

**DAJIN RESOURCES CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**NOVEMBER 30, 2015 and 2014**

**(Stated in Canadian Dollars)**

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Dajin Resources Corp.,

We have audited the accompanying consolidated financial statements of Dajin Resources Corp., which comprise the consolidated statements of financial position as at November 30, 2015 and 2014, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dajin Resources Corp. as at November 30, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that the Company has limited working capital, no current sources of revenue and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC Canada  
March 29, 2016

**DAJIN RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian dollars)**

	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>		
Current		
Cash	\$ 300,850	\$ 198,362
Marketable securities	7,269	-
Receivables	15,148	7,757
Prepaid expenses	<u>16,126</u>	<u>74,547</u>
	339,393	280,666
Resource property costs – Note 5, Schedule	2,692,320	1,920,737
Reclamation bonds	<u>20,000</u>	<u>20,000</u>
	<u>\$ 3,051,713</u>	<u>\$ 2,221,403</u>
<b><u>LIABILITIES</u></b>		
Current		
Accounts payable and accrued liabilities	\$ 273,635	\$ 152,977
Loans payable	14,433	14,433
Due to related parties – Note 7	<u>163,372</u>	<u>141,403</u>
	<u>451,440</u>	<u>308,813</u>
<b><u>SHAREHOLDERS' EQUITY</u></b>		
Share capital – Note 6	23,503,887	21,690,260
Contributed surplus – Note 6	2,564,322	2,338,509
Accumulated deficit	<u>(23,467,936)</u>	<u>(22,116,179)</u>
	<u>2,600,273</u>	<u>1,912,590</u>
	<u>\$ 3,051,713</u>	<u>\$ 2,221,403</u>

Approved on behalf of the Board:

“Brian Findlay”  
Director

“Ben Ainsworth”  
Director

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

**DAJIN RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

	<u>2015</u>	<u>2014</u>
Expenses		
Accounting and audit fees	\$ 42,695	\$ 36,173
Administration fees – Note 7	84,000	84,000
Amortization	-	1,778
Bank charges and interest – Note 7	3,941	4,291
Consulting fees – Note 7	315,763	225,430
Foreign exchange loss	28,702	3,165
Legal and professional fees	29,521	8,588
Listing, filing and transfer agent fees	44,269	33,782
Marketing and advertising	161,673	16,203
Office administration and general	81,574	31,736
Rent – Note 7	26,930	26,125
Stock-based compensation – Note 6	446,140	97,150
Travel, conferences and promotion	39,169	6,233
Wages and benefits	<u>63,300</u>	<u>53,232</u>
Loss from operations	(1,367,677)	(627,886)
Other item:		
Recovery (write-down) of resource property costs - net	<u>15,920</u>	<u>(3,586,832)</u>
Net loss and comprehensive loss for the year	<u>\$ (1,351,757)</u>	<u>\$ (4,214,718)</u>
Basic and diluted loss per share	<u>\$ (0.02)</u>	<u>\$ (0.10)</u>
Weighted average number of shares outstanding	<u>89,611,758</u>	<u>43,325,777</u>

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

**DAJIN RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

	Common Stock				
	Issued <u>Shares</u> (Note 6)	<u>Amount</u>	Contributed <u>Surplus</u>	<u>Deficit</u>	<u>Total</u>
Balance, November 30, 2013	32,750,733	\$ 19,507,017	\$ 2,306,902	\$ (17,901,461)	\$ 3,912,458
Shares issued for settlement of debt – at \$0.05	17,994,000	899,700	-	-	899,700
Shares issued for cash:					
Pursuant to a private placement – at \$0.05	24,430,000	1,221,500	-	-	1,221,500
On exercise of share purchase options - \$0.05	480,000	24,000	-	-	24,000
Shares issued as finders' fees	800,000	40,000	-	-	40,000
Share issue costs		(67,500)	-	-	(67,500)
Fair market value of stock based compensation	-	65,543	31,607	-	97,150
Net loss for the year	-	-	-	(4,214,718)	(4,214,718)
Balance, November 30, 2014	76,454,733	21,690,260	2,338,509	(22,116,179)	1,912,590
Shares issued for cash:					
Pursuant to a private placement – at \$0.05	4,000,000	200,000	-	-	200,000
On exercise of share purchase options - \$0.05	6,800,000	340,000	-	-	340,000
On exercise of share purchase options - \$0.07	1,000,000	70,000	-	-	70,000
On exercise of share purchase warrants - \$0.05	19,666,000	983,300	-	-	983,300
Shares issued as finders' fees	400,000	20,000	-	-	20,000
Share issue costs		(20,000)	-	-	(20,000)
Fair market value of stock based compensation	-	-	446,140	-	446,140
Allocation of options exercised		220,327	(220,327)	-	-
Net loss for the year	-	-	-	(1,351,757)	(1,351,757)
Balance, November 30, 2015	<u>108,320,733</u>	<u>\$ 23,503,887</u>	<u>\$ 2,564,322</u>	<u>\$ (23,467,936)</u>	<u>\$ 2,600,273</u>

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

**DAJIN RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Operating Activities</b>		
Net and comprehensive loss for the year	\$ (1,351,757)	\$ (4,214,718)
Add items not affecting cash:		
Amortization	-	1,778
Stock based compensation	446,140	97,150
Unrealized foreign exchange	-	1,370
(Recovery) write-down of resource property costs	<u>(28,011)</u>	<u>3,586,832</u>
	(933,628)	(527,588)
Net change in non-cash working capital:		
Receivables	(7,391)	520
Prepaid expenses	58,421	(62,740)
Accounts payable and accrued liabilities	(4,553)	20,829
Amount due from/ to related parties	<u>21,969</u>	<u>(268,511)</u>
	<u>(865,182)</u>	<u>(837,490)</u>
<b>Financing Activities</b>		
Loans payable	-	(29,000)
Advances on private placement	-	(12,000)
Proceeds from issuance of common shares	1,593,300	1,245,500
Share issue costs	<u>-</u>	<u>(27,500)</u>
	<u>1,593,300</u>	<u>1,177,000</u>
<b>Investing Activities</b>		
Marketable securities acquired	(7,269)	-
Resource property additions, net	<u>(618,361)</u>	<u>(141,093)</u>
	<u>(625,630)</u>	<u>(141,093)</u>
Effect of foreign exchange on cash	<u>-</u>	<u>(106)</u>
Increase in cash during the year	102,488	198,311
Cash, beginning of the year	<u>198,362</u>	<u>51</u>
Cash, end of the year	<u>\$ 300,850</u>	<u>\$ 198,362</u>

Non-Cash Transactions – Note 10

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

**DAJIN RESOURCES CORP.**  
**CONSOLIDATED SCHEDULE OF RESOURCE PROPERTY COSTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

	Canada			Argentina	USA	Total
	<u>Cowtrail</u>	<u>Addie 1</u>	<u>Addie 2</u>		<u>Nevada</u>	
Acquisition costs incurred during fiscal 2014 and ending balance, November 30, 2014	\$ -	\$ -	\$ -	\$ -	\$ 91,375	\$ 91,375
Acquisition costs	-	-	-	25,781	-	25,781
Staking and filing fees	-	-	-	-	136,696	136,696
Balance November 30, 2015	-	-	-	25,781	228,071	253,852
Deferred exploration and development costs						
Balance, November 30, 2013	<u>1,180,099</u>	<u>970,162</u>	<u>1,025,382</u>	<u>1,734,384</u>	-	<u>4,910,027</u>
Administrative (net)*	-	-	-	68,693	-	68,693
Assaying (net recovery)*	-	(76)	-	-	-	(76)
Drilling (net recovery)*	(8,599)	(42,940)	-	-	-	(51,539)
Geological consulting	264	655	-	-	12,858	13,777
Labour	-	-	-	-	7,367	7,367
Reports	-	-	391	-	-	391
Supplies and miscellaneous (net recovery)*	(1,819)	(1,822)	-	-	6,058	2,417
Truck and equipment rental	7,307	7,302	-	-	-	14,609
Write-down	<u>(1,177,251)</u>	<u>(933,280)</u>	<u>(1,025,773)</u>	-	-	<u>(3,136,304)</u>
Balance, November 30, 2014	<u>1</u>	<u>1</u>	-	<u>1,803,077</u>	<u>26,283</u>	<u>1,829,362</u>

\* During the year ended November 30, 2014, the Company issued 15,994,000 common shares valued at \$799,700 to settle debt of \$852,848 related to resource property costs resulting in a \$53,148 gain on settlement of debt. This gain was offset against previously capitalized resource property costs.

**DAJIN RESOURCES CORP.**  
**CONSOLIDATED SCHEDULE OF RESOURCE PROPERTY COSTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

	Continued					<u>Total</u>
	Canada			<u>Argentina</u>	USA	
	<u>Cowtrail</u>	<u>Addie 1</u>	<u>Addie 2</u>		<u>Nevada</u>	
Balance, November 30, 2014	<u>1</u>	<u>1</u>	-	1,803,077	26,283	1,829,362
Administrative	-	-	-	60,517	-	60,517
Assays	-	-	-	-	29,462	29,462
Drilling	-	-	-	-	1,587	1,587
Geological consulting – Note 7	-	-	-	27,930	472,262	500,192
Reports	-	-	-	-	4,447	4,447
Supplies and miscellaneous	45	45	-	438	7,225	7,753
Travel and accommodation	-	-	-	5,238	-	5,238
Truck and equipment rental	6,000	6,000	-	-	-	12,000
Write-down	<u>(6,045)</u>	<u>(6,045)</u>	-	-	-	<u>(12,090)</u>
Balance, November 30, 2015	<u>1</u>	<u>1</u>	-	<u>1,897,200</u>	<u>541,266</u>	<u>2,438,468</u>
Total resource property costs	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,922,981</u>	<u>\$ 769,337</u>	<u>\$ 2,692,320</u>

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

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

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 November 30, 2015, the Company’s principal mineral interests are located in Canada, United States and Argentina 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee.

The consolidated financial statements were authorized for issue by the Board of Directors on March 29, 2016.

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, 2015, the Company had not advanced its resource properties to commercial production. At November 30, 2015, the Company has not achieved profitable operations, has accumulated losses of \$23,503,887 since inception and expects to incur further losses in the development of its business, and has a working capital deficiency of \$112,047, 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 RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 2 Basis of Preparation – (cont'd)

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 subsidiaries, Dajin Resources S.A. (Argentina) and 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 are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(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 are 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 RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 3     Significant Accounting Policies – (cont'd)

d) Equipment

Equipment is stated at historical cost, being the purchase price and directly attributed cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of an future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Equipment is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land which is not depreciated. When parts of an item of equipment have different useful lives, they are accounted for as separate items of equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. Equipment and computer equipment is depreciated over a three year period.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

e) 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.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 3     Significant Accounting Policies – (cont'd)

e) Income Taxes – (cont'd)

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.

f) 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.

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.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
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Note 3     Significant Accounting Policies – (cont'd)

g) 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 RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 3     Significant Accounting Policies – (cont'd)

h) Flow-through Shares

The Company may from time to time, issue flow-through shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share it is bifurcated into equity (share) and liability (flow-through) components on the issue date. The equity portion is measured at the market value and the residual is allocated as a liability. The liability is recorded at the fair value of the obligation to renounce the expenditures that the issuer has incurred. This is effectively the “premium” the investor attributes to a flow-through share relative to an ordinary share.

When the expenditures are renounced, the Company records a deferred tax liability and deferred tax expense (renounced expenditures multiplied by the effective corporate tax rate). Simultaneously the Company will reverse the liability set up on issuing the flow-through share and record a deferred tax recovery.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

i) 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.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 3     Significant Accounting Policies – (cont'd)

j)     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, 2015, the Company is not aware of any reclamation costs and no amounts have been recorded.

k)     Translation of Foreign Currencies

The functional currency of the Company's foreign subsidiaries are 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 Argentina is the Canadian dollar and the functional currency of the subsidiary 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.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 3     Significant Accounting Policies – (cont'd)

1) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in the following categories depending on the purpose for which the instruments were acquired.

Financial assets are classified into one of four categories: Financial assets at fair value through profit or loss (“FVTPL”), held-to-maturity investments, available-for-sale (“AFS”) financial assets and loans and receivables.

The Company has classified cash and reclamation bonds as loans and receivables.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Financial assets are impaired when one or more events that occurred after the initial recognition of the financial asset indicate that the estimated future cash flows have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Impairment losses on loans and receivables carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

Financial liabilities are classified as financial liabilities at FVTPL, or other financial liabilities, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

The Company’s financial liabilities include accounts payables and accrued liabilities, due to related parties and loans payable. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 3 Significant Accounting Policies – (cont'd)

m) 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 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.

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 in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements is 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.

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.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 5      Resource Property Costs

(a) Addie 1 Property

The Company owns a 100% interest in 29 mineral claims located in the Spanish Mountain region in the Cariboo Mining District of south central British Columbia.

Thirteen of these claims are subject to a 2% net smelter returns (“NSR”) royalty, of which 1% can be purchased by the Company for \$500,000.

During the year ended November 30, 2014, the Company wrote-down the resource property costs to its net realizable value of \$1. The Company allowed claims to lapse when they became due at November 30, 2015. Any costs incurred subsequently relating to these exploration and evaluation assets have been expensed.

(b) Addie 2 Property

The Company owns a 100% interest in 35 mineral claims located in the Cariboo Mining District in south central British Columbia.

Twenty-two of these claims are subject to a 2% NSR, of which 1% can be purchased by the Company for \$1,000,000.

During the year ended November 30, 2014, the Company decided not to continue with this property and allowed the claims to lapse when they became due. Prior resource property costs of \$1,196,738 were written-off.

(c) Cowtrail Property

The Company owns a 65% joint venture interest in the Cowtrail Mineral Property, consisting of 32 mineral claims located in the Cariboo Mining District of south central British Columbia. The Company is in the process of preparing the terms for a joint venture agreement with its co-venturer.

The Company had also staked an additional 6 contiguous claims to own a total of 38 mineral claims applicable to this property.

During the year ended November 30, 2014, the Company wrote-down the resource property costs to its net realizable value of \$1. Any costs incurred subsequently relating to these exploration and evaluation assets have been expensed.

(d) Argentina Concessions

The Company holds a 100% interest in 103,248 hectares (255,131 acres) of exploration or exploitation concessions covering the Company’s Salinas Grandes/Guayatayoc boron, lithium and potash project. The Company’s interest in these concessions is held by its wholly owned Argentina subsidiary, Dajin Resources S.A. (‘S.A.’)

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 5      Resource Property Costs – (cont'd)

(d) Argentina Concessions – (cont'd)

During the current fiscal year, S.A. entered into an agreement with the Cooperativa de Trabajo Minero Produccion de Boratos Jujenos Ltda. ('Cooperativa'), which holds the mining rights to two properties located in the south-east part of Salinas Grandes, pursuant to which the Company has obtained the exclusive right to explore these properties for a term of three years. The agreement requires the payment of US\$60,000, and at the end of the three year period the Company has exclusive right to option these properties for an additional thirty year period for a payment of US\$700,000. During production the Company will pay Cooperativa a 3% royalty.

The mining leases held by Cooperativa, "Navidad" and "San Jose", cover a total area of 4,400 hectares (10,873 acres). An initial payment of US\$20,000 has been made and Cooperativa now must obtain the exploration permits from the Argentinian regulatory authorities, to receive the balance of US\$40,000. These permits will be the first to be granted to the Company for exploration work in Salinas Grandes, a salar where the Company has staked an area of 80,248 hectares (198,297 acres).

(e) Nevada Properties

During the year ended November 30, 2014, the Company acquired by staking a 100% interest in 228 mineral claims covering 1,218 hectares (3,010 acres) in the Teels Marsh basin of Mineral County, Nevada.

During the year ended November 30, 2015, 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 basin of Esmeralda County, Nevada.

The Company's interest in these mineral claims is held in an incorporated US company, Dajin Resources (US) Corp.

Note 6      Share Capital

Authorized:

200,000,000 common shares without par value  
100,000,000 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.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 6 Share Capital – (cont'd)

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, 2015 and 2014 and changes during the years then ended on those dates is presented below:

	November 30, 2015		November 30, 2014	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	6,070,000	\$0.05	3,880,000	\$0.26
Forfeited	-	-	(3,880,000)	\$0.26
Repriced	-	-	2,480,000	\$0.05
Granted	11,850,000	\$0.05	4,070,000	\$0.05
Exercised	<u>(7,800,000)</u>	<u>\$0.06</u>	<u>(480,000)</u>	<u>\$0.05</u>
Options outstanding at end of the year	<u>10,120,000</u>	\$0.06	<u>6,070,000</u>	\$0.05
Options exercisable at end of the year	<u>7,702,500</u>	\$0.06	<u>3,017,500</u>	\$0.05
Weighted remaining life in years		<u>3.54</u>		<u>3.31</u>

At November 30, 2015, the Company has 10,120,000 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
200,000	\$0.05*	December 20, 2015
3,670,000	\$0.05	June 20, 2019
3,000,000	\$0.05	December 23, 2019
900,000	\$0.05	January 2, 2020
600,000	\$0.06	April 1, 2020
700,000	\$0.06	May 1, 2020
450,000	\$0.07	August 25, 2020
600,000	\$0.10	September 10, 2020
<u>10,120,000</u>		

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 6 Share Capital – (cont'd)

Commitments - (cont'd)

Share-Based Compensation Plan - (cont'd)

\* On July 15, 2014 the Company re-priced all of the Company's outstanding stock options to an exercise price of \$0.05 per common share.

On December 23, 2014, the Company granted 4,500,000 share purchase options exercisable at \$0.05 per share expiring on December 23, 2019.

On January 2, 2015, the Company granted 4,000,000 share purchase options exercisable at \$0.05 per share expiring on January 2, 2020.

On April 1, 2015, the Company granted 600,000 share purchase options exercisable at \$0.06 per share expiring on April 1, 2020.

On May 1, 2015, the Company granted 700,000 share purchase options exercisable at \$0.06 per share expiring on May 1, 2020.

On August 25, 2015, the Company granted 1,450,000 share purchase options exercisable at \$0.07 per share expiring on August 25, 2020.

On September 10, 2015, the Company granted 600,000 share purchase options exercisable at \$0.10 per share expiring on September 10, 2020.

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

	2015	2014
Risk free interest rate	0.72% - 1.00%	1.00 – 1.57%
Expected life of options in years	5 years	1.5 years
Expected volatility	123% -126%	106.20% -163.09%
Dividend per share	\$0.00	\$0.00
Forfeiture rate	30%	30%

During the year ended November 30, 2015 compensation expense of \$446,139 (2014: \$97,150), using the graded method, were recognized for options granted and vested during the period and for consultants' options revalued 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.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 6 Share Capital – (cont'd)

Commitments - (cont'd)

Debt Settlement

On July 15, 2014, the Company issued 17,994,000 common shares to settle debt totalling \$899,700.

Share Purchase Warrants

On October 9, 2014, the Company completed a non-brokered private placement for a total of 24,430,000 units at a price of \$0.05 per unit for gross proceeds of \$1,221,500. 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 \$0.05 per share on or before October 9, 2016. Finders' fees of cash \$27,500 and 800,000 units were paid in respect to this financing and have similar terms as the non-brokered private placement.

The Company fair valued the finders' units at \$40,000 consisting of \$40,000 for the 800,000 shares which are valued at \$0.05 per share and \$nil for the 800,000 share purchase warrants, also using the residual value method.

On April 2, 2015, the Company completed a non-brokered private placement for a total of 4,000,000 units at a price of \$0.05 per unit for gross proceeds of \$200,000. 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 \$0.05 per share on or before April 2, 2017. Finders' fees of 400,000 units were paid in respect to this financing and have similar terms as the non-brokered private placement.

The Company fair valued the finders' units at \$20,000 consisting of \$20,000 for the 400,000 shares which are valued at \$0.05 per share and \$nil for the 400,000 share purchase warrants, also using the residual value method.

A summary of the status of share purchase warrants as of November 30, 2015 and 2014 and changes during the year then ended on those dates is presented below:

	November 30, 2015		November 30, 2014	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Balance, beginning of the period	25,230,000	\$0.05	-	-
Issued	4,400,000	\$0.05	25,230,000	\$0.05
Exercised	(19,666,000)	\$0.05	-	-
Balance, end of the period	9,964,000	\$0.05	25,230,000	\$0.05

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 6 Share Capital – (cont'd)

Commitments - (cont'd)

Share Purchase Warrants - (cont'd)

At November 30, 2015, the Company has 9,964,000 share purchase warrants outstanding as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
7,164,000	\$0.05	October 9, 2016
<u>2,800,000</u>	\$0.05	April 2, 2017
<u><u>9,964,000</u></u>		

Note 7 Related Party Transactions

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

	<u>2015</u>	<u>2014</u>
Wages and benefits	\$ 39,095	\$ 34,990
Share-based compensation	<u>452</u>	<u>977</u>
	<u>39,547</u>	<u>35,967</u>
Key management compensation		
Administration fees	84,000	84,000
Consulting fees	-	40,000
Consulting fees – resource property costs	55,000	-
Interest expense	-	2,007
Rent	26,930	26,125
Share-based compensation	<u>99,766</u>	<u>71,567</u>
	<u>265,696</u>	<u>223,699</u>
	<u>\$ 305,243</u>	<u>\$ 259,666</u>

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 7 Related Party Transactions – (cont'd)

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 November 30, 2015 prepaid expenses is an advance rent payment of \$2,250 (2014: \$2,180) to a company with a common director.

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 8 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, 2015. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

Note 9 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.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 9 Financial Instruments – (cont'd)

The Company classifies and measures its financial instruments as follows:

- Cash and reclamation bonds are classified as loans and receivables. The fair value of cash approximates its carrying value due to its short term nature.
- Accounts payable and accrued liabilities, due to related parties and loans 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 November 30, 2015 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 November 30, 2015, the Company had cash of \$300,850 (2014 - \$198,362) and current liabilities of \$451,440 (2014 - \$308,813). All of the Company's financial liabilities 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. 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 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 precious and base metals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 9 Financial Instruments – (cont'd)

(e) Sensitivity Analysis

The Company has designated its cash and reclamation bonds as loans and receivables, and measures them at their amortized costs. Accounts payable and accrued liabilities, due to related parties, loans payable and advances on private placement 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 precious metals may be produced in the future, a profitable market will exist for them. As of November 30, 2015, the Company was not a 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, 2015, the Company had accounts payable of \$78,870 (2014: \$19,130) denominated in US dollars and had cash of \$54,145 (2014: \$2,353) and accounts payable of \$101,587 (2014: \$5,742) denominated in Argentina pesos. 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 10 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 November 30, 2015, the Company had \$198,040 (2014: \$44,818) in accounts payable and accrued liabilities related to mineral property costs. These transactions were excluded from the statements of cash flows.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 11 Corporation Income Taxes

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

	2015	2014
Corporate tax rate	26.03%	26.02%
Net loss for the year before income taxes	<u>\$(1,351,757)</u>	<u>\$(4,214,718)</u>
Expected income tax recovery	(351,900)	(1,096,600)
Net adjustment for deductible and non-deductible amounts	113,700	953,200
Effect of reduction in statutory tax rate	-	-
Effect of foreign exchange and foreign tax rates	(38,200)	(49,600)
Change in unrecognized benefit of tax pool assets	<u>276,400</u>	<u>193,000</u>
Total income tax recovery	<u>\$ -</u>	<u>\$ -</u>

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

	2015	2014
Deferred income tax assets:		
Capital losses	\$ 38,000	\$ 38,000
Resource properties	1,227,000	1,251,000
Non-capital loss carryforwards	1,321,000	1,180,000
Share issue costs	8,000	11,000
Equipment	<u>25,000</u>	<u>25,000</u>
	2,619,000	2,505,000
Valuation allowance	<u>(2,619,000)</u>	<u>(2,505,000)</u>
Net deferred income tax assets	<u>\$ -</u>	<u>\$ -</u>

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 11 Corporation Income Taxes – (cont'd)

The Company has non-capital losses available to reduce taxable income in Canada that expire in stages through 2035 as follows:

	Canada	Argentina	USA
2016	-	129,000	-
2017	-	31,000	-
2018	-	-	-
2026	339,000	-	-
2027	67,000	-	-
2028	489,000	-	-
2029	276,000	-	-
2030	574,000	-	-
2031	672,000	-	-
2032	359,000	-	-
2033	574,000	-	-
2034	545,000	-	2,000
2035	915,000	-	-
	<u>\$ 4,810,000</u>	<u>\$ 160,000</u>	<u>\$ 2,000</u>

The Company has capital losses totaling \$294,000 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 \$5,600,000 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, and also claims refundable tax credits relating to exploration work from the Government of British Columbia.

**DAJIN RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**  
**(Stated in Canadian Dollars)**

Note 12 Segmented Information

The Company operates in one business segment, mineral exploration. Its mineral properties and head office are located in three geographic locations, Canada, Argentina and the United States.

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

	<u>2015</u>	<u>2014</u>
Net (losses) income		
Canada	\$(1,343,078)	\$(4,209,476)
Argentina	(12,545)	1,499
United States	<u>3,866</u>	<u>(6,741)</u>
	<u>\$(1,351,757)</u>	<u>\$(4,214,718)</u>
	<u>2015</u>	<u>2014</u>
Total Assets		
Canada	\$ 1,115,008	\$ 1,074,468
Argentina	1,167,369	1,029,278
United States	<u>769,336</u>	<u>117,657</u>
	<u>\$ 3,051,713</u>	<u>\$ 2,221,403</u>

Note 13 Subsequent Events

The Company issued 1,320,000 common shares pursuant to the exercise of share purchase options at a price of \$0.05 per share for total proceeds of \$66,000.

The Company issued 250,000 common shares pursuant to the exercise of share purchase options at a price of \$0.07 per share for total proceeds of \$17,500.

The Company issued 8,744,000 common shares pursuant to the exercise of share purchase warrants at a price of \$0.05 per share for total proceeds of \$437,200.