



Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

Nine months ended March 31, 2019 and 2018

STANDARD LITHIUM LTD.

Condensed Consolidated Interim Statements of Financial Position

As at March 31, 2019 and June 30, 2018

(Expressed in Canadian dollars)

	March 31, 2019 (unaudited)	June 30, 2018 (audited)
ASSETS		
Current assets		
Cash	\$ 9,450,510	\$ 13,513,182
Receivables	990,542	105,445
Prepaid expenses and deposits	380,097	1,029,104
	10,821,149	14,647,731
Non-current assets		
Reclamation deposit (Note 5)	83,731	82,509
Exploration and evaluation assets (Note 3)	20,862,795	16,190,343
Intangible asset (Note 6)	1,910,349	-
Prepaid expenses and deposits	6,492,620	-
	29,349,495	16,272,852
TOTAL ASSETS	\$ 40,170,644	\$ 30,920,583
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 1,466,194	\$ 683,407
Notes payable (Note 6)	226,391	-
	1,692,585	683,407
Non-current liabilities		
Notes payable (Note 6)	375,657	-
TOTAL LIABILITIES	2,068,242	683,407
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	56,944,124	45,187,983
Stock option reserve (Note 7)	13,278,568	9,847,553
Shares to be issued (Note 6)	460,000	-
Deficit	(33,156,893)	(25,076,922)
Accumulated other comprehensive income	576,603	278,562
TOTAL SHAREHOLDERS' EQUITY	38,102,402	30,237,176
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 40,170,644	\$ 30,920,583

Nature and Continuance of Operations (Note 1)

Commitments (Note 11)

Subsequent Events (Note 12)

Approved by the Board of Directors and authorized for issue on May 27, 2019.

"Robert Mintak"

Director

"Dr. Andrew Robinson"

Director

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

STANDARD LITHIUM LTD.

Condensed Consolidated Interim Statements of Comprehensive Loss

Three and nine months ended March 31, 2019 and 2018

(Expressed in Canadian dollars - unaudited)

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Administrative Expenses				
Consulting fees	\$ 181,526	\$ 140,390	\$ 633,703	\$ 385,415
Management fees (Note 8)	276,075	201,039	874,370	561,989
Advertising and investor relations	257,313	239,956	1,266,809	1,139,665
Corporate development	-	18,500	5,000	220,167
Filing and transfer agent	28,351	25,473	78,847	60,724
Office and administration	64,424	58,221	166,180	160,373
Professional fees	53,263	24,587	152,649	82,597
Share-based payments (Notes 7 and 8)	86,198	7,809,663	3,059,627	13,939,511
Research and development	687,355	225,835	1,547,849	472,553
Patent application	6,421	-	69,180	-
Preliminary economic assessment	54,492	-	54,492	-
Property investigation	-	-	-	57,060
Travel	40,815	69,693	161,790	171,004
Foreign exchange	144,562	(13,346)	(10,515)	(145,573)
Loss from operations before other items	(1,880,795)	(8,800,011)	(8,059,981)	(17,105,485)
Other (expenses) income				
Write-off of mineral property	-	-	-	(8,441,085)
Write-off acquisition costs	-	-	(20,650)	-
Other	-	-	660	48
	-	-	(19,990)	(8,441,037)
Net loss	(1,880,795)	(8,800,011)	(8,079,971)	(25,546,522)
Other comprehensive gain/(loss)				
Items that may be reclassified subsequently to income or loss:				
Currency translation differences of foreign operations	(638,800)	241,069	298,041	(23,578)
Total comprehensive loss	\$ (2,519,595)	\$ (8,558,942)	\$ (7,781,930)	\$ (25,570,100)
Basic and diluted loss per share	\$ (0.02)	\$ (0.13)	\$ (0.11)	\$ (0.41)
Weighted average number of common shares outstanding – basic and diluted	76,343,187	66,760,531	75,880,819	62,413,741

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

Nine months ended March 31, 2019 and 2018

(Expressed in Canadian dollars - unaudited)

	Number of shares	Share capital	Stock option reserve	Shares to be issued	Deficit	Accumulated other comprehensive gain (loss)	Total
Balance, June 30, 2017	59,866,155	\$ 24,225,398	\$ 1,499,348	\$ -	\$ (4,585,320)	\$ -	\$ 21,139,426
Share-based payment	-	-	13,747,469	-	-	-	13,747,469
Shares issued for cash, net of costs	10,622,205	19,427,497	-	-	-	-	19,427,497
Shares issued for evaluation & exploration assets	600,000	971,500	-	-	-	-	971,500
Options exercised	499,216	604,656	(134,414)	-	-	-	470,242
Warrants exercised	1,125,000	281,250	-	-	-	-	281,250
Net loss for the period	-	-	-	-	(25,546,521)	-	(25,546,521)
	-	-	-	-	-	(23,578)	(23,578)
Balance, March 31, 2018	72,712,576	45,510,301	15,112,403	-	(30,131,841)	(23,578)	30,467,285
Balance, June 30, 2018	73,527,576	\$ 45,187,983	\$ 9,847,553	\$ -	\$ (25,076,922)	\$ 278,562	\$ 30,237,176
Share-based payment	-	-	3,059,627	-	-	-	3,059,627
Shares issued for cash, net of costs	11,390,500	10,058,641	371,388	-	-	-	10,430,029
Shares issued for evaluation & exploration assets	700,000	1,120,000	-	-	-	-	1,120,000
Shares issued for intangible asset	500,000	490,000	-	460,000	-	-	950,000
Warrants exercised	350,000	87,500	-	-	-	-	87,500
Net loss for the period	-	-	-	-	(8,079,971)	-	(8,079,971)
Currency translation differences for foreign operations	-	-	-	-	-	298,041	298,041
Balance, March 31, 2019	86,468,076	\$ 56,944,124	\$ 13,278,568	\$ 460,000	\$ (33,156,893)	\$ 576,603	\$ 38,102,402

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

STANDARD LITHIUM LTD.

Condensed Consolidated Interim Statements of Cash Flows
 Nine months ended March 31, 2019 and 2018
 (Expressed in Canadian dollars - unaudited)

	Nine months ended March 31,	
	2019	2018
Cash flows from (used in) operating activities		
Net loss for the period	\$ (8,079,971)	\$ (25,546,522)
Items not involving cash		
Share-based payments	3,059,627	13,613,055
Write-off of mineral property	-	8,441,085
Write-off acquisition costs	20,650	-
Change in non-cash working capital items		
Receivables	(885,096)	(25,771)
Prepaid expenses and deposits	(5,864,264)	(402,954)
Accounts payable and accrued liabilities	748,405	545,190
Cash used in operating activities	(11,000,649)	(3,375,917)
Cash flows from (used in) investing activities		
Exploration and evaluation assets	(3,221,251)	(4,457,622)
Intangible asset	(358,301)	-
Deposit paid on mineral property	-	(96,497)
Reclamation deposit paid	-	(80,793)
Investment in subsidiary	-	1,150
Cash used in investing activities	(3,579,552)	(4,633,762)
Cash flows from financing activities		
Proceeds from issuance of shares, net	10,430,029	19,427,497
Exercise of warrants	87,500	281,250
Exercise of stock options	-	604,656
Cash provided by financing activities	10,517,529	20,313,403
Change in cash during the period	(4,062,672)	12,303,724
Cash, beginning of period	13,513,182	8,282,357
Cash, end of period	\$ 9,450,510	\$ 20,586,081

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

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2019 AND 2018

(Expressed in Canadian Dollars - 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”) as 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. In preparation of these condensed consolidated interim financial statements, the Company has consistently applied the same accounting policies disclosed in the Company’s audited consolidated financial statements for the period ended June 30, 2018. 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 consolidated financial statements of the Company for the period ended June 30, 2018, which were prepared in accordance with IFRS as issued by the IASB.

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. On December 13, 2018, the Company acquired 2661881 Ontario Limited which was incorporated under the laws of Ontario. 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 NINE MONTHS ENDED MARCH 31, 2019 AND 2018

(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., Vernal Minerals Corp. and 2661881 Ontario Limited 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.

e) Significant accounting policies

Intangible assets

Intangible assets with finite useful lives are recorded at cost less accumulated amortization and accumulated impairment losses and are amortized on a straight-line basis over their estimated useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2019 AND 2018

(Expressed in Canadian Dollars - unaudited)

2. Basis of Presentation – continued

e) Significant accounting policies – continued

Asset acquisition

Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. The Company completed the acquisition of 2661881 Ontario Limited on December 13, 2018 and concluded that the transaction did not qualify as a business combination under IFRS 3, “Business Combinations”, as management concluded that significant processes were not acquired. Accordingly, the acquisition of 2661881 Ontario Limited has been accounted for as an asset acquisition (Note 6).

f) Changes in accounting standards

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 a company 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 leases as operating or finance, with the approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company cannot yet reasonably estimate the effect that the adoption of IFRS 16 will have on the Company’s future results and financial position.

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 June 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether 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.

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2019 AND 2018

(Expressed in Canadian Dollars - unaudited)

3. Exploration and Evaluation Expenditures

	California Property \$	Arkansas Property \$	Total \$
Acquisition costs:			
Balance, December 31, 2017	5,403,689	1,258,000	6,661,689
Acquisition of property	723,157	4,372,434	5,095,591
Effect of movement in foreign exchange rates	13,408	191,194	204,602
Balance, June 30, 2018	6,140,254	5,821,628	11,961,882
Reclassification from acquisition to exploration costs	(53,136)	-	(53,136)
Acquisition of property	1,190,849	1,174,818	2,365,667
Effect of movement in foreign exchange rates	90,143	86,211	176,354
Balance, March 31, 2019	7,368,110	7,082,657	14,450,767
Exploration costs:			
Balance, December 31, 2017	839,179	385,038	1,224,217
Site management	152,826	-	152,826
Other exploration costs	1,669,003	785,192	2,454,195
Effect of movement in foreign exchange rates	355,450	41,773	397,223
Balance, June 30, 2018	3,016,458	1,212,003	4,228,461
Reclassification from acquisition to exploration costs	53,136	-	53,136
Site management	61,557	-	61,557
Drilling	914,880	-	914,880
Other exploration costs	276,694	813,896	1,090,590
Effect of movement in foreign exchange rates	45,456	17,948	63,404
	4,368,181	2,043,847	6,412,028
Balance, June 30, 2018	9,156,712	7,033,631	16,190,343
Balance, March 31, 2019	11,736,291	9,126,504	20,862,795

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2019 AND 2018

(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 July 7, 2017 (paid)
- US\$50,000 on or before July 7, 2018 (paid)
- US\$50,000 on or before July 7, 2019
- US\$50,000 on or before July 7, 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 (issued)
- 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:

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 AND 2018

(Expressed in Canadian Dollars - unaudited)

3. Exploration and Evaluation Expenditures - continued

California Property – continued

- US\$25,000 on the Purchase Agreement date (paid)
- US\$50,000 on or before November 24, 2017 (paid)
- US\$100,000 on or before May 24, 2018 (paid)
- US\$100,000 on or before May 24, 2019
- US\$100,000 on or before May 24, 2020
- US\$100,000 on or before May 24, 2021
- US\$100,000 on or before May 24, 2022
- 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 November 24, 2017 (issued)
- Issue 200,000 common shares on or before May 24, 2018 (issued)
- Issue 200,000 common shares on or before May 24, 2019
- Issue 200,000 common shares on or before May 24, 2020
- Issue 200,000 common shares on or before May 24, 2021
- Issue 200,000 common shares on or before May 24, 2022
- 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 April 23, 2018 the Company entered into an exploration and option agreement (“EOA”), 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 EOA 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. The agreement was subsequently revised with an effective date for payments and share issuances and payments due on May 2nd going forward.

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2019 AND 2018

(Expressed in Canadian Dollars - unaudited)

3. Exploration and Evaluation Expenditures - continued

California Property – continued

In connection with the entering into of the EOA, the Company made a non-refundable deposit of \$131,680 (US\$100,000) (See Note 4), and will be required to pay the total sum of US\$2,700,000 and issue an aggregate of 3,400,000 common shares of the Company to TETRA Technologies, Inc. as follows:

- US\$100,000 initial payment on April 23, 2018 (paid)
- US\$200,000 on or before May 2, 2019 (paid)
- US\$200,000 on or before May 2, 2020
- US\$200,000 on or before May 2, 2021
- US\$200,000 on or before May 2, 2022
- US\$200,000 on or before May 2, 2023
- US\$500,000 upon successful completion of a pre-feasibility study
- US\$1,000,000 upon successful completion of a bankable feasibility study

- Issue 200,000 common shares on April 23, 2018 (issued)
- Issue 200,000 common shares on or before October 23, 2018 (issued)
- Issue 400,000 common shares on or before May 2, 2019 (issued)
- Issue 400,000 common shares on or before May 2, 2020
- Issue 400,000 common shares on or before May 2, 2021
- Issue 400,000 common shares on or before May 2, 2022
- Issue 400,000 common shares on or before May 2, 2023
- Issue 1,000,000 common shares successful completion of a pre-feasibility study

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. During the period ended December 31, 2018, the Company decided to not complete the transaction and recorded a write-off of \$20,650. The Company has no further obligations or liabilities to the Vendor.

STANDARD LITHIUM LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2019 AND 2018

(Expressed in Canadian Dollars - unaudited)

3. Exploration and Evaluation Expenditures - continued

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.

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 before January 28, 2018 (paid)
- An additional US\$600,000 on or before December 29, 2018 (paid)
- An additional US\$700,000 on or before December 29, 2019
- An additional US\$750,000 on or before December 29, 2020
- 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.

On May 4, 2018 the Company entered into a Memorandum of Understanding ("MOU"), with LANXESS Corporation ("LANXESS") with the purpose of testing and proving the commercial viability of extraction of lithium from brine that is produced as part of LANXESS' bromine extraction business at its three southern Arkansas facilities. 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. Standard Lithium has paid an initial \$3,834,000 (US\$3,000,000) reservation fee to LANXESS to secure access to the tail brine, with an additional US\$3,000,000 fee due upon completion of certain development phases.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2019 AND 2018

(Expressed in Canadian Dollars - unaudited)

3. Exploration and Evaluation Expenditures - continued

Paradox Property

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. On August 31, 2017, the Company dropped the Paradox Property and terminated the purchase agreement with the vendor and 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.

4. Deposit on mineral property

On October 23, 2017, the Company entered into a Memorandum of Understanding ("MOU") with TETRA Technologies, Inc. and in connection with entering into the MOU, made a non-refundable deposit of \$125,800 (US\$100,000). On April 23, 2018, the Company entered into an EOA (as described in Note 3) with TETRA and upon entering into the EOA the non-refundable deposit was reclassified from deposit on mineral property to exploration and evaluation assets.

5. Reclamation deposit

On September 6, 2017, the Company paid \$83,731 (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.

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6. Intangible asset

On December 13, 2018, the Company acquired 2661881 Ontario Limited ("2661881") from Craig Johnstone Brown ("Brown") by purchasing all the issued and outstanding shares. 2661881 holds the intellectual property rights to a process for the selective extraction of lithium from brine solutions (the "IP Assets"). The Company determined that this transaction is an asset acquisition as the assets acquired did not constitute a business.

The consideration payable by the Company to Brown will be comprised of cash and common shares of the Company as follows:

- (i) \$50,000 deposit (paid);
- (ii) \$250,000 on the closing date (paid);
- (iii) \$250,000 promissory note payable six months after the closing date;
- (iv) 500,000 common shares on the closing date (issued);
- (v) \$500,000 payable on the earlier of (i) the third anniversary of the closing date, (ii) the date that the Company conclusively determines whether or not to proceed with the commercial development of the IP Assets (regardless of the outcome of such decision); or (iii) such other date as the Company and Brown may agree in writing (the "Investment Date"); and
- (vi) 500,000 shares issuable on the earlier of (i) the third anniversary of the closing date, (ii) the date that the Company conclusively determines whether to proceed with the commercial development of the IP Assets (regardless of the outcome of such decision); or (iii) such other date as the Company and Brown may agree in writing (the "Investment Date").

All cash payments and share issuances become immediately due and payable in the event a final decision is made by the Company to proceed with the commercial development of the IP Assets. In the event the Company does not make any of the required payments or share issuances, Brown has the right to re-acquire all of the issued share capital of 2661881, at which point the Company's obligations to make further payments will cease.

The fair value of the intangible assets acquired is as follows:

	\$
Consideration paid	
Cash	300,000
Fair value of 500,000 common shares issued at closing date	490,000
Fair value of promissory note payable due six months after closing date	226,391
Cash payable on or before the Investment Date	375,657
Fair value of 500,000 common shares issuable on or before the Investment Date	460,000
Total consideration paid	1,852,048
Legal fees capitalized in connection with the acquisition of 2661881	58,301
Total	1,910,349

The intangible asset represents purchase of intellectual property rights. As at March 31, 2019, the intangible asset was not yet available for use.

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7. 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

86,468,076 common shares were issued and outstanding at March 31, 2019.

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 with a fair value of \$609,486 and granted 721,897 compensation options ("Broker option") at a fair value of \$1,212,260. Each Broker option is exercisable for one unit until February 16, 2020 at an exercise price of \$2.10 per unit. 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.

On May 1, 2018, the Company issued 200,000 common shares with a fair value of \$286,000 to National Chloride (See Note 3).

On May 29, 2018, the Company issued 200,000 common shares with a fair value of \$294,000 to TETRA Technologies. Inc. (See Note 3).

On October 1, 2018, the Company issued 500,000 common shares with a fair value of \$840,000 to Nevada Alaska Mining Co. Ltd. (Note 3).

On October 23, 2018, the Company issued 200,000 common shares with a fair value of \$280,000 to TETRA Technologies, Inc. (Note 3).

On December 13, 2018, the Company issued 500,000 common shares with a fair value of \$490,000 in connection with the acquisition of 2661881 Ontario Limited and the intangible asset (Note 6).

On March 21, 2019, the Company closed a brokered short form prospectus financing and issued 11,390,500 units of the Company at a price of \$1.00 per unit, for gross proceeds of \$11,390,500. 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 \$1.30 for a period of 36 months from the closing date (March 21, 2022). The Company paid underwriters' commission of \$570,685, issued 656,676 underwriter's warrants with a fair value of \$371,388. Each underwriter's warrant is exercisable to purchase an additional share at a price of \$1.00 per share for a period of 24 months from the closing date (March 21, 2021).

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7. Share Capital – continued

During the six months ended June 30, 2018, the Company issued a total of 214,216 common shares for the exercise of stock options. The Company received proceeds of \$218,500 and re-classified \$290,556 from Reserves to Share capital upon exercise.

During the six months ended June 30, 2018, the Company issued a total of 1,300,000 common shares for the exercise of share purchase warrants. The Company received proceeds of \$325,000 upon exercise.

During the nine months ended March 31, 2019, the Company issued a total of 350,000 common shares for the exercise of share purchase warrants. The Company received proceeds of \$87,500 upon exercise.

b) Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance at December 31, 2017	4,775,000	0.25
Issued	5,156,411	2.60
Exercised	(1,300,000)	0.25
Balance at June 30, 2018	8,631,411	1.65
Exercised	(350,000)	0.25
Issued	5,695,250	1.30
Issued	656,676	1.00
Balance at March 31, 2019	14,633,337	\$ 1.52

The weighted average contractual life of the warrants outstanding is 1.97 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 14,915,515 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 February 16, 2018, in conjunction with the closing of the Company's private placement the Company granted 721,897 stock options at an exercise price of \$2.10 for a period of two years with all of the stock options vesting immediately on the grant date (See Note 7 (a)).

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.

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7. Share Capital – continued

c) Options – continued

On July 9, 2018, the Company granted 300,000 stock options to a consultant of the Company at an exercise price of \$1.21 for a period of five years with the stock options vesting one quarter at three months from grant date, one quarter at six months from grant date, one quarter at nine months from grant date and one quarter at one year from grant date.

On July 24, 2018, the Company granted 150,000 stock options to a consultant of the Company at an exercise price of \$1.03 for a period of one year with all of the stock options vesting immediately on the date of grant.

On September 4, 2018, the Company granted 2,000,000 stock options to directors, officers and consultants of the Company at an exercise price of \$1.40 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:

	September 4, 2018	July 4, 2018	July 9, 2018	February 21, 2018	February 16, 2018
Annualized volatility	143%	68%	143%	143%	206%
Risk free interest rate	2.02%	2.02%	2.05%	2.02%	1.79%
Dividend rate	0%	0%	0%	0%	0%
Expected life of options	5 years	1 year	5 years	5 years	2 years
Forfeiture rate	0%	0%	0%	0%	0%
Share price	\$2.10	\$1.03	\$1.25	\$2.10	\$2.10

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance at December 31, 2017	4,615,000	\$ 0.99
Options granted	1,221,897	2.10
Options exercised	(214,216)	1.02
Options forfeited	(50,000)	1.02
Balance at June 30, 2018	5,572,681	1.24
Options granted	2,450,000	1.35
Balance at March 31, 2019	8,022,681	\$ 1.27

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7. Share Capital – continued

c) Options – continued

The following table summarizes stock options outstanding and exercisable at March 31, 2019:

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	2.93	1.05	1,250,000	1.05
0.96	2,590,000	3.21	0.96	2,590,000	0.96
1.02	510,784	1.36	1.02	510,784	1.02
2.10	721,897	0.88	2.10	721,897	2.10
2.10	500,000	3.90	2.10	500,000	2.10
1.21	300,000	4.28	1.21	300,000	1.21
1.03	150,000	0.32	1.03	150,000	1.03
1.40	2,000,000	4.43	1.40	2,000,000	1.40
	8,022,681	2.66	1.27	7,872,681	1.20

8. 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, 2019	March 31, 2018
Management fees paid or accrued to officers of the Company	\$ 874,370	\$ 561,989
Share-based payment	2,317,920	5,432,739
	\$ 3,192,290	\$ 5,994,728

As at March 31, 2019 there is \$222,894 (June 30, 2018: \$152,555) in accounts payable and accrued liabilities owing to officers of the Company.

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

9. Capital Management

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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 period.

10. Financial instruments and financial risk management

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

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

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is, derived from prices).

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

There were no transfers between Levels 1, 2 or 3 for the periods ended March 31, 2019 and June 30, 2018.

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10. Financial instruments and financial risk management – continued

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

March 31, 2019	Level 1	Level 2	Level 3	Total
Cash	\$ 9,450,510	\$ -	\$ -	\$ 9,450,510

June 30, 2018	Level 1	Level 2	Level 3	Total
Cash	\$ 13,513,182	\$ -	\$ -	\$ 13,513,182

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.

(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

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10. Financial instruments and financial risk management – continued

(iii) Liquidity risk - continued

expenditures will not exceed available resources. At March 31, 2019, the Company has a net working capital surplus of \$9,128,564.

(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.

11. 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, 2019:

	Period ended March 31, 2019
2019	\$ 25,119
2020	100,475
2021	33,492
Total	\$ 159,086

12. Subsequent events

On April 1, 2019, the Company issued 750,000 stock options to consultants of the Company. The options were issued with an exercise price of \$1.00 for a period of three years. All options vest 90 days after grant.

On April 10, 2019, the Company closed a non-brokered private placement and issued 426,000 units of the Company at a price of \$1.00 per unit, for gross proceeds of \$426,000. 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 \$1.30 for a period of 3 years. The units were issued with a four month and one day hold period.

On May 2, 2019, the Company issued 400,000 common shares to TETRA Technologies, Inc. in connection to the EOA for the California Property (Note 3). All the common shares were issued with a four month and one day hold period.