SCIENTIFIC METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

NINE MONTH PERIOD ENDED

NOVEMBER 30, 2016

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Scientific Metals Corp.

(formerly Suparna Gold Corp.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	November 30, 2016	February 29, 2016
	($)	**($)**
ASSETS		
Current assets		
Cash	8,070	1,299
Receivables (Note 4)	5,976	7,658
Short-term investments (Note 5)	21	76,336
Prepaid expenses	90,704	16,727
	104,771	102,020
Restricted deposits (Note 6)	11,500	11,500
Exploration and evaluation assets (Note 7)	1,759,067	-
	1,875,338	113,520
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	1,090,986	718,709
Current portion of notes payable (Note 8)	1,258	2,644
	1,092,244	721,353
Notes payable (Note 8)	116,300	62,000
	1,208,544	783,353
Shareholders' equity (deficiency)		
Share capital (Note 9)	23,467,708	20,939,528
Reserves (Note 9)	251,027	1,046,290
Deficit	(23,051,941)	(22,655,651)
	666,794	(669,833)
	1,875,338	113,520

Nature of operations and going concern (Note 1)
Commitments (Note 11)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on January 27, 2017. They are signed on behalf of the Board of Directors by:

"Michelle Gahagan"
Director

"Wayne Tisdale"
Director

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

Scientific Metals Corp.

(formerly Suparna Gold Corp.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Month Period Ended November 30, 2016	Three Month Period Ended November 30, 2015	Nine Month Period Ended November 30, 2016	Nine Month Period Ended November 30, 2015
	($)	**($)**	**($)**	**($)**
EXPENSES				
Consulting fees (Note 10)	62,787	114,524	437,034	308,921
Foreign exchange loss (gain)	1,624	(3)	5,053	(721)
Insurance	356	1,620	2,558	8,404
Interest expense (Note 8)	1,137	1,086	3,225	1,361
Investor relations	115,307	-	199,981	438
Management fees (Note 10)	79,000	30,000	238,096	180,000
Office and miscellaneous	7,496	2,019	12,068	12,447
Professional fees (Note 10)	34,201	16,389	135,260	75,043
Property investigation	(51,130)	-	27,278	-
Rent (Note 10)	7,500	7,500	22,500	40,500
Share-based compensation (Note 9)	-	-	231,777	-
Transfer agent and filing fees	8,151	2,893	60,912	15,912
Travel	50,773	510	106,428	20,906
Loss from operations	(317,202)	(176,538)	(1,482,170)	(663,211)
Gain (loss) on short-term investments (Note 5)	5,800	(14,313)	39,395	(119,276)
Gain on disposal of equipment	-	-	-	21,399
Interest income	110	26	195	128
Loss and comprehensive loss	(311,292)	(190,825)	(1,442,580)	(760,960)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average common shares outstanding	118,868,996	91,091,666	106,532,755	91,091,666

Scientific Metals Corp.

(formerly Suparna Gold Corp.)
Condensed Interim Consolidated Statements of Changes in Shareholders` Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited)

			Reserves			
	Number of Shares	**Amount**	**Options**	**Warrants**	**Deficit**	**Total Shareholders' Equity (Deficiency)**
		($)	**($)**	**($)**	**($)**	**($)**
Balance at February 28, 2015	**91,091,666**	**20,939,528**	**1,080,302**	**-**	**(21,818,039)**	**201,791**
Transfer of expired share-based payments	-	-	(34,012)	-	34,012	-
Loss and comprehensive loss	-	-	-	-	(760,960)	(760,960)
Balance at November 30, 2015	**91,091,666**	**20,939,528**	**1,046,290**	**-**	**(22,544,987)**	**(559,169)**
Loss and comprehensive loss	-	-	-	-	(110,664)	(110,664)
Balance at February 29, 2016	**91,091,666**	**20,939,528**	**1,046,290**	**-**	**(22,655,651)**	**(669,833)**
Share issuance - private placement	9,850,000	665,750	-	19,250	-	685,000
Share issuance costs - cash	-	(5,406)	-	-	-	(5,406)
Shares issuance - warrant exercise	3,205,000	320,500	-	-	-	320,500
Shares issuance - property acquisitions	16,750,000	1,471,250	-	-	-	1,471,250
Shares issuance - finders' fees	719,583	76,085	-	-	-	76,085
Grant of stock options	-	-	231,777	-	-	231,777
Transfer of expired share-based payments	-	-	(1,046,290)	-	1,046,290	-
Loss and comprehensive loss	-	-	-	-	(1,442,580)	(1,442,580)
Balance at November 30, 2016	**121,616,249**	**23,467,708**	**231,777**	**19,250**	**(23,051,941)**	**666,794**

Scientific Metals Corp.
(formerly Suparna Gold Corp.)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Month Period Ended November 30, 2016 ($)	Nine Month Period Ended November 30, 2015 ($)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss	(1,442,580)	(760,960)
Items not affecting cash:		
Accrued interest	3,225	-
Change in fair value of short-term investments	(39,395)	119,276
Gain on disposal of equipment	-	(21,399)
Share-based payments	231,777	-
Changes in non-cash working capital items:		
Decrease (increase) in receivables	1,682	5,429
Decrease (increase) in prepaid expenses	(73,977)	51,402
Increase in accounts payable and accrued liabilities	370,310	211,711
Cash used in operating activities	(948,958)	(394,541)
FINANCING ACTIVITIES		
Issuance of share capital	1,005,500	-
Share issuance costs	(5,406)	-
Proceeds from notes payable	235,100	37,250
Repayment of notes payable	(183,444)	(20,600)
Cash provided by financing activities	1,051,750	16,650
INVESTING ACTIVITIES		
Proceeds from disposal of short-term investments	115,710	-
Release of restricted deposit	-	11,500
Acquisition of exploration and evaluation assets	(128,145)	-
Exploration and evaluation expenditures	(83,586)	-
Cash provided by (used in) investing activities	(96,021)	11,500
Change in cash during the period	6,771	(366,391)
Cash, beginning of the period	1,299	205,775
Cash, end of the period	8,070	(160,616)

Supplemental Cash Flow Information (Note 14)

1. NATURE OF OPERATIONS AND GOING CONCERN

Scientific Metals Corp. (the "Company") was incorporated on October 12, 2006 under the laws of British Columbia. The Company completed a name change from Suparna Gold Corp. to Scientific Metals Corp. on May 6, 2016. The Company's head office and registered and records office is Suite 302 – 1620 West 8th Ave., Vancouver, BC, V6J 1V4, Canada. The Company is traded on the TSX Venture Exchange ("TSX-V") under the trading symbol "STM" and on the OTCQB Marketplace under the trading symbol "SCTFF".

The Company is a mineral exploration company currently focused on acquiring, exploring and developing lithium and cobalt assets in North America.

At the date of the condensed interim consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on exploration and evaluation assets is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company estimates that it will need additional capital to operate for the upcoming year. The Company believes such financing will be available as required, however, there can be no assurance that the Company will be successful in its future financing attempts. These material uncertainties may cast doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended February 29, 2016, prepared in accordance with IFRS as issued by the IASB.

2. BASIS OF PRESENTATION (continued)

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and for certain financial assets measured at fair value.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and its subsidiaries.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiary. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
1086370 BC Ltd.	BC, Canada	100%	Holding Company
Idaho Cobalt Company	Idaho, USA	100%	Mineral exploration
Orion Resources NV	Suriname	80%	Dormant

Use of estimates and judgments

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Deferred income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. The Company has adequately provided for all income tax obligations, however; changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for deferred income taxes.

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

ii) Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

Significant judgments that management has made at the end of the reporting period are as follows:

i) Determination of functional currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

ii) The carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's consolidated financial statements for the year ended February 29, 2016.

New accounting policies adopted

The following standards and amendments to existing standards have been adopted by the Company effective March 1, 2016:

IFRS 11, Joint arrangements

This standard was amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting policies adopted (continued)

IAS 16, Property, plant and equipment and IAS 38, Intangible assets

These standards were amended to prohibit the use of revenue-based depreciation methods for property, plant and equipment and limit the use of revenue-based amortization for intangible assets.

IAS 27, Separate financial statements

IAS 27 was amended to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

The adoption of these standards did not have an impact on the condensed interim consolidated financial statements.

New standards, amendments and interpretations to existing standards not yet effective

The following amendments to an existing standard has been issued for annual periods beginning on or after January 1, 2017 but is not yet effective:

IAS 12, *Income Taxes*

Amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

IFRS 9, Financial Instruments – Classification and Measurement

IFRS 9 is a new standard on financial statements that will replace IAS 39, *Financial Instruments - Recognition and Measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting policies adopted (continued)

The following standard has been issued for annual periods beginning on or after January 1, 2019 but is not yet effective:

IFRS 16, Leases

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The Company has not yet assessed the potential impact of the application of this standard, nor determined whether it will adopt the standard early.

4. RECEIVABLES

	November 30, 2016	February 29, 2016
	($)	($)
GST receivable	5,336	7,608
Interest receivable	140	50
Other receivable	500	-
	5,976	7,658

5. SHORT-TERM INVESTMENTS

Short-term investments are recorded at fair value and consist of common shares held in Kerr Mines Inc., a Canadian publicly traded corporation. The Company has classified it short-term investments as fair value through profit or loss. During the nine month period ended November 30, 2016, the Company disposed of 954,000 shares (2015 – Nil) for proceeds of $115,710, and recorded a gain of $39,395 (2015 – $119,276 loss).

6. RESTRICTED DEPOSITS

As at November 30, 2016, restricted deposits consist of $11,500 (February 29, 2016 - $11,500) held in a guaranteed investment certificate as collateral for a corporate credit card.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

A schedule of exploration and evaluation assets for the nine month period ended November 30, 2016 is as follows:

	Iron Creek	Deep Valley	Paradox Basin	Total
	($)	($)	($)	($)
At February 29, 2016	-	-	-	-
Acquisition costs	810,385	519,419	345,677	1,675,481
Advance royalties	11,831	-	-	11,831
Exploration expenditures	18,023	-	53,732	71,755
At November 30, 2016	**840,239**	**519,419**	**399,409**	**1,759,067**

Deep Valley, Alberta

On June 6, 2016, the Company entered into a definitive agreement with an arm's-length private company to acquire the Deep Valley Lithium property ("Deep Valley") located in Alberta. The Company acquired a 100% interest in Deep Valley by making a cash payment of $15,000 and issuing a total of 4,000,000 common shares of the Company with a fair value of $460,000. Deep Valley is subject to a 3% royalty of which 1% can be repurchased by the Company at any time for a cash payment of $1,500,000.

In connection with the transaction, the Company paid a finder's fee consisting of 386,250 common shares of the Company with a fair value $44,419.

Paradox Basin, Utah

On August 5, 2016, the Company entered into a definitive agreement with an arm's-length private company to acquire to acquire the Paradox Basin lithium brine property ("Paradox Basin") located in Utah. The Company acquired a 100% interest in the Paradox Basin by making a cash payment of $52,760 (US$40,000) and issuing a total of 2,750,000 common shares of the Company with a fair value of $261,250.

In connection with the transaction, the Company paid a finder's fee consisting of 333,333 common shares of the Company with a fair value $31,667.

Iron Creek, Idaho

On August 23, 2016, the Company entered into an arm's-length lease agreement with an option to acquire a 100% interest in the Iron Creek cobalt property ("Iron Creek") in Lemhi county, Idaho. Under the terms of the lease agreement, the Company has paid the vendor US$45,000 in cash, and the vendor has retained a 4% net smelter return ("NSR") royalty in the property. The Company has agreed to pay the vendor escalating advance royalty payments on the NSR of US$3,000 per month for the first two years of the lease agreement, US$4,000 per month for the subsequent two years, and US$5,000 per month thereafter.

The Company holds the option to purchase a 100% interest in Iron Creek and reduce the NSR held by the vendor from 4% to 1%, all for consideration of a cash payment of US$1,500,000. Furthermore, the Company may at any time purchase all or a part of the outstanding NSR for a cash payment of US$500,000 for every 1% NSR elected to be acquired.

7. EXPLORATION AND EVALUATION ASSETS (continued)

On September 9, 2016, the Company entered into an arm's-length share purchase agreement with the shareholders of a private Canadian company ("TargetCo") pursuant to which the Company acquired 100% of the issued and outstanding shares of TargetCo in exchange for 10,000,000 common shares of the Company with a fair value of $750,000. TargetCo owns all of the outstanding shares of Idaho Cobalt Company, a private Idaho corporation, whose sole assets are 58 unpatented lode mining claims, totaling 1,160 acres, that are contiguous with the Company's existing Iron Creek Property.

8. NOTES PAYABLE

During the year ended February 29, 2016, the Company issued and amended a total of $62,000 in unsecured notes payable which bear interest at 10% per annum, compounded annually, and are payable quarterly in cash.

During the nine month period ended November 30, 2016, the Company issued an additional $235,100 in unsecured notes under the same terms. The Company repaid $180,800 in principal and $2,644 in accrued interest owing under these notes during the period. As at November 30, 2016, the Company owed $116,300 (February 29, 2016 - $62,000) under these notes.

During the nine month period ended November 30, 2016, the Company incurred $3,225 (2015 - $1,361) in interest expense in connection with these notes. As at November 30, 2016, the Company owed a total $122 (February 29, 2016 - $2,644) in accrued interest.

Included in notes payable were amounts, comprising principal and interest, due to a corporation controlled by a director of the Company at November 30, 2016 of $51,345 (February 29, 2016 - $35,566).

9. SHARE CAPITAL AND RESERVES

a) Authorized share capital

An unlimited number of common shares without par value.

b) Issued share capital

Nine Month Period Ended November 30, 2016

The Company issued 6,000,000 units at $0.05 per unit pursuant to a non-brokered private placement for gross proceeds of $300,000. Each unit consisted of a common share and a share purchase warrant. Each warrant entitled the holder to purchase one common share of the Company at $0.10 until May 3, 2017, subject to an acceleration clause.

The Company issued 3,850,000 units at $0.10 per unit pursuant to a non-brokered private placement for gross proceeds of $385,000. Each unit consisted of a common share and a share purchase warrant. Each warrant entitled the holder to purchase one common share of the Company at a price of $0.15 per share until May 24, 2018.

(Expressed in Canadian dollars)

9. SHARE CAPITAL AND RESERVES (continued)

b) Issued share capital (continued)

The Company issued 4,000,000 common shares with a fair value of $460,000 as partial consideration for the acquisition of the Deep Valley Property. In conjunction with the acquisition, the Company issued 386,250 common shares with a fair value of $44,419 as a finder's fee.

The Company issued 2,750,000 common shares with a fair value of $261,250 as partial consideration for the acquisition of the Paradox Basin Property. In conjunction with the acquisition, the Company issued 333,333 common shares with a fair value of $31,667 as a finder's fee.

The Company issued 10,000,000 common shares with a fair value of $750,000 as consideration for the acquisition of TargetCo which holds the Idaho Cobalt Claims.

The Company issued 3,205,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of $320,500.

Year Ended February 29, 2016

There was no share capital activity.

c) Stock options

The Company has a shareholder-approved rolling stock option plan (the "Plan") in compliance with the TSX-V's policies. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of grant of options. The exercise price of each stock option shall not be less than the market price of the Company's stock at the date of grant. Vesting terms are at the discretion of the directors.

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	Weighted Average Exercise Price ($)
Balance – February 28, 2015	2,775,000	0.51
Expired	(100,000)	0.53
Balance – February 29, 2016	2,675,000	0.51
Expired	(2,675,000)	0.51
Granted	2,950,000	0.12
Balance – November 30, 2016	2,950,000	0.12

(Expressed in Canadian dollars)

9. SHARE CAPITAL AND RESERVES (continued)

c) Stock options (continued)

During the nine month period ended November 30, 2016, the Company granted 2,950,000 (2015 – Nil) stock options with a fair value of $231,777 (2015 - $Nil). These options are fully vested on the grant date, and accordingly the Company expensed $231,777 (2015 - $Nil) as share-based compensation.

The options were valued using the Black-Scholes option pricing model under the following weighted average assumptions:

	2016
Risk-free interest rate	0.77%
Expected life of options	5 yrs
Volatility	142%
Expected Dividend yield	Nil
Forfeiture rate	Nil
Weighted average fair value	$0.08

During the nine month period ended November 30, 2016, 2,675,000 fully-vested options with a fair value of $1,046,290 expired unexercised, and accordingly, their fair value was transferred from reserves to deficit.

During the year ended February 29, 2016, 100,000 fully-vested options with a fair value of $34,012 expired unexercised, and accordingly, their fair value was transferred from reserves to deficit.

At November 30, 2016, the Company had incentive stock options enabling the holders to acquire common shares as follows:

Expiry Date	**Options Outstanding**	**Options Exercisable**	**Exercise Price**	**Weighted Average Remaining Life**
			($)	**(years)**
May 17, 2021	3,100,000	2,950,000	0.12	4.46

d) Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	**Weighted Average Exercise Price**
		($)
Balance – February 28, 2015	9,515,000	0.17
Expired	(9,515,000)	0.17
Balance – February 29, 2016	-	-
Issued	9,850,000	0.12
Exercised	(3,205,000)	0.10
Balance – November 30, 2016	6,645,000	0.13

(Expressed in Canadian dollars)

9. SHARE CAPITAL AND RESERVES (continued)

d) Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price
		($)
Balance – February 28, 2015	9,515,000	0.17
Expired	(9,515,000)	0.17
Balance – February 29, 2016	-	-
Issued	9,850,000	0.12
Exercised	(3,205,000)	0.10
Balance – November 30, 2016	6,645,000	0.13

On May 4, 2016, the Company issued 6,000,000 share purchase warrants with a fair value of $Nil in connection with a private placement. Each warrant entitles the holder to purchase one common share of the Company at $0.10 until May 3, 2017. However, if the volume-weighted average closing price of the common shares exceeds $0.25 per share for more than 30 consecutive trading days, then the Company may accelerate the warrant exercise period to a date which is 30 calendar days following the date a press release is issued by the Company announcing the reduced warrant exercise period.

On May 25, 2016, the Company issued 3,850,000 share purchase warrants with a fair value of $19,250 in connection with a private placement. Each warrant entitles the holder to purchase one common share of the Company at $0.15 until May 24, 2018.

At November 30, 2016, the Company had share purchase warrants outstanding as follows:

Expiry Date	Warrants Outstanding	Exercise Price	Weighted Average Remaining Life
		($)	(years)
May 3, 2017	2,795,000	0.10	0.42
May 24, 2018	3,850,000	0.15	1.48
	6,645,000	0.13	1.03

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. The following summarizes the Company's related party transactions during the nine month periods ended November 30, 2016 and 2015:

Key Management Compensation

	2016 ($)	2015 ($)
Management fees paid or accrued to Chief Executive Officer ("CEO") of the Company.	68,096	-
Management fees paid or accrued to a corporation controlled by the former CEO of the Company.	135,000	135,000
Consulting fees paid or accrued to a corporation controlled by a director of the Company.	40,000	45,000
Professional fees paid or accrued to a corporation controlled by the Chief Financial Officer ("CFO") of the Company.	3,000	1,000
Professional fees paid or accrued to the former CFO of the Company.	-	27,000
Share-based compensation vested for incentive stock options issued to certain directors and officers of the Company.	192,493	-
Total	438,589	208,000

Other Related Party Payments

	2016 ($)	2015 ($)
Office sharing and occupancy costs paid or accrued to a corporation in which the CFO of the Company is a director.	22,500	13,000
Interest expense paid or accrued to a corporation controlled by a director of the Company.	1,729	586
Total	24,229	13,586

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS (continued)

a) As at November 30, 2016, a total of $393,708 (February 29, 2016 - $251,958) was included in accounts payable and accrued liabilities owing to a corporation controlled by the former CEO of the Company for management fees and reimbursable expenses.

b) As at November 30, 2016, a total of $40,662 (February 29, 2016 - $Nil) was included in accounts payable and accrued liabilities owing to the CEO of the Company for management fees.

c) As at November 30, 2016, a total of $15,750 (February 29, 2016 - $5,250) was included in accounts payable and accrued liabilities owing to a corporation controlled by a director of the Company for consulting fees.

d) As at November 30, 2016, a total of $6,250 (February 29, 2016 - $3,100) was included in accounts payable and accrued liabilities owing to a corporation controlled by the CFO of the Company for professional fees.

e) As at November 30, 2016, a total of $30,509 (February 29, 2016 - $12,616) was included in accounts payable and accrued liabilities owing to a corporation controlled by a director of the Company for reimbursable expenses. In addition, a total of $48,300 (February 29, 2016 - $34,250) in notes payable and $3,045 (February 29, 2016 - $1,316) in accrued interest was owing to that same corporation.

f) As at November 30, 2016, a total of $8,081 (February 29, 2016 - $14,881) was included in accounts payable and accrued liabilities owing to a corporation that shares management in common with the Company for office sharing and occupancy costs.

11. COMMITMENTS

As at November 30, 2016, the Company has identified the following commitments:

i) The Company has deposited $11,500 as collateral for a corporate credit card.

ii) On August 23, 2016, the Company entered into an arm's-length lease agreement on the Iron Creek cobalt property in Lemhi county, Idaho, USA. Under the terms of the lease agreement, the Company has agreed to pay the vendor escalating advance royalty payments of US$3,000 per month for the first two years of the lease agreement, US$4,000 per month for the subsequent four years, and US$5,000 per month thereafter.

iii) On August 1, 2015, the Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. Under the terms of the agreement, the Company will pay $2,500 plus GST per month commencing on September 1, 2015 and continuing until the expiration of the underlying head lease on July 31, 2018.

Fiscal Year	**Amount ($)**
2017	7,500
2018	30,000
2019	12,500

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, receivables, short-term investments, restricted deposits, notes payable and accounts payable and accrued liabilities.

The fair values of cash and short-term investments are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, restricted deposits, and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

The carrying amounts of the notes payable approximate fair value as the interest rates were negotiated between the Company and an arm's length third party.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has material counterparties to its financial instruments including cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government, and the balance is in good standing as at November 30, 2016.

Liquidity risk

The Company's cash is invested in business accounts which are available on demand. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and notes payable. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions and long term debt.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

The Company is nominally exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The Company does not have any variable interest rate liabilities.

Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company operates in Canada and the United States. The Company expects to continue to raise equity predominantly in Canadian dollars. The Company does not enter into derivative financial instruments to mitigate its exposure to foreign currency risk.

Commodity price risk

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. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity price of lithium, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

13. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. 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.

There have been no changes to the Company's approach to capital management during the nine month period ended November 30, 2016.

(Expressed in Canadian dollars)

14. SUPPLEMENTAL CASH FLOW INFORMATION

	November 30, 2016	November 30, 2015
	($)	**($)**
Supplemental Disclosure of Cash Flow Information:		
Settled accounts payable and accrued liabilities through the sale of equipment	-	21,398
Issued 6,750,000 common shares for the acquisition of exploration and evaluation assets	1,471,250	-
Issued 719,583 common shares as finder's fees in connection with the acquisition of exploration and evaluation assets	76,085	-
Forfeited stock options transferred from reserves to deficit	1,046,290	34,012
Interest paid during the period	2,644	683
Income taxes paid during the period	-	-

15. SEGMENTED INFORMATION

The Company currently operates in one business segment, being the acquisition and exploration of lithium and cobalt assets in North America.

16. SUBSEQUENT EVENTS

Subsequent to November 30, 2016, the Company:

a) completed a consolidation of its issued and outstanding common shares at a ratio of four old shares for one new share.

b) announced a non-brokered private placement to raise up to $2,000,000 through the issuance of 10,000,000 units, post-consolidation, at $0.20 per share. Each unit shall consist of a common share and a share purchase warrant wherein each share purchase warrant shall entitle the holder to acquire an additional common share at the price of $0.40 per share for a period of 18 months from the date of closing.

c) received a notice claim with allegations of unpaid amounts in connection with a consulting agreement. The Company believes the claim to be without merit.