



DAJIN LITHIUM CORP.

CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2020 and 2019

(Stated in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Dajin Lithium Corp.,

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dajin Lithium Corp. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Company as at November 30, 2020 and 2019 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company has not achieved profitable operations, has accumulated losses of \$28,538,363 since inception and expects to incur further losses in the development of its business. 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. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Keith Macdonald.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada

March 30, 2021

DAJIN LITHIUM CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
NOVEMBER 30, 2020 AND NOVEMBER 30, 2019
(Stated in Canadian dollars)

	Note	November 30, 2020 \$	November 30, 2019 \$
CURRENT ASSETS			
Cash and cash equivalents		645	21,127
Marketable securities	5	2,816	2,063
Receivables		775	-
Prepaid expenses	9	2,000	6,900
		6,236	30,090
Resource property costs	7,9	3,386,054	3,273,138
Reclamation bonds	7	229,859	235,603
Prepaid capital contribution	6	53,756	53,756
Investment in Dajin Resources S.A.	6	1	584,426
		3,675,906	4,177,013
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	9	109,009	140,996
Loans payable	9,10	131,997	146,454
		241,006	287,450
CEBA loan payable	11	40,000	-
		281,006	287,450
SHAREHOLDERS' EQUITY			
Share capital	8	28,480,581	28,182,145
Contributed surplus	8	3,452,682	3,319,448
Accumulated deficit		(28,538,363)	(27,612,030)
TOTAL SHAREHOLDERS' EQUITY		3,394,900	3,889,563
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,675,906	4,177,013

Approved on behalf of the Board of Directors:

“Brian Findlay”
Director

“Catherine Hickson”
Director

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

DAJIN LITHIUM CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in Canadian Dollars)

	Note	Years Ended November 30,	
		2020	2019
		\$	\$
EXPENSES			
Accounting and audit fees		46,450	52,400
Amortization		-	1,627
Bank charges and interest		1,119	1,118
Consulting fees	9	12,000	-
Foreign exchange (gain) loss		886	(26,498)
Interest	10	-	23,100
Investor relations		-	29,202
Legal and professional fees		13,008	90,154
Listing, filing and transfer agent fees		15,756	16,253
Marketing and advertising		1,350	56,645
Office administration and general	9	27,213	19,547
Rent	9	42,000	55,571
Share-based payments	8,9	144,670	29,150
Travel, conferences and promotion		6,178	13,664
Wages and benefits		45,870	140,975
LOSS FROM OPERATIONS		(356,500)	(502,908)
OTHER INCOME (LOSS)			
Arbitration settlement	7	-	(46,945)
Write down of investment in Dajin S.A.	6	(584,425)	-
Write-off of accounts payable	9	13,724	189,373
Unrealized gain (loss) on marketable securities		840	(750)
Realized gain on marketable securities		28	2,878
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(926,333)	(358,352)
BASIC AND DILUTED LOSS PER SHARE		(0.01)	(0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		155,348,678	152,295,508

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

DAJIN LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in Canadian Dollars)

	Common Stock		Contributed Surplus \$	Accumulated Deficit \$	Total \$
	Issued Shares (Note 8)	Amount \$			
Balance, November 30, 2018	152,295,509	28,182,145	3,290,298	(27,253,678)	4,218,765
Share-based payments	-	-	29,150	-	29,150
Net loss for the year	-	-	-	(358,352)	(358,352)
Balance, November 30, 2019	152,295,509	28,182,145	3,319,448	(27,612,030)	3,889,563
Shares issued for cash:					
On exercise of share purchase options - \$0.05	630,000	31,500	-	-	31,500
On exercise of share purchase options - \$0.07	50,000	3,500	-	-	3,500
Allocation of options exercised *	-	11,436	(11,436)	-	-
Shares issued for debt - \$0.03	8,400,000	252,000	-	-	252,000
Share-based payments	-	-	144,670	-	144,670
Net loss for the year	-	-	-	(926,333)	(926,333)
Balance, November 30, 2020	161,375,509	28,480,581	3,452,682	(28,538,363)	3,394,900

* Representative of the fair value of share-based payment amounts originally recorded in contributed surplus.

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

DAJIN LITHIUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in Canadian Dollars)

	Years Ended November 30,	
	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Net and comprehensive loss for the year	(926,333)	(358,352)
Add items not affecting cash:		
Amortization	-	1,626
Unrealized foreign exchange (gain) loss	4,829	(25,199)
Share-based payments	144,670	29,150
Write down of investment in Dajin S.A.	584,425	-
Write-off of accounts payable	(13,724)	(189,373)
Unrealized (gain) loss on marketable securities	(840)	750
Realized gain on marketable securities	(28)	(2,878)
Net change in non-cash working capital:		
Receivables	(775)	(1,034)
Prepaid expenses	4,900	1,874
Accounts payable and accrued liabilities	76,481	(519)
Net cash used in operating activities	<u>(126,395)</u>	<u>(543,955)</u>
FINANCING ACTIVITIES		
(Repayment of) proceeds from bank indebtedness	-	(2,325)
Proceeds from CEBA loan payable	40,000	-
Proceeds from issuance of common shares	35,000	-
Proceeds from issuance of loans payable	182,083	210,424
Repayment of loans payable	(34,540)	(226,281)
Net cash (used in) provided by financing activities	<u>222,543</u>	<u>(18,182)</u>
INVESTING ACTIVITIES		
Resource property additions, net	(116,745)	(460,521)
Proceeds from sale of marketable securities	115	100,931
Reclamation bonds (purchased) refunded, net	-	148,334
Proceeds on earn-in termination	-	794,520
Net cash provided by (used in) investing activities	<u>(116,630)</u>	<u>583,264</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(20,482)	21,127
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	21,127	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>645</u>	<u>21,127</u>

Non-Cash Transactions – Note 14

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

DAJIN LITHIUM CORP.
CONSOLIDATED SCHEDULE OF RESOURCE PROPERTY COSTS
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in Canadian Dollars)

	Note	USA Nevada \$
ACQUISITION COSTS		
Balance November 30, 2018		586,011
Staking and filing fees		99,900
Balance November 30, 2019		685,911
Staking and filing fees		135,744
Balance, November 30, 2020		821,655
DEFERRED EXPLORATION AND DEVELOPMENT COSTS		
Balance, November 30, 2018		3,092,668
Geological consulting	7,9	7,599
Road and drill pad construction	7	6,206
Survey		2,393
Cost recoveries		(5,318)
Road and drill pad construction recovery	7	(516,321)
Balance, November 30, 2019		2,587,227
Geological consulting	7, 9	7,949
Reports		2,804
Cost recoveries		(33,581)
Balance, November 30, 2020		2,564,399
TOTAL RESOURCE PROPERTY COSTS		
As at November 30, 2019		3,273,138
As at November 30, 2020		3,386,054

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

DAJIN LITHIUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in Canadian Dollars)

NOTE 1 NATURE OF OPERATIONS

Dajin Lithium Corp. (the “Company”) (formerly known as Dajin Resources Corp.) is an exploration stage company incorporated under the British Columbia Company Act on August 5, 1987 and is publicly traded on the TSX Venture Exchange and the OTC Market.

The Company’s principal business activities include acquiring and developing mineral properties. At November 30, 2020, 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 Dajin Resources S.A. and 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 1250 - 789 West Pender Street, Vancouver, BC, V6C 1H2.

NOTE 2 BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The consolidated financial statements were authorized for issue by the Board of Directors on March 30, 2021.

b) Going Concern

These 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 November 30, 2020, the Company had not advanced its resource properties to commercial production. At November 30, 2020, the Company has not achieved profitable operations, has accumulated losses of \$28,538,363 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.

DAJIN LITHIUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in Canadian Dollars)

NOTE 2 BASIS OF PRESENTATION – (cont'd)

c) Basis of Measurement

These 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

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements unless otherwise indicated.

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Dajin Resources (US) Corp. (United States). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. All inter-company accounts have been eliminated.

b) Basic and Diluted Loss per Share

Basic earnings per share are computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Diluted amounts are not presented when the effect of the computations is anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

DAJIN LITHIUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in Canadian Dollars)

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

c) Resource Property Costs

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation costs

Once the legal right to explore a property has been acquired, exploration and evaluation expenditures are recognized and capitalized in addition to the acquisition costs. Mineral exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for the prospects abandoned are written off.

On an annual basis or when impairment indicators arise, the Company evaluates the future recoverability of its mineral property costs. Impairment losses or write-downs are recorded in the event the net book value of such assets exceeds the estimated indicated future cash flows attributable to such assets.

The recoverability of the amounts capitalized for the undeveloped mineral property is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, title to its properties is in good standing.

Management's capitalization of exploration and development costs and assumptions regarding the future recoverability of such costs are subject to significant measurement uncertainty. Management's assessment of recoverability is based on, among other things, the Company's estimate of current mineral reserves and resources which are supported by geological estimates, estimated commodity prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could materially affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties.

Mineral exploration tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mineral tax credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related deferred exploration expenditures.

DAJIN LITHIUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in Canadian Dollars)

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

d) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

e) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments.

The Company follows the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component. The fair value of the common shares issued in a private placement are determined to be the more easily measurable component and are valued at their fair value on the announcement date and the balance, if any, is allocated to the attached warrants.

The proceeds from the exercise of stock options, share purchase warrants and escrow shares are recorded as share capital in the amount for which the stock options, share purchase warrants or escrow shares enabled the holder to purchase a share in the Company.

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value reduced by an estimate of transaction costs normally incurred when issuing shares for cash, as determined by the board of directors of the Company.

DAJIN LITHIUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in Canadian Dollars)

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

e) Share Capital – (cont'd)

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issue costs incurred in advance of share subscriptions are recorded as non-current deferred charges. Share issue costs related to uncompleted share subscriptions are charged to operations.

f) Share-based payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

DAJIN LITHIUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in Canadian Dollars)

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

g) Impairment of Long-lived Assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the statement of comprehensive loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

h) Rehabilitation Provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using pre-tax rates that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision.

The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the statement of comprehensive loss for the period. As at November 30, 2020 and 2019, the Company is not aware of any reclamation costs and no amounts have been recorded.

DAJIN LITHIUM CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in Canadian Dollars)

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

i) Translation of Foreign Currencies

The functional currency of the Company's foreign subsidiary is measured using the currency of the primary economic environment in which that entity operates. These consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of the subsidiary that has operations in the United States is the Canadian dollar.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined and not subsequently restated.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

j) Financial Instruments

The Company has adopted IFRS 9 retrospectively as of December 1, 2018. Changes in accounting policies resulting from the adoption of IFRS 9 did not have a material impact on the Company's consolidated financial statements.

Financial Assets - Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss ("FVTPL"), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified cash and cash equivalents and reclamation bonds as amortized cost. The Company has classified its marketable securities and its investment in Dajin Resources S.A. as FVTPL.

Financial Assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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NOTE 3 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

j) Financial Instruments – (cont'd)

Financial Assets – Measurement – (cont'd)

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI (“FVOCI”): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of comprehensive loss in the period which it arises.

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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NOTE 3 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

j) Financial Instruments – (cont'd)

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, loans payable and CEBA loan payable as financial liabilities held at amortized cost.

k) Investments in associates

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of the investee unless it can be clearly demonstrated that this is not the case.

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The financial statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued, except to the extent that the Company has obligation, or has made payments on behalf of the investee.

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NOTE 3 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

l) Changes in accounting policies

The following new standards and interpretations are effective and have been applied in preparing these consolidated financial statements.

- *Leases*

IFRS 16, *Leases* (effective January 1, 2019) introduces new requirements for leases. Under IFRS 16, all leases are required to be accounted for as finance leases rather than operating leases, where the required lease payments are disclosed as a commitment in the notes to the financial statements. As a result, leased assets (“right-of-use” assets) and the related lease liability will be required to be recognized on the statement of financial position.

IFRS 16 did not have any material changes to the consolidated financial statements upon adoption as the Company has no leases.

m) Accounting standard issued but not yet applied

The following new standards and interpretations are not yet effective and have not been applied in preparing these consolidated financial statements.

- *Business combinations*

Narrow-scope amendments to IFRS 3 were issued in October 2018 and apply to annual reporting periods beginning on or after January 1, 2020. The amendments clarify the definition of a business, provide guidance in determining whether an acquisition is a business combination or a combination of a group of assets, emphasize that the output of a business is to provide goods and services to customers and provide a supplementary guidance.

- *Presentation of financial statements*

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

The Company anticipates that there will be no material changes to the consolidated financial statements upon adoption.

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NOTE 4 USE OF ESTIMATES AND JUDGEMENTS

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:

a) 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 an 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.

b) 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.

c) 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.

d) Investment in Dajin Resources S.A.

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 assess 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 previously wholly-owned subsidiary Dajin Resources S.A. ("Dajin S.A.") to less than 50%, therefore it does not have the current ability to control the key operating activities of the company. Pursuant to the Shareholders and Operating Agreements entered into by the companies, Lithium S Holding Corporation ("Lithium H"), a wholly-owned subsidiary of LSC Lithium Corporation ("LSC"), was appointed operator for the earn-in period and the board of directors of Dajin S.A. is comprised of two directors appointed by Lithium H and one director appointed by the Company. The operator prepares and submits annual budgets and programs to the board for approval and has sole and exclusive right and authority to manage, direct and supervise all operations for and on behalf of Dajin S.A. Management has determined

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NOTE 4 USE OF ESTIMATES AND JUDGEMENTS – (cont'd)

d) Investment in Dajin Resources S.A. – (cont'd)

that the Company does not have significant influence over Dajin S.A. Accordingly, the investment in Dajin S.A. is accounted for at cost and not as an investment in associate (Note 6).

NOTE 5 MARKETABLE SECURITIES

Marketable securities consist of equity securities over which the Company does not have control or significant influence. Unrealized gains and losses due to period end revaluations to fair value are included in comprehensive loss for the period. At November 30, 2020, the Company owned 17,600 (2019 – 18,750) shares of Nickel Rock Resources Inc. (formerly Nevada Energy Metals Inc.), the shares of which are traded on the TSX Venture Exchange.

	2020	2019
	\$	\$
Marketable securities – fair value	2,816	2,063
Marketable securities – cost	2,063	2,813

During 2020, nil (2019 – 140,415) shares of LSC Lithium Corporation were disposed of for proceeds of \$nil (2019 – \$75,676) and 1,150 (2019 – nil) shares of Nickel Rock Resources Inc. were disposed of for proceeds of \$115 (2019 – \$nil).

NOTE 6 INVESTMENT IN DAJIN RESOURCES S.A.

On October 25, 2016, the Company completed a share purchase agreement with Lithium H, whereby Lithium H acquired, and can maintain, its interest in Dajin 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 expending a total of \$2,000,000 on concessions held by Dajin S.A.

On September 30, 2019, the Company, its subsidiary, Lithium H and LSC Lithium entered into an irrevocable offer of amendment to the share purchase and shareholder agreements (the “Agreements”) dated October 25, 2016, to amend the Agreements. Pursuant to the amendment agreement, the Agreements were modified as follows:

- The original earn-in provisions were terminated on payment of US\$600,000 (\$794,520) to the Company. This payment constitutes full, sole and complete compensation for Lithium H failing to incur the funding amount of expenditures. Any and all similar earn-in provisions established and regulated within the shareholders agreement were revoked and terminated;
- The terminated earn-in program was replaced by a new exploration program. The parties will make the necessary contributions to fund the exploration program in accordance with their proportionate interest and following the provisions set forth in the shareholder agreement;

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NOTE 6 INVESTMENT IN DAJIN RESOURCES S.A. – (cont'd)

- Lithium H applied the \$135,000 in Argentine tax withheld by paying the applicable withholding tax plus interest (\$81,244) and agreeing to credit the remaining amount (\$53,756) on behalf of the Company as a capital contribution in Dajin S.A. when required by the Operator, under the operating agreement, to fund the relevant costs and investments associated with the new exploration program or any other activity to be made in relation with the project;
- The Dajin S.A. shares being held in escrow were released to Lithium H; and
- Lithium H and LSC Lithium were fully released from any and all past obligations and liabilities regarding any kind of reporting and other related information duties which may exist under the Agreements and the operating agreement.

As management is not able to determine the fair value of its investment in Dajin S.A., defined as the price that the Company would receive by selling it in an orderly transaction, the carrying amount was written down to a nominal amount of \$1 at November 30, 2020.

The established amount and carrying amount of the investment in Dajin S.A. is summarized as follows:

	2020	2019
	\$	\$
Net assets of Dajin S.A. disposed of	1,344,721	1,344,721
Gain on deconsolidation	17,681	17,681
Resource property costs reclassified	935,300	935,300
Net proceeds received from Lithium S	(865,000)	(865,000)
Established amount	1,432,702	1,432,702
Earn-in termination payment	(794,520)	(794,520)
Adjustment to Argentine tax withheld	(53,756)	(53,756)
Write down of investment	(584,425)	-
Balance at November 30	1	584,426

See Note 4.

NOTE 7 RESOURCE PROPERTY COSTS

Nevada Properties

At November 30, 2020, the Company held a 100% interest in 62 placer claims in the Alkali Springs Valley of Esmeralda County, Nevada.

At November 30, 2020, the Company held a 100% interest in 403 placer claims in the Teels Marsh valley of Mineral County, Nevada.

Alkali Springs

In June 2015, the Company submitted an application for permit to appropriate the public waters of the state of Nevada (“application for water rights”) for the purpose of temporary mining and milling use to develop non-potable lithium brine extraction processing alternatives for Alkali Lake playa in the Alkali Springs valley.

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NOTE 7 RESOURCE PROPERTY COSTS – (cont'd)

Nevada Properties – (cont'd)

Alkali Springs – (cont'd)

On November 6, 2018, the Company entered into a Letter Agreement with Cypress Development Corp. (“Cypress”) for the exploration and development of the Company’s Alkali Springs Valley Lithium property.

On November 5, 2019, the agreement with Cypress on the Alkali Springs Valley Lithium property was terminated.

Effective October 9, 2020, the Company, through its subsidiary Dajin Resources (US) Corp. (“Dajin US”), entered into an Earn-In Agreement (the “EIA”) with Lone Mountain Resources, LLC (“LMR”), a privately held lithium exploration and development company in the United States. Pursuant to the EIA, Dajin US granted LMR the right to acquire up to an undivided 75% interest in 62 unpatented placer mining claims owned by Dajin US and any properties in the Area of Mutual Interest (as defined) that become subject to the EIA, together with any water rights, water right applications, regulatory permits and land use entitlements initiated during the term of the EIA (collectively, the “Properties”). The grant was made in consideration of a one-time payment from LMR to Dajin US of US\$25,000 (\$33,581) (*received*). LMR was also granted the authority and rights required to apply in its name for all permits, licenses, water rights and other approvals deemed necessary or appropriate in connection with the activities contemplated in the EIA.

In order to earn an initial undivided 51% right, title and interest in and to the Properties, LMR must incur a total of US\$136,000 in Expenditures (as defined) during the term of the EIA. LMR can terminate the EIA prior to acquiring a 51% interest in the Properties and is not obligated to incur any particular amount of Expenditures. LMR’s right to receive a 51% undivided interest vests once it has incurred US\$136,000 in Expenditures. If LMR earns a 51% interest, then it has the right but not the obligation to earn up to an additional undivided 24% right, title and interest in and to the Properties (the “Additional Interests”) by making additional Expenditures of US\$2,667 for each 1% of Additional Interests to be acquired, up to a maximum of US\$64,000. When LMR has earned Additional Interests, its rights to these interests will vest in proportion to its ongoing Expenditures. If LMR has earned at least a 51% interest in the Properties by the end of the term, Dajin US and LMR will execute the Mining Venture Agreement (the “MVA”) (as specified) which will govern the parties’ rights and obligations with respect to the Properties. If LMR has not earned at least a 51% interest in the Properties by the end of the term, the EIA will terminate and it has no further right, title or ownership interest in the Properties.

In lieu of executing the MVA, Dajin US can elect to convert its interest in the Properties into a 3% royalty interest (the “RI”) in the Net Mineral Value (as defined) of mineral production from the Properties by giving LMR at least 30-day notice prior to the end of the term. If this election is made, its remaining right, title and interest in the Properties will be conveyed to LMR, subject to the RI. Dajin US’s failure to execute the MVA within 30 days after the end of the term, after also failing to elect to convert its interest in the Properties into a RI, will act as an automatic conversion of its interest in the Properties into the RI. Subsequent to conversion, LMR is entitled, but not required, in its sole discretion, at any time, to purchase the RI from Dajin US in exchange for a cash payment of US\$1.5 million. LMR may elect, in its discretion, to make one or more fractional purchases of the RI, with the purchase price pro-rated based on the overall purchase price of US\$1.5 million.

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NOTE 7 RESOURCE PROPERTY COSTS – (cont'd)

Nevada Properties – (cont'd)

Alkali Springs – (cont'd)

For as long as the EIA remains in effect, LMR will pay the necessary claim maintenance fees for all unpatented mining claims included in the Properties and make all necessary federal and county filings, with all such payments qualifying as Expenditures.

The term of the EIA ends on the earlier of (i) August 31, 2022 or (ii) LMR notifying Dajin US of the end of the term. LMR can terminate the EIA at any time by giving written notice to Dajin US. LMR can elect to relinquish its interest in any portion of the Properties by giving notice to Dajin US, without terminating the EIA as to the remaining portion of the Properties. If the EIA is terminated prior to the vesting of the 51% interest in LMR, LMR will provide Dajin US with a quitclaim deed to the Properties and an assignment of any permits or water rights associated with the Properties.

Teels Marsh

On April 25, 2018, pursuant to a Memorandum of Understanding dated August 22, 2017, the Company entered into a Definitive Agreement with Geothermal Development Associates (“GDA”) for the purpose of working together to develop the geothermal resources that can be used for the production of heat and/or electrical energy for use by a potential lithium plant or sold to third parties. GDA holds a geothermal lease block of land covering 1,884 acres in the Teels Marsh valley. The Company will pay all fees and costs, including annual geothermal lease rental payments, related to the initial stages of geothermal exploration that it conducts and is responsible for all project management related to exploration and development of the geothermal resource. GDA has input into decisions regarding any major work.

On January 22, 2018, the Company, through its subsidiary, entered into a services agreement with a company to act as general contractor (the “contractor”) for a road construction and ancillary facilities project in the Teels Marsh valley. Pursuant to the agreement, the Company was charged US\$963,555 (\$1,243,839) of which US\$652,017 (\$865,618) was included in accounts payable and accrued liabilities at November 30, 2018. During the year ended November 30, 2019:

- The contractor filed a mechanic’s lien in the amount of US\$662,666 on January 9, 2019 against certain unpatented mining claims and water rights in the Teels Marsh valley, for uncompensated work under the contract, plus interest and costs;
- The Company made a partial payment of US\$100,000 and on April 18, 2019 the contractor filed a partial release of claim, reducing the amount claimed in the lien to \$562,666, plus interest and costs;
- The Company and the contractor entered into an arbitration agreement on July 2, 2019;
- An arbitration hearing was held on October 15, 2019 with the arbitrator finding that US\$600,000 was reasonably due under the contract and awarding the contractor damages of US\$154,655 (being US\$600,000 less amounts previously paid) plus costs, interest and attorney’s fees;
- The contractor requested an award of costs, interest and attorney’s fees totalling US\$34,260 on October 24, 2019, to which the Company objected;
- On November 14, 2019, the arbitrator awarded the amount requested plus a per diem per day until paid; and

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NOTE 7 RESOURCE PROPERTY COSTS – (cont'd)

Nevada Properties – (cont'd)

Teels Marsh – (cont'd)

- The Company paid the amounts outstanding and on November 21, 2019 the contractor filed a full release of lien.

These transactions are summarized as follows:

	\$	US\$
Geological consulting	163,749	126,868
Road and drill pad construction	1,080,090	836,687
Costs charged	1,243,839	963,555
Reversal on arbitration	(516,321)	(400,032)
Costs incurred	727,518	563,523
Costs, interest and attorney's fees	46,945	35,326
Net amount payable	774,463	598,849
Foreign exchange adjustment	13,941	-
Payments	(788,404)	(598,849)
Balance at November 30, 2019	-	-

The Company's 100% interest in these placer claims is held in its wholly owned US subsidiary, Dajin Resources (US) Corp.

During the year ended November 30, 2019, the Company was refunded \$148,334 (USD\$111,622) of reclamation bonds relating to the Teels Marsh project.

NOTE 8 SHARE CAPITAL

Authorized:

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

Issued:

During the year ended November 30, 2020, the Company issued 680,000 common shares on exercise of share purchase options for gross proceeds of \$35,000 and 8,400,000 common shares valued at \$252,000 to settle debt of \$252,000 (Notes 9 and 10).

During the year ended November 30, 2019, no shares were issued.

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NOTE 8 SHARE CAPITAL – (cont'd)

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 and share warrants prior to exercise.

'Accumulated Deficit' is used to record the Company's change in deficit from losses 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 November 30, 2020 and 2019 and changes during the years then ended is presented below:

	November 30,			
	Shares	2020 Weighted Average Exercise Price \$	Shares	2019 Weighted Average Exercise Price \$
Outstanding, at beginning of year	6,450,000	0.09	11,542,000	0.13
Expired/cancelled	(100,000)	0.06	(6,842,000)	0.15
Granted	6,900,000	0.05	1,750,000	0.05
Exercised	(680,000)	0.05	-	-
Outstanding, at end of year	12,570,000	0.07	6,450,000	0.09
Options exercisable at end of the year	12,570,000	0.07	6,450,000	0.09
Weighted-average remaining life, in years		2.84		2.84

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NOTE 8 SHARE CAPITAL – (cont'd)

Commitments – (cont'd)

Share-Based Compensation Plan – (cont'd)

At November 30, 2020, the Company has 12,570,000 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
1,250,000	\$0.10	September 4, 2021
400,000	\$0.10	October 4, 2021
1,600,000	\$0.05	December 30, 2021
500,000	\$0.05	September 2, 2022
1,000,000	\$0.05	October 18, 2022
2,900,000	\$0.10	October 4, 2023
2,820,000	\$0.05	February 28, 2025
1,100,000	\$0.05	July 6, 2025
1,000,000	\$0.05	July 31, 2025
<u>12,570,000</u>		

During year ended November 30, 2020, the Company cancelled 100,000 share purchase options with an exercise price of \$0.06. On December 30, 2019, the Company granted 1,600,000 share purchase options exercisable at \$0.05 per share and expiring on December 30, 2021. On February 28, 2020, the Company granted 3,200,000 share purchase options exercisable at \$0.05 per share expiring on February 28, 2025. On July 6, 2020, the Company granted 1,100,000 share purchase options exercisable at \$0.05 per share expiring on July 6, 2025. On July 31, 2020, the Company granted 1,000,000 share purchase options exercisable at \$0.05 per share expiring on July 31, 2025. These stock options vest at the date of grant.

During the year ended November 30, 2019, the Company cancelled 6,842,000 share purchase options with exercise prices of \$0.05 - \$0.16. On September 2, 2019, the Company granted 750,000 share purchase options exercisable at \$0.05 per share and expiring on September 2, 2022. On October 18, 2019, the Company granted 1,000,000 share purchase options exercisable at \$0.05 per share and expiring on October 18, 2022. These stock options vest at the date of the grant.

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

	2020	2019
Risk free interest rate	0.34 % - 1.79%	1.50% - 1.54%
Expected life of options in years	2 – 5 years	3 years
Expected volatility	86.17% - 97.88%	71.37% - 71.48%
Dividend per share	-	-
Forfeiture rate	-	-

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NOTE 8 SHARE CAPITAL – (cont'd)

Commitments – (cont'd)

Share-Based Compensation Plan – (cont'd)

During the year ended November 30, 2020, compensation expense of \$144,670 (2019: \$29,150) was recognized for options granted and vested during the year.

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

As at November 30, 2020 and November 30, 2019, the Company has no share purchase warrants outstanding.

NOTE 9 RELATED PARTY TRANSACTIONS

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

	2020 \$	2019 \$
Wages and benefits	16,881	57,876
Share-based payments	510	-
Office and administration expense	7,400	-
	24,791	57,876
Key management compensation		
Geological consulting – resource property costs	6,143	-
Consulting fees – operating expenses	12,000	-
Rent reimbursement	42,000	55,571
Share-based payments	74,500	-
	134,643	55,571
	159,434	113,447

These charges were measured by the exchange amount that is the amount agreed upon by the transacting parties.

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NOTE 9 RELATED PARTY TRANSACTIONS – (cont'd)

Included in November 30, 2020 accounts payable and accrued liabilities is \$10,241 (2019: \$10,565) of reimbursable expenses (2019: reimbursable expenses) owing to companies with common officers and directors. As at November 30, 2019, a company controlled by the chief executive officer of the Company agreed to waive its administration fees for the year and the amount payable to it at year end and a company controlled by the chief operating officer of the Company agreed to waive its consulting fees for the year and the amount payable to it at year end. Accordingly, \$84,000 in administration fees and \$90,000 in consulting fees were reversed and \$134,864 in accounts payable were written off.

Included in November 30, 2020 loans payable is \$126,997 (2019: \$146,454) owing to certain officers and directors of the Company (Note 10).

Included in November 30, 2020 prepaid expenses are rent and expense reimbursements of \$nil (2019: \$4,900) to companies with common directors.

During the year ended November 30, 2020, the Company issued 6,210,000 common shares to settle \$186,300 of accounts payable and loans payable owing to a director and companies with common directors (Notes 8 and 10).

Amounts due to related parties are non-interest bearing, unsecured and are due on demand.

NOTE 10 LOANS PAYABLE

During the year ended November 30, 2020, the Company received multiple loans totaling \$182,083. The company repaid \$34,540 of these loans during the year and settled \$162,000 of these loans through the issuance of 5,400,000 common shares resulting in a loans payable balance of \$131,997 as at November 30, 2020 (Notes 8 and 9). At the time of payment \$nil in bonus interest was paid to unrelated individuals.

During the year ended November 30, 2019, the Company received multiple loans totaling \$210,424. The Company repaid \$226,281 of these loans during the year, resulting in a loans payable balance of \$146,454 at November 30, 2019. At the time of payment, \$23,100 in bonus interest was paid to unrelated individuals.

These loans are non-interest bearing, unsecured, and due on demand.

NOTE 11 CEBA LOAN PAYABLE

On April 7, 2020, the Company received, through its bank, a \$40,000 Canada Emergency Business Account (“CEBA”) loan (“Principal”). During the initial term expiring on December 31, 2022, the Company is not required to repay any portion of the loan and no interest will be paid. The loan can be repaid at any time without penalty. If the Company repays at least 75% of the loan on or before December 31, 2022, the remaining balance of the loan will be forgiven (“Early Repayment Forgiveness”). During the extended term starting January 1, 2023 and expiring on December 31, 2025, the Company will pay interest at the rate of 5% on a monthly basis. In the event there is no Early Repayment Forgiveness, the Principal must be repaid in full on December 31, 2025.

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NOTE 12 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.

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 year ended November 30, 2020. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

NOTE 13 FINANCIAL INSTRUMENTS

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 and cash equivalents. The Company has no significant concentration of credit risk arising from operations. The Company reduces its credit risk on cash and cash equivalents by placing it with institutions of high credit worthiness. As at November 30, 2020 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. At November 30, 2020, the Company had cash and cash equivalents of \$645 (2019 - \$21,127) and current liabilities of \$241,006 (2019 - \$287,450). All of the Company's accounts payable (\$82,009) have contractual maturities of less than 30 days and are subject to normal trade terms.

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. When excess cash exists, the Company's current policy is to invest the 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 financial institutions with which they are held.

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NOTE 13 FINANCIAL INSTRUMENTS – (cont'd)

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

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 November 30, 2020, 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.

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, United States and Argentina. As at November 30, 2020, the Company had accounts payable of \$15,218 (2019: \$34,378) denominated in US dollars. 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.

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NOTE 14 NON-CASH TRANSACTIONS

The following non-cash investing and financing activities were excluded from the statements of cash flows:

- At November 30, 2020, the Company had \$7,803 (2019: \$11,632) in accounts payable and accrued liabilities related to resource property costs.
- \$Nil (2019: \$11,504) was transferred from accounts payable and accrued liabilities to loans payable.
- \$11,436 (2019: \$nil) was transferred from contributed surplus to share capital on the exercise of stock options.
- \$90,000 (2019: \$nil) in accounts payable and accrued liabilities was settled by issuing common shares valued at \$90,000.
- \$162,000 (2019: \$nil) in loans payable was settled by issuing common shares valued at \$162,000.

NOTE 15 CORPORATION INCOME TAXES

A reconciliation of Canadian income taxes at statutory rates is as follows:

	2020	2019
Corporate tax rate	27.00%	26.99%
	\$	\$
Net loss for the year before income taxes	(926,333)	(358,352)
Expected income tax recovery	(250,100)	(96,800)
Net adjustment for deductible and non-deductible amounts	196,900	600
Change in unrecognized benefit of tax pool assets	53,200	96,200
Total income tax recovery	-	-

The significant components of the Company's deferred income tax assets are as follows:

	2020	2019
	\$	\$
Deferred income tax assets:		
Capital loss carry-forwards	42,000	42,000
Resource properties	1,494,000	1,494,000
Non-capital loss carry-forwards	2,202,000	2,141,000
Share issue costs and other	6,000	6,000
Equipment	35,000	35,000
	3,779,000	3,718,000
Valuation allowance	(3,779,000)	(3,718,000)
Net deferred income tax assets	-	-

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NOTE 15 CORPORATION INCOME TAXES – (cont'd)

The Company has non-capital losses available to reduce taxable income in Canada that expire in stages through 2039 as follows:

	Canada	USA
	\$	\$
2026	325,000	-
2027	67,000	-
2028	489,000	-
2029	276,000	-
2030	574,000	-
2031	672,000	-
2032	359,000	-
2033	569,000	-
2034	545,000	2,000
2035	914,000	-
2036	772,000	-
2037	829,000	3,000
2038	1,173,000	-
2039	337,000	52,000
2040	195,000	3,000
	<u>8,096,000</u>	<u>60,000</u>

The Company has capital losses totaling approximately \$309,000 which may be carried forward and applied against capital gains in future years. Subject to certain restrictions, the Company also has resource property expenditures of approximately \$5,534,000 available to reduce taxable income in future years.

Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

The Company has in the past renounced exploration expenditures to investors in flow-through shares.

NOTE 16 SEGMENTED INFORMATION

The Company operates in one business segment, mineral exploration. As at November 30, 2020, 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:

	2020	2019
	\$	\$
Net loss:		
Canada	(918,514)	(336,648)
United States	(7,819)	(21,704)
	<u>(926,333)</u>	<u>(358,352)</u>

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NOTE 16 SEGMENTED INFORMATION – (cont'd)

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

	2020	2019
Total Assets:	\$	\$
Canada	6,236	30,090
Argentina	53,757	638,182
United States	3,615,913	3,508,741
	3,675,906	4,177,013

NOTE 17 SUBSEQUENT EVENTS

On January 21, 2021, the Company issued 1,430,000 common at a price of \$0.05 per share upon exercise of share purchase options for total proceeds of \$71,500. On February 16, 2021, the Company issued 720,000 common shares at a price of \$0.05 per share upon exercise of share purchase options for total proceeds of \$36,000.