DAJIN RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Nine months ended August 31, 2017

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

UNAUDITED FINANCIAL STATEMENTS: In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the three and nine months ended August 31, 2017 and 2016.

DAJIN RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
August 31, 2017 and November 30, 2016
(Stated in Canadian dollars)
(Unaudited – Prepared by Management)

	August 31, 2017	(Note 13) November 30, 2016
ASSETS		
Current		
Cash and cash equivalents	$ 36,407	$ 1,400,647
Marketable securities	315,104	37,500
Receivables	10,614	16,307
Prepaid expenses – Note 8	29,412	17,646
	391,537	1,472,100
Equipment	12,876	20,603
Investment in associate – Note 5	1,432,702	1,432,702
Resource property costs – Note 6, and Schedule	2,230,746	1,710,168
Reclamation bonds	41,300	61,300
	$ 4,109,161	$ 4,696,873
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 107,959	$ 212,749
Due to related parties – Note 8	40,448	18,293
	148,407	231,042
SHAREHOLDERS' EQUITY		
Share capital – Note 7	26,499,607	26,138,442
Contributed surplus – Note 7	3,086,106	3,230,911
Accumulated deficit	(25,624,959)	(24,903,522)
	3,960,754	4,465,831
	$ 4,109,161	$ 4,696,873

Subsequent Events – Note 14

Approved on behalf of the Board:

"Brian Findlay"
Director

"Catherine Hickson"
Director

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

DAJIN RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the three and nine months ended August 31, 2017 and 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended August 31, 2017	Three months ended August 31, 2016	Nine months ended August 31, 2017	Nine months ended August 31, 2016
Expenses				
Accounting and audit fees	$ 9,533	$ 6,500	$ 36,763	$ 22,075
Administration fees – Note 8	21,000	21,000	63,000	63,000
Bank charges and interest	317	233	1,385	1,806
Consulting fees – Note 8	42,600	350	77,600	103,875
Depreciation	2,577	2,576	7,727	7,726
Foreign exchange (recovery)	(3,526)	10,996	3,181	(101,579)
Legal fees	3,803	2,390	135,519	18,752
Listing, filing and transfer agent fees	2,596	29,203	21,673	59,771
Marketing	16,896	25,393	86,564	98,446
Office administration and general	9,524	11,290	34,264	33,585
Rent – Note 8	13,236	11,075	39,710	24,575
Share-based compensation – Notes 7 and 8	-	235,242	-	584,092
Travel and conferences	9,070	2,686	43,529	8,381
Wages and benefits – Note 8	33,869	23,703	96,953	78,138
Loss before other items	(161,495)	(382,637)	(647,868)	(1,002,643)
Other items:				
Interest income	-	-	912	-
Unrealized gain (loss) on marketable securities	(48,135)	(9,375)	(74,481)	23,750
	(48,135)	(9,375)	(73,569)	23,750
Net loss and comprehensive loss for the period	$ (209,630)	$ (392,012)	$ (721,437)	$ (978,893)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding	138,200,551	131,402,133	136,578,875	123,457,862

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

DAJIN RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended August 31, 2017 and 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Common Stock Issued Shares (Note 7)	Common Stock Amount	Contributed Surplus	Accumulated Deficit	Total
Balance, November 30, 2015	108,320,731	$ 23,503,887	$ 2,564,322	$ (23,467,936)	$ 2,600,273
Shares issued for cash:					
Pursuant to a private placement – at $0.12	10,555,000	1,266,600	-	-	1,266,600
On exercise of share purchase options - $0.05	2,070,000	103,500	-	-	103,500
On exercise of share purchase options - $0.06	150,000	9,000	-	-	9,000
On exercise of share purchase options - $0.07	250,000	17,500	-	-	17,500
On exercise of share purchase options - $0.14	150,000	21,000	-	-	21,000
On exercise of share purchase warrants - $0.05	9,964,000	498,200	-	-	498,200
On exercise of share purchase warrants - $0.17	300,000	51,000	-	-	51,000
Shares issued as finders' fees	50,000	6,000	-	-	6,000
Share issue costs	-	(9,600)	-	-	(9,600)
Allocation of options exercised	-	96,434	(96,434)	-	-
Fair market value of stock based compensation	-	-	584,092	-	584,092
Net loss for the period	-	-	-	(978,893)	(978,893)
Balance, August 31, 2016	131,809,731	25,563,521	3,051,980	(24,446,829)	4,168,672
Shares issued for cash:					
Pursuant to a private placement – at $0.18	2,777,777	500,000	-	-	500,000
On exercise of share purchase options - $0.05	250,000	12,500	-	-	12,500
On exercise of share purchase options - $0.10	125,000	12,500	-	-	12,500
On exercise of share purchase options - $0.14	123,000	17,220	-	-	17,220
Allocation of options exercised	-	32,701	(32,701)	-	-
Fair market value of stock based compensation	-	-	211,632	-	211,632
Net loss for the year	-	-	-	(456,693)	(456,693)
Balance, November 30, 2016	135,085,508	26,138,442	3,230,911	(24,903,522)	4,465,831
On exercise of share purchase options - $0.05	1,700,000	85,000	-	-	85,000
On exercise of share purchase options - $0.06	700,000	42,000	-	-	42,000
On exercise of share purchase options - $0.07	100,000	7,000	-	-	7,000
On exercise of share purchase options - $0.10	250,000	25,000	-	-	25,000
On exercise of share purchase options - $0.14	252,000	35,280	-	-	35,280
On exercise of share purchase options - $0.16	138,000	22,080	-	-	22,080
Allocation of options exercised	-	144,805	(144,805)	-	-
Net loss for the period	-	-	-	(721,437)	(721,437)
Balance, August 31, 2017	138,225,508	$ 26,499,607	$ 3,086,106	$ (25,624,959)	$ 3,960,754

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

DAJIN RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended August 31, 2017 and 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	August 31, 2017	August 31, 2016
Operating Activities		
Net loss and comprehensive loss for the period	$ (721,437)	$ (978,893)
Add items not affecting cash:		
Depreciation	7,727	7,726
Share based compensation	-	584,092
Unrealized foreign exchange	(3,031)	(144,390)
Unrealized gain/loss on marketable securities	74,481	(23,750)
Net change in non-cash working capital:		
Receivables	5,693	6,885
Prepaid expenses	(11,766)	5,513
Accounts payable and accrued liabilities	(2,239)	(137,997)
Deposit	-	50,000
Amount due from (to) related parties	20,922	(153,799)
	(629,650)	(784,613)
Financing Activities		
Loans payable	-	(4,200)
Proceeds from issuance of common shares	216,360	1,963,200
	216,360	1,959,000
Investing Activities		
Marketable securities	(352,086)	-
Equipment	-	(30,905)
Reclamation bond	20,000	-
Resource property additions, net	(618,864)	(805,427)
	(950,950)	(836,332)
Effect of foreign exchange on cash	-	(20,360)
Increase (decrease) in cash during the period	(1,364,240)	317,695
Cash, beginning of the period	1,400,647	300,850
Cash, end of the period	$ 36,407	$ 618,545

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

DAJIN RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED SCHEDULE OF RESOURCE PROPERTY COSTS
For the nine months ended August 31, 2017 and for the year ended November 30, 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Canada			(Note 13) USA	(Note 13)
	Cowtrail	Addie 1	Argentina	Nevada	Total
Acquisition costs					
Balance November 30, 2015	$ -	$ -	$ 25,781	$ 228,071	$ 253,852
Staking and filing fees	-	-	1,184	220,633	221,817
Proceeds	-	-	-	(60,631)	(60,631)
Costs reclassified as Investment in associate (Note 5)	-	-	(26,965)	-	(26,965)
Balance November 30, 2016	-	-	-	388,073	388,073
Staking and filing fees	-	-	-	32,622	32,622
Balance August 31, 2017	-	-	-	420,695	420,695
Deferred exploration and development costs					
Balance, November 30, 2015	1	1	1,897,200	541,266	2,438,468
Administrative	-	-	261,553	-	261,553
Assays	-	-	-	21,334	21,334
Drilling	-	-	-	21,346	21,346
Exploration	-	-	-	264,022	264,022
Geological consulting (Note 8)	-	-	54,971	378,707	433,678
Labour	-	-	-	13,241	13,241
Mapping	-	-	2,092	-	2,092
Reports	-	-	20,860	44,610	65,470
Security bond	-	-	-	4,293	4,293
Supplies and miscellaneous	-	-	2,394	9,210	11,604
Survey	-	-	-	4,461	4,461
Travel and accommodation	-	-	19,382	19,604	38,986
Costs reclassified as Investment in associate (Note 5)	-	-	(2,258,452)	-	(2,258,452)
Write off	-	(1)	-	-	(1)
Balance, November 30, 2016	1	-	-	1,322,094	1,322,095
Assays	-	-	-	5,528	5,528
Exploration	-	-	-	(157)	(157)
Geological consulting (note 8)	-	-	-	267,060	267,060
Mapping	-	-	-	18,436	18,436
Permits	-	-	-	160,214	160,214
Report	-	-	-	23,100	23,100
Supplies and miscellaneous				16	16
Travel and accommodation	-	-	-	13,379	13,379
Truck rental	-	-	-	380	380
As at August 31, 2017	$ 1	$ -	$ -	$ 1,810,050	$ 1,810,051
Total resource property costs					
As at November 30, 2016	$ 1	$ -	$ -	$ 1,710,167	$ 1,710,168
As at August 31, 2017	$ 1	$ -	$ -	$ 2,230,745	$ 2,230,746

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

Note 1 Nature of Operations

Dajin Resources Corp. (the "Company") is an exploration stage company incorporated under the British Columbia Company Act on August 5, 1987 and is publically traded on the TSX Venture Exchange.

The Company's principal business activities include acquiring and developing mineral properties. At August 31, 2017, the Company's principal mineral interests are located in Argentina and the United States and it has not yet been determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource property costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying claims, the ability of the Company to obtain necessary financing to complete the development of the resource properties and upon future profitable production or proceeds from the disposition thereof.

The address of the Company's corporate office and principal place of business is Suite 450 - 789 West Pender Street, Vancouver, BC, V6C 1H2.

Note 2 Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") IAS 34 "Interim Financial Reporting".

These condensed interim consolidated financial statements do not include all of the information and disclosures required to be included in annual consolidated financial statements prepared in accordance with IFRS. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended November 30, 2016.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 30, 2017.

Note 2 Basis of Preparation – (cont'd)

Going Concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at August 31, 2017, the Company had not advanced its resource properties to commercial production. At August 31, 2017, the Company has not achieved profitable operations, has accumulated losses of $25,624,959 since inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Basis of Measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis in Canadian dollars, which is the Company's functional currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. See note 4 for use of estimates and judgments made by management in the application of IFRS.

Note 3 Significant Accounting Policies

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the preparation of the Company's annual audited consolidated financial statements for the year ended November 30, 2016.

The Company's significant accounting policies are disclosed in Note 3 to the annual financial statements and these condensed interim consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended November 30, 2016.

Note 3 Significant Accounting Policies (cont'd)

Accounting standards issued but not yet applied

The following new standards and interpretations are not yet effective and have not been applied in preparing these condensed interim consolidated financial statements. The Company is currently evaluating the potential impacts of these new standards; however, the Company does not expect them to have a significant effect on the financial statements.

- IFRS 9, *Financial Instruments* (tentatively effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

- IFRS 15 *Revenue from Contracts with Customers provides a single principle-based framework to be applied to all contracts with customers*. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2017.

Note 4 Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements are as follows:

i) Resource property expenditures

The application of the Company's accounting policy for resource property expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period the new information becomes available.

ii) Impairment

At each reporting period, assets, specifically resource property costs are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

Note 4 Use of Estimates and Judgments – (cont'd)

iii) Going concern

The Company uses judgment in determining its ability to continue as a going concern in order to discharge its current liabilities via raising additional financing.

iv) Investment in associate

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to asses at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting. The Company has diluted its interest in its wholly-owned subsidiary Dajin Resources S.A. and has concluded that because it does not have the current ability to control the key operating activities of Dajin Resources S.A.; therefore, it does not have control and should account for it as an equity investment (Note 5).

v) Share-based compensation transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

Note 5 Investment in Associate

On October 25, 2016, the Company completed a share purchase agreement with Lithium S Holdings Corporation ("Lithium S"), a wholly-owned subsidiary of LSC Lithium Corporation ("LSC"), whereby Lithium S acquired, and can maintain, a 51% interest in Dajin Resources S.A. by making a cash payment of $1,000,000 ($865,000 received by the Company net of applicable Argentine tax of 13.5% on the gross proceeds) and agreeing to expend a total of $2,000,000 on concessions held by Dajin Resources S.A. by the earlier of; (a) the date of delivery of the funding completion certificate; (b) forty-eight months following the date of the agreement; or (c) twenty-four months after Dajin Resources S.A. has obtained all the necessary permits allowing access and development of onsite activities in order to start exploration work in one or more of the relevant mining concessions.

(Stated in Canadian Dollars)

Note 5 Investment in Associate – (cont'd)

If Lithium S fails to incur the expenditure requirement by the expiry date Lithium S shall have the option at any time and not later than the expiry date, to pay any shortfall in cash to the Company. If Lithium S fails to complete the full expenditure requirement by the expiry date, the capital stock of Dajin Resources S.A. will be adjusted in such a manner that for each funding shortfall of $58,824, the Company is re-conveyed with and recovers 1% of the capital stock of Dajin Resources S.A. Lithium S was appointed Operator for the earn-in period.

Pursuant to the terms of the share purchase agreement, LSC issued 384,615 share purchase warrants to the Company, each exercisable for one common share of LSC at an exercise price of $1.30, and expiring approximately 15 days prior to the completion of LSC's qualifying transaction. The Company ascribed no value to these warrants as the amount was indeterminable. On February 10, 2017, the Company exercised all 384,615 purchase warrants at a cost of $500,000.

Dajin Resources S.A. is not expected to generate any profit or loss while Lithium S is completing its expenditure requirement, and accordingly the Company's equity investment in it is expected to remain unchanged during that period. The Company's loss of current legal control of Dajin Resources S.A. precludes consolidation of the underlying accounts of that company under IFRS. However, its maintenance of an expandable beneficial interest in this entity has caused management to conclude that effectively carrying the aggregate investment at historical cost, with any proceeds received reported as cost recoveries, is a conservative and fair accounting presentation. Accordingly, at November 30, 2016 the Company removed the accounts of Dajin Resources S.A. from its financial statements.

As at August 31, 2017, Dajin Resources S.A. still holds a 100% interest in excess of 93,000 hectares (230,000 acres) of exploration or exploitation concessions covering the Company's Salinas Grandes/Guayatayoc boron, lithium and potash project.

The carrying amount of the investment in associate balance at August 31, 2017 has been established as follows:

Carrying values of Dajin Resources S.A.'s assets and liabilities, immediately prior to de-consolidation, within the financial statements of the Company:

Cash	$ 45,317	
Receivables	1,286	
Deferred property costs	1,375,898	
Payables	$ (77,780)	
Net assets of Dajin Resources S.A. disposed of:		$ 1,344,721
Gain on de-consolidation		17,681
Carrying value of investment, accounts of the parent company, at the date of de-consolidation		1,362,402
Costs previously incurred directly by the Company related to the Argentine property interests owned by Dajin Resources S.A. (reclassified from resource property costs)		935,300
Less: net proceeds received from Lithium S		(865,000)
Carrying amount, Investment in associate		$ 1,432,702

Note 5 Investment in Associate – (cont'd)

The costs applicable to this investment are directly reflective of actual historical exploration and evaluation expenses incurred and previously reported by the Company in respect to the property interests controlled by Dajin Resources S.A. Accordingly, the Company applies the impairment factors applicable to such costs in its assessment of the investment's current carrying value.

Note 6 Resource Property Costs

(a) Addie 1 Property

During the prior year the Company allowed the all of remaining claims associated with this property to lapse when they became due. Prior resource property costs of $1 were written-off.

During the nine months ended August 31, 2017, the Company received refunds of its reclamation bonds totaling $15,000 relating to the Addie 1 and Addie 2 properties.

(b) Cowtrail Property

The Company holds two mineral claims in the Cariboo Mining District of south central British Columbia.

During the nine months ended August 31, 2017, the Company received a refund of its reclamation bond in the amount of $5,000 relating to the Cowtrail property.

(c) Argentina Concessions

As a result of the share purchase agreement that the Company entered into with Lithium S during the prior year (see Note 5), the Company derecognized its capitalized resource property costs associated with the Argentine properties.

During the prior year ended November 30, 2015, Dajin Resources S.A. entered into an agreement with the Cooperativa de Trabajo Minero Produccion de Boratos Jujenos Ltda. (the "Cooperativa"), which holds the mining rights to two properties located in the south-east part of Salinas Grandes, pursuant to which Dajin Resources S.A. was granted the exclusive right to explore these properties for a term of three years. During the year ended November 30, 2016, the agreement with the Cooperativa was suspended.

(d) Nevada Properties

The Company acquired by staking a 100% interest in 403 placer claims covering an area of 3,202 hectares (7,914 acres) in the Teels Marsh Valley of Mineral County, Nevada.

The Company acquired by staking a 100% interest in 191 placer claims covering an area of 1,558 hectares (3,850 acres) in the Alkali Lake Valley of Esmeralda County, Nevada.

The Company's interest in these placer claims is held in a wholly-owned US subsidiary, Dajin Resources (US) Corp.

(Stated in Canadian Dollars)

Note 7 Share Capital

Authorized:

Unlimited common shares without par value
Unlimited preferred shares without par value

Nature and Purpose of Equity and Reserves:

The reserves recorded in equity on the Company's Statement of Financial Position include 'Contributed Surplus', and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants prior to exercise.

'Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

Commitments:

Share-Based Compensation Plan

The Company has granted employees and directors common share purchase options. These options are granted with an exercise price equal to the market price of the Company's stock on the date of the grant.

A summary of the status of the stock option plan as of August 31, 2017 and November 30, 2016 and changes during the years then ended on those dates is presented below:

	August 31, 2017		November 30, 2016	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	15,602,000	$0.11	10,120,000	$0.06
Cancelled	(2,605,000)	$0.15	-	-
Expired	-	-	(300,000)	$0.06
Granted	-	-	8,900,000	$0.15
Exercised	(3,140,000)	$0.07	(3,118,000)	$0.06
Options outstanding at end of the period	9,857,000	$0.11	15,602,000	$0.11
Options exercisable at end of the period	9,857,000	$0.11	15,602,000	$0.11
Weighted remaining life in years		3.13		3.87

(Stated in Canadian Dollars)

Note 7 Share Capital – (cont'd)

Commitments: – (cont'd)

Share-Based Compensation Plan – (cont'd)

At August 31, 2017, the Company has 9,857,000 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date
1,800,000	$0.05	June 20, 2019
1,750,000	$0.05	December 23, 2019
50,000	$0.05	January 2, 2020
200,000	$0.06	April 1, 2020
50,000	$0.06	May 1, 2020
100,000	$0.07	August 25, 2020
225,000	$0.10	September 10, 2020
2,250,000	$0.14	April 4, 2021
1,782,000	$0.16	July 15, 2021
1,650,000	$0.16	Oct 20, 2021
9,857,000		

During the year ended November 30, 2016, the Company granted the following:

On April 4, 2016, the Company granted 3,500,000 share purchase options exercisable at $0.14 per share expiring on April 4, 2021.

On July 15, 2016, the Company granted 2,500,000 share purchase options exercisable at $0.16 per share expiring on July 15, 2021.

On October 20, 2016, the Company granted 2,900,000 share purchase options exercisable at $0.16 per share expiring on October 20, 2021.

There were no share purchase options granted during the six months ended May 31, 2017.

(Stated in Canadian Dollars)

Note 7 Share Capital – (cont'd)

Commitments - (cont'd)

Share-Based Compensation Plan - (cont'd)

The Company employed the Black-Scholes option-pricing model using the following assumptions.

	August 31, 2017	November 30, 2016
Risk free interest rate	N/A	0.56% - 0.71%
Expected life of options in years	N/A	5 years
Expected volatility	N/A	114% -122%
Dividend per share	N/A	$0.00
Forfeiture rate	N/A	30%

During the nine month period ended August 31, 2017 compensation expense of $nil (August 31, 2016: $584,092), using the graded method, were recognized for options granted and vested during the period.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the existing model may not necessarily provide a reliable measure of the fair value of its stock options.

Share Purchase Warrants

On April 20, 2016, the Company completed a non-brokered private placement for a total of 10,555,000 units at a price of $0.12 per unit for gross proceeds of $1,266,600. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant will entitle the holder to purchase one common share of the Company at a price of $0.17 per share on or before April 20, 2018. Finders' fees of 50,000 units, valued at $6,000, and $3,600 cash were paid in respect to this financing. The Finders' units have similar terms as the non-brokered private placement.

On August 12, 2016, the Company completed a non-brokered private placement with LSC Lithium Corporation for a total of 2,777,777 units at a price of $0.18 per unit for gross proceeds of $500,000. Each Unit is comprised of one common share of the Company and one share purchase warrant exercisable into one common share at $0.25 per share expiring two years from the date of issuance.

(Stated in Canadian Dollars)

Note 7 Share Capital – (cont'd)

Commitments - (cont'd)

Share Purchase Warrants – (cont'd)

A summary of the status of share purchase warrants as of August 31, 2017 and November 30, 2016 and changes during the year then ended on those dates is presented below:

	August 31, 2017		November 30, 2016	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Balance, beginning of the period	13,082,777	$0.19	9,964,000	$0.05
Issued	-	$ -	13,382,777	$0.19
Exercised	-	$ -	(10,264,000)	$0.05
Balance, end of the period	13,082,777	$0.19	13,082,777	$0.19

At August 31, 2017, the Company has 13,082,777 share purchase warrants outstanding as follows:

Number	Exercise Price	Expiry Date
10,305,000	$0.17	April 20, 2018
2,777,777	$0.25	August 8, 2018
13,082,777		

(Stated in Canadian Dollars)

Note 8 Related Party Transactions

The Company incurred the following charges with directors and officers of the Company and companies controlled by the directors:

	Three months ended		Nine months ended	
	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016
Wages and benefits	$ 14,594	$ 10,800	$ 44,798	$ 32,400
Stock-based compensation	-	4,676	-	14,257
	14,594	15,476	44,798	46,657
Key management compensation				
Administration fees	21,000	21,000	63,000	63,000
Consulting fees – Resource property cost	26,083	53,668	98,953	97,516
Consulting fees – operating expenses	30,000	-	65,000	-
Rent	13,236	11,075	39,710	24,575
Stock-based compensation	-	140,280	-	339,734
	90,319	226,023	266,663	524,825
	$ 104,913	$ 241,499	$ 311,461	$ 571,482

These charges were measured by the exchange amount that is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

Included in August 31, 2017 prepaid expenses are $4,412 (November 30, 2016: $4,412) to a company with a common director and a director of the Company for advance rent and expense reimbursements.

Due to related parties, representing amounts due to companies controlled by the directors and officers of the Company for unpaid fees and reimbursement of expenses are non-interest bearing, unsecured and are due on demand.

Note 9 Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Note 9 Capital Management – (cont'd)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended August 31, 2017. Neither the Company nor its subsidiary are subject to externally imposed capital requirements.

Note 10 Financial Instruments

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments.

Subsequent measurement and changes in fair value will depend on their initial classification, as follows: FVTPL financial assets are measured at fair value and changes in fair value are recognized in income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in income.

The Company classifies and measures its financial instruments as follows:

- Cash, interest receivable, and reclamation bonds are classified as loans and receivables. The fair value of cash approximates its carrying value due to its short term nature.
- Marketable securities are classified as FVTPL.
- Accounts payable and accrued liabilities, due to related parties and loan payable are classified as other financial liabilities and are measured at fair value at inception. Their fair values approximate their carrying values due to their short term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. The Company reduces its credit risk on cash by placing it with institutions of high credit worthiness. As at August 31, 2017 the Company is not exposed to any significant credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. At August 31, 2017, the Company had cash and marketable securities of $351,511 (November 30, 2016 - $1,438,147) and current liabilities of $148,407 (November 30, 2016 - $231,042). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Note 10 Financial Instruments – (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's current policy is to invest excess cash in short-term deposits with its banking institutions. The Company monitors the investments it makes and is satisfied with the credit ratings of the banks with which they are held.

(d) Price risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the commodity prices of industrial minerals (Lithium, Boron and Potassium), and precious and base metals. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Sensitivity to price risk relative to earnings is remote since the Company has not established any reserves or production. The Company is also exposed to the risk of equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company monitors commodity prices of industrial minerals, precious and base metals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken.

(e) Sensitivity Analysis

The Company has designated its cash, interest receivable and reclamation bonds as loans and receivables, and measures them at their amortized costs. Accounts payable and accrued liabilities, due to related parties and loan payable are classified as other financial liabilities, which are measured at their amortized costs.

Based on management's knowledge and experience of the financial markets, the Company believes the following is "reasonably possible" during the upcoming financial year:

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious metals. Precious metal prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of industrial minerals and precious metals may be produced in the future, a profitable market will exist for them. As of August 31, 2017, the Company was not an industrial mineral or precious metal producer. As a result, commodity price risk largely affects the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Note 10 Financial Instruments – (cont'd)

(f) Foreign Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in the Canada and United States. As at August 31, 2017, the Company had accounts payable of $32,616 (November 30, 2016: $100,578) denominated in US dollars and had cash of $25,315 (November 30, 2016: $8,925). These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

Note 11 Non-Cash Transactions

Investing and financing activities that do not have a direct impact on current and future cash flows are excluded from the statements of cash flows. At August 31, 2017, the Company had $40,884 (November 30, 2016: $139,169) in accounts payable and accrued liabilities related to mineral property costs. These transactions were excluded from the statements of cash flows.

Note 12 Segmented Information

The Company operates in one business segment, mineral exploration. As at August 31, 2017, its mineral properties and head office are located in three geographic locations: Canada, Argentina and the United States.

The Company's net loss is allocated to the geographic segments as follows:

	Three months ended		Nine months ended	
	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016
Net losses (income)				
Canada	$ 209,630	$ 381,016	$ 721,437	$ 1,063,160
Argentina	-	16,200	-	(50,558)
United States	-	(5,204)	-	(33,709)
	$ 209,630	$ 392,012	$ 721,437	$ 978,893

The Company's total assets are allocated to the geographic segments as follows:

	August 31, 2017	November 30, 2016
Total Assets		
Canada	$ 404,414	$ 1,512,704
Argentina	1,432,702	1,432,702
United States	2,272,045	1,751,467
	$ 4,109,161	$ 4,696,873

Note 13 Comparative Figures

Certain comparative figures have been restated to conform with the presentation adopted in the current period.

Note 14 Subsequent Events

Subsequent to August 31, 2017:

The Company signed a non-binding Memorandum of Understanding (MOU) with Enirgi Group Corporation (Enirgi Group), headquartered in Toronto, Canada. Enirgi Group is a multinational conglomerate that has developed a new, efficient, cost effective technology for extracting Lithium carbonates from Lithium bearing brines using their Direct Extraction Process Technology (DXP Technology). With this technology, the use of invasive solar evaporation pond networks will not be required. Through their Innovation Division, based in Sydney, Australia, Enirgi Group is in the final stages of commissioning a commercial scale demonstration plant capable of producing one tonne per day of battery grade Lithium carbonate from their flagship lithium project at the Salar del Rincón located in the Province of Salta, Argentina (the "Rincón Project"). The MOU gives the Company exclusive access to the Enirgi Group's DXP Technology and future processing facilities constructed in the United States. The Company will be responsible for the sourcing and delivering of lithium bearing brine from their current and future projects in the United States.

Upon the production of 20 tonnes cumulative battery grade lithium carbonate at the Rincón Project, signing a Definitive Agreement, consideration of provision to the Company of Enirgi Group services, and having exclusive access to processing facilities, the Company will issue to Enirgi Group common shares of its capital in an amount which represents 19.5% of the issued shares of the Company (post-issuance), calculated based on the number of shares issued of the Company outstanding as of the date of acceptance of a Definitive Agreement by the TSX Venture Exchange.

Upon the completion of a Definitive Feasibility Study (DFS) for the construction of a processing facility and acceptance by the TSX Venture Exchange, the Company will issue to Enirgi Group additional common shares of its capital in an amount which represent 10.5% of the issued shares of the Company (post-issuance), calculated based on the number of issued shares of the Company outstanding as of the date of the completion of the DFS.

The Company issued 400,000 common shares pursuant to the exercise share purchase options for total gross proceeds of $20,000.