within 30 days following the Agreement Date (paid)
- An additional US\$600,000 within 12 months following the Agreement Date
- An additional US\$700,000 within 24 months following the Agreement Date
- An additional US\$750,000 within 36 months following the Agreement Date
- Additional annual payments of US\$1,000,000 on or before each annual anniversary of the Agreement Date, beginning with that date that is 48 months following the Agreement Date, until the earlier of the expiration of the Exploratory Period or, if the Optionee exercises the Option, the Optionee beginning payment of the Royalty.

During the Lease Period, at any time following the commencement of Commercial Production, the Company agreed to pay a Royalty of 2.5% of gross revenue (minimum Royalty US\$1,000,000) to the underlying owner.

4. Deposit on mineral property

On October 23, 2017, the Company entered into a Memorandum of Understanding ("MOU"), with TETRA Technologies, Inc., 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. In connection with the entering into of the MOU, the Company has made a non-refundable deposit of \$128,940 (US\$100,000) (See Note 3).

5. Reclamation deposit

On September 6, 2017, the Company paid \$80,793 (US\$62,659) for a 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.

6. 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

72,712,576 common shares were issued and outstanding at March 31, 2018.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(Expressed in Canadian Dollars - unaudited)

6. Share Capital

a) Authorized capital

On January 13, 2017 the Company closed a private placement comprising of 17,120,600 common shares issued at a price of \$0.25 per share for gross proceeds of \$4,280,150.

On January 13, 2017, the Company issued 3,000,000 common shares to convert \$750,000 of convertible debentures.

On February 21, 2017, the Company issued 7,050,000 shares with a fair value of \$7,050,000 to acquire Moab Minerals Corp (See Note 3).

On May 24, 2017, the Company issued 100,000 common shares with a fair value of \$90,000 to National Chloride Company of America (See Note 3).

On June 22, 2017, the Company closed a private placement comprising of 9,894,785 common shares issued at a price of \$0.75 per share for gross proceeds of \$7,421,089. The Company paid finder's fees of \$74,841 in cash and issued 590,687 common shares with a fair value of \$443,015 in conjunction with the private placement.

On October 1, 2017, the Company issued 500,000 common shares with a fair value of \$775,000 to Nevada Alaska Mining Company Inc. (See Note 3).

On November 27, 2017, the Company issued 100,000 common shares with a fair value of \$267,000 to National Chloride Company of America (See Note 3).

During the year ended December 31, 2017, the Company issued a total of 650,000 common shares for the exercise of stock options. The Company received proceeds of \$201,000 and re-classified \$192,042 from Stock option reserve to Share capital upon exercise.

During the year ended December 31, 2017, the Company issued a total of 225,000 common shares for the exercise of share purchase warrants. The Company received proceeds of \$56,250 upon exercise.

On February 16, 2018, the Company closed a brokered private placement and issued 10,312,821 units of the Company at a price of \$2.10 per unit, for gross proceeds of \$21,656,924. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each full warrant is exercisable to acquire one common share of the Company at an exercise price of \$2.60 for a period of two years. The Company paid finder's fees of \$2,165,692 in cash, issued 309,384 common shares and granted 721,897 compensation options exercisable for one unit until February 16, 2020 at an exercise price of \$2.10 in conjunction with the private placement.

During the three month period ended March 31, 2018, the Company issued a total of 149,216 common shares for the exercise of stock options. The Company received proceeds of \$152,200 and re-classified \$134,414 from Stock option reserve to Share capital upon exercise.

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6. Share Capital - continued

a) Authorized capital - continued

During the three month period ended March 31, 2018, the Company issued a total of 950,000 common shares for the exercise of share purchase warrants. The Company received proceeds of \$237,500 upon exercise.

b) Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance at December 31, 2016	5,000,000	0.25
Exercised	(225,000)	0.25
Balance at December 31, 2017	4,775,000	0.25
Issued	5,156,411	2.60
Exercised	(950,000)	0.25
Balance at March 31, 2018	8,981,411	\$ 1.60

The weighted average contractual life of the warrants outstanding is 2.50 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 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 April 21, 2017, the Company cancelled 3,040,000 stock options and recognized the amount of share-based payments that would have been recognized for services received over the remainder of the vesting period.

On June 16, 2017, the Company granted 2,590,000 stock 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, 863,333 vested six months after the date of grant and 833,334 of the options vest one year after the date of grant.

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6. Share Capital - continued

c) Options

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, 275,000 of the options vested six months after the date of grant and 275,000 of these options vested one year after the date of grant.

On February 21, 2018, the Company granted 500,000 stock options to directors, officers and consultants of the Company at an exercise price of \$2.10 for a period of five years with all of the stock options vesting immediately on the date of grant.

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

	February 21, 2018	August 9, 2017	June 16, 2017	March 3, 2017
Annualized volatility	143%	180%	143%	143%
Risk free interest rate	2.02%	1.23%	1.08%	1.11%
Dividend rate	0%	0%	0%	0%
Expected life of options	5 years	3 years	5 years	5 years
Forfeiture rate	0%	0%	0%	0%
Share price	\$2.10	\$1.02	\$0.96	\$1.05

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance at December 31, 2016	600,000	\$ 0.25
Options granted	7,705,000	1.02
Options exercised	(650,000)	0.31
Options cancelled	(3,040,000)	1.05
Balance at December 31, 2017	4,615,000	0.99
Options granted	1,221,897	2.10
Options exercised	(149,216)	1.02
Balance at March 31, 2018	5,687,681	\$ 1.23

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6. Share Capital - continued

c) Options - continued

The following table summarizes stock options outstanding and exercisable at March 31, 2018:

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	3.93	1.05	833,333	1.05
0.96	2,590,000	4.21	0.96	1,726,667	0.96
1.02	625,784	2.36	1.02	325,784	1.02
2.10	721,897	1.88	2.10	721,897	2.10
2.10	500,000	4.90	2.10	500,000	2.10
	5,687,681	3.46	1.23	4,107,681	1.36

On February 16, 2018 the Company granted 721,897 compensation options with a fair value of \$1,212,262 in conjunction with the private placement. The compensation options are exercisable until February 16, 2020 at an exercise price of \$2.10.

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

	February 16, 2018
Annualized volatility	206%
Risk free interest rate	1.79%
Dividend rate	0%
Expected life of options	2 years
Forfeiture rate	0%
Share price	\$2.10

d) Restricted Share Units

On February 21, 2018, the Company approved the implementation of a restricted share unit plan along with the grant of an aggregate of 2,100,000 restricted share units thereunder (the "RSUs"). The RSUs have been granted to directors and officers of the Company, based on a common share value of \$2.10, with vesting occurring in three equal tranches every four months for a period of twelve months.

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7. Related Party Transactions

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include directors and officers of the Company.

Compensation to key management is comprised of the following:

	March 31, 2018	March 31, 2017
Management fees paid or accrued to officers of the Company	\$ 201,039	\$ 63,000
Share-based payment	4,983,177	463,178
	\$ 5,184,216	\$ 526,178

As at March 31, 2018 there is \$111,359 (March 31, 2017: \$Nil) in accounts payable and accrued liabilities owing to officers of the Company. As at March 31, 2018, there is \$10,000 included in prepaid expenses (March 31, 2017: \$Nil) related to a pre-payment to a Director 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.

8. Capital Management

The Company considers its capital structure to include 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.

9. 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.

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9. Financial instruments and financial risk management - continued

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 March 31, 2018 and December 31, 2017.

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

March 31, 2018	Level 1	Level 2	Level 3	Total
Cash	\$20,586,081	\$ -	\$ -	\$ 20,586,081

December 31, 2017	Level 1	Level 2	Level 3	Total
Cash	\$ 4,067,672	\$ -	\$ -	\$ 4,067,672

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.

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.

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9. Financial instruments and financial risk management - continued

(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 does not have any 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 March 31, 2018, the Company has a net working capital surplus of \$20,145,480.

(iv) Currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

10. Commitments

On November 1, 2017, the company entered into a commercial property lease that will expire on October 31, 2020. The future minimum rental payments under the non-cancelable operating lease as at March 31, 2018:

	Period ended March 31
2018	\$ 74,874
2019	99,833
2020	83,194
Total	\$ 257,901

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11. Subsequent Events

Subsequent to March 31, 2018, 350,000 warrants were exercised for proceeds of \$87,500 and the Company issued 350,000 common shares.

Subsequent to March 31, 2018, 65,000 stock options were exercised for proceeds of \$66,300 and the Company issued 65,000 common shares.

On May 3, 2018, the Company issued 200,000 common shares with a fair value of \$286,000 to National Chloride Company of America (See Note 3).

On May 9, 2018 the Company announced the signing of a MOU with global specialty chemicals company LANXESS Corporation ("LANXESS") and its US affiliate Great Lakes Chemical Corporation ("GLCC"), with the purpose of testing and proving the commercial viability of extraction of lithium from brine ("tail brine") that is produced as part of Lanxess's bromine extraction business at its three Southern Arkansas facilities.

The Company has developed proprietary processes related to the extraction of high purity lithium directly from brines, including tail brine. Additionally, the Company has secured the rights to conduct exploration, production and lithium extraction activities on roughly 30,000 acres of brine leases located elsewhere in the Smackover Formation in Southwest Arkansas.

The MOU sets out the basis on which the parties have agreed to cooperate in a phased process towards developing commercial opportunities related to the production, marketing and sale of battery grade lithium products extracted from tail brine and brine produced from the Smackover Formation. The MOU forms the basis of what will become a definitive agreement and is binding until the execution of a more comprehensive agreement that the parties may execute on the completion of further development phases. The Company has paid an initial US\$3,000,000 reservation fee to LANXESS to secure access to the tail brine, with additional fees and obligations in the future subject to certain conditions.

On May 15, 2018, the Company announced that it has entered into a license, exploration and option agreement to formalise the memorandum of understanding announced by the Company on October 30, 2017. The Option Agreement provides that the Company will acquire the rights to conduct lithium brine exploration activities on properties located in San Bernardino County, California. The properties total approximately 23,940 acres and consist of a series of mineral claims located in the Bristol Dry Lake and Cadiz Dry Lake regions.

Under the terms of the Option Agreement, the Company will initially acquire the right to conduct lithium brine exploration activities on the properties located in Bristol Dry Lake and Cadiz Dry Lake. These rights will be acquired in consideration for a series of cash payments and share issuances totaling US\$2,700,000 and 3,400,000 common shares, to be completed over a sixty-month period. Initially, the Company will make a payment of US\$100,000 and issue 200,000 common shares. The cash payments and share issuances will be made to TETRA, a non-affiliated NYSE-listed company, which is the underlying owner of the properties. This transaction was approved by the TSX-V on May 25, 2018.