AUSTIN RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Austin Resources Ltd. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Austin Resources Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

		As at June 30, 2018		As at December 31, 2017
ASSETS				
Current assets				
Cash and cash equivalents	$	157,465	$	261,346
Amounts receivable		2,501		1,968
Prepaid expenses and advances		1,828		1,836
Total current assets		161,794		265,150
Non-current assets				
Equipment (note 4)		262		323
Total assets	$	162,056	$	265,473
EQUITY (DEFICIENCY) AND LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 9)	$	21,295	$	35,797
Related party loan (notes 5 and 9)		607,535		582,740
Total liabilities		628,830		618,537
Deficiency				
Issued capital (note 6)		5,448,187		5,448,187
Deficit		(5,914,961)		(5,801,251)
Total deficiency		(466,774)		(353,064)
Total deficiency and liabilities	$	162,056	$	265,473

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

Nature of operations and going concern (note 1)
Commitments and contingencies (notes 3 and 12)

Approved on behalf of the Board:

"Weimin Fu", Director

"Jiangping Mo", Director

Austin Resources Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended June 30, 2018	Three months ended June 30, 2017	**Six months ended June 30, 2018**	Six months ended June 30, 2017
Operating expenses				
Exploration and evaluation expenditures (note 3)	**$ 10,706**	$ 8,325	**$ 33,607**	$ 27,537
Consulting and management fees (note 9(a))	**5,850**	6,056	**11,531**	12,050
Professional fees	**21,924**	28,872	**35,892**	44,776
Office expense	**2,944**	930	**5,772**	3,673
Interest expense (note 5)	**12,466**	12,465	**24,795**	24,794
Shareholder communication and filing fees	**624**	791	**7,250**	6,812
Bank charges	**1,244**	1,018	**2,388**	2,125
Depreciation expense	**30**	65	**61**	130
Loss for the period before other items	**(55,788)**	(58,522)	**(121,296)**	(121,897)
Foreign exchange gain (loss)	**(1,739)**	(3,000)	**7,586**	136
Net loss and comprehensive loss for the period	**$ (57,527)**	$ (61,522)	**$ (113,710)**	$ (121,761)
Basic and diluted net loss per share (note 10)	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding	**44,233,120**	44,233,120	**44,233,120**	44,233,120

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

Austin Resources Ltd.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six months ended June 30, 2018	Six months ended June 30, 2017
Operating activities		
Net loss for the period	**$ (113,710)**	$ (121,761)
Adjustments for:		
Depreciation expense	**61**	130
Accrued interest expense	**24,795**	24,794
Changes in non-cash working capital items:		
Amounts receivable	**(533)**	(1,534)
Prepaid expenses and advances	**8**	44
Accounts payable and accrued liabilities	**(14,502)**	(12,755)
Net cash used in operating activities	**(103,881)**	(111,082)
Net change in cash and cash equivalents	**(103,881)**	(111,082)
Cash and cash equivalents, beginning of period	**261,346**	432,668
Cash and cash equivalents, end of period	**$ 157,465**	$ 321,586

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

Austin Resources Ltd.

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited)

	Number of shares	Issued capital	Warrants reserve	Share-based payments reserve	Deficit	Total
Balance, December 31, 2016	**44,233,120**	**$ 5,448,187**	**$ 54,000**	**$ 99,000**	**$ (5,732,814)**	**$ (131,627)**
Warrant expiry	-	-	(54,000)	-	54,000	-
Stock option expiry	-	-	-	(99,000)	99,000	-
Net loss and comprehensive loss for the period	-	-	-	-	(121,761)	(121,761)
Balance, June 30, 2017	**44,233,120**	**$ 5,448,187**	**$ -**	**$ -**	**$ (5,701,575)**	**$ (253,388)**
Balance, December 31, 2017	**44,233,120**	**$ 5,448,187**	**$ -**	**$ -**	**$ (5,801,251)**	**$ (353,064)**
Net loss and comprehensive loss for the period	-	-	-	-	(113,710)	(113,710)
Balance, June 30, 2018	**44,233,120**	**$ 5,448,187**	**$ -**	**$ -**	**$ (5,914,961)**	**$ (466,774)**

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

1. Nature of operations and going concern

Austin Resources Ltd. (individually, or collectively with its subsidiary, as applicable, "Austin Resources", or the "Company") is currently engaged in the acquisition and exploration of mineral properties in Chile and Canada. Substantially all of the Company's efforts are devoted to financing and developing these properties (Note 11).

The Company's head office and principal address in Canada is The Canadian Venture Building, 82 Richmond St East, Suite 204, Toronto, Ontario, M5C 1P1. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V", or the "Exchange") under the symbol "AUT".

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company's continued existence is dependent upon the preservation of its interests in its mineral properties, the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to make the required option property payments and complete the development, and upon future profitable production, or proceeds from the disposition of these assets. Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory, social and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values as shown. As at June 30, 2018, the Company had not yet achieved profitable operations, had accumulated losses of $5,914,961 (December 31, 2017 - accumulated losses of $5,801,251) since inception, had working capital deficiency of $467,036 (December 31, 2017 - working capital deficiency of $353,387) and expects to incur further losses in the development of its business, all of which constitutes a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. There is no assurance that these funds will be available on terms acceptable to the Company or at all. These unaudited condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

(Expressed in Canadian Dollars)

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of August 27, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2017. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending December 31, 2018 could result in restatement of these unaudited condensed interim consolidated financial statements.

Change in accounting policy

<u>IFRS 9 – Financial Instruments ("IFRS 9")</u>

Effective January 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's consolidated financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

The new hedge accounting guidance had no impact on the Company's consolidated financial statements.

Below is a summary showing the classification and measurement bases of the Company's financial instruments as at January 1, 2018 as a result of adopting IFRS 9, along with comparison to IAS 39.

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Amounts receivable	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Related party loan	Other financial liabilities (amortized cost)	Amortized cost

2. Significant accounting policies (continued)

Change in accounting policy (continued)

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's December 31, 2017 consolidated financial statements has been updated as follows:

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

(i) Financial assets recorded at fair value through profit or loss ("FVTPL")

Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalents are classified as financial assets measured at FVTPL.

(ii) Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's amounts receivable and prepaid expenses and advances are classified as financial assets measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

(i) Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

(ii) Financial liabilities recorded at fair value through profit or loss ("FVTPL")

Financial liabilities are classified as fair value through profit or loss if they fall into one of the five exemptions detailed below.

2. Significant accounting policies (continued)

Change in accounting policy (continued)

Transaction costs

Transaction costs associated with financial instruments, carried at fair value through profit or loss, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(Expressed in Canadian Dollars)

3. Exploration and evaluation properties and expenditures

	Three months ended June 30, 2018	Three months ended June 30, 2017	**Six months ended June 30, 2018**	Six months ended June 30, 2017
Exploration licences and lease payments	**$ 6,797**	$ 6,746	**$ 23,924**	$ 22,190
Value added taxes [1]	**3,909**	1,579	**9,683**	5,347
Total expenditures	**$ 10,706**	$ 8,325	**$ 33,607**	$ 27,537

[1] Value added taxes ("VAT") arises from the Government of Chile and is in respect of the Company's exploration and evaluation activities. The actual timing of receipt is uncertain as VAT is typically refundable only upon commercial operations; therefore, VAT has been classified as part of exploration and evaluation expenditures as VAT has arisen primarily on exploration and evaluation expenditures.

Chile

In 2011, the Company's Chilean subsidiary, Minera Azul, entered into certain option agreements, as amended, to earn 100% interests in certain mineral exploration properties located adjacent to the Atacama fault near the town of La Higuera in Chile. During 2012 and 2013, the Company renegotiated the terms of two of the option properties whereby the Company was able to satisfy all the conditions under the revised option agreements and completed the Company's earn-in on these properties. The two properties for which the Company completed its earn-in form the La Higuera Project. A summary of the two earn-in property interests is provided below.

Avril, Gloria, Withney, Black, Caballo Cinco, Blanco Seis and Blanco

The Company earned a 100% interest in the Avril, Gloria, Withney, Black (1100), Caballo Cinco (117, 2131, 4149), Blanco Seis (15, 21, 4155) and Blanco (110, 21) exploitation concessions and claims.

Benja I and II

The Company earned a 100% interest in the Benja I (114) and Benja II (114) exploitation claims.

A NSR of 1% must be paid starting from the beginning of commercial production on these exploitation claims, on a quarterly basis. The Company may acquire the NSR by paying a purchase price of either US$500,000 ($675,000) or its equivalent in the Company's common shares, at the election of the former owner of the property. The Company has also granted the former owner of the Benja I and II mining concessions the right to reprocess the existing slag from historical mining activity on the concessions.

Canada

The Company holds a 100% interest (subject to a 2% Net Smelter Royalty) in certain mineral claims near Red Lake, Ontario (the "Treasure Property"). The Treasure Property is an early stage gold exploration property. During the year ended December 31, 2017, certain claims lapsed as the Company did not meet the work required by the claim due dates.

(Expressed in Canadian Dollars)

4. Equipment

		Cost		Accumulated depreciation		Net book value
Balance, December 31, 2016	$	8,768	$	(8,196)	$	572
Depreciation		-		(249)		(249)
Balance, December 31, 2017		8,768		(8,445)		323
Depreciation		-		(61)		(61)
Balance, June 30, 2018	$	8,768	$	(8,506)	$	262

The Company's equipment is located in Chile.

5. Related party loan

On May 26, 2016, the Company entered into a loan agreement with Guilin International Company Limited ("Guilin"), a major shareholder of the Company, in the amount of $500,000 at an interest rate of 10% per annum. As at June 30, 2018, the Company owes $607,535 including accrued interest. The loan is due on demand, is unsecured and is a first ranking debt of the Company.

6. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares without par value.

b) Common shares issued

	Number of common shares		Amount
Balance, December 31, 2016, June 30, 2017, December 31, 2017 and June 30, 2018	44,233,120	$	5,448,187

7. Warrants

	Number of warrants		Amount
Balance, December 31, 2016	100,000	$	54,000
Expired	(100,000)		(54,000)
Balance, June 30, 2017, December 31, 2017 and June 30, 2018	-	$	-

The Company had no warrants outstanding as at June 30, 2018.

(Expressed in Canadian Dollars)

8. Stock options

The Company has adopted a stock option plan (the "Plan"), to be administered by the Directors of the Company. Under the Plan, the Company may grant options to directors, officers, employees and consultants to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the Plan will be for a term not to exceed five years. The plan provides that it is solely within the discretion of the Board to determine who should receive stock options, in what amounts, and determine vesting terms. The exercise price for any stock option shall not be lower than the market price of the underlying common shares at the time of grant.

Each stock option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The Company settles stock options exercised through the issuance of common shares from treasury.

	Number of stock options	Weighted average exercise price
Balance, December 31, 2016	183,332	$ 0.90
Expired	(183,332)	0.90
Balance, June 30, 2017, December 31, 2017 and June 30, 2018	-	$ -

The Company had no stock options outstanding as at June 30, 2018.

9. Related party transactions

(a) Compensation of key management personnel of the Company

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of the Board of Directors, corporate officers, including the Chief Executive Officer and Chief Financial Officer, as well the Vice President of Exploration and the Country Manager.

	Three months ended June 30, 2018	Three months ended June 30, 2017	**Six months ended June 30, 2018**	Six months ended June 30, 2017
Salaries and benefits	**$ 5,850**	$ 6,056	**$ 11,531**	$ 12,050

(Expressed in Canadian Dollars)

9. Related party transactions (continued)

(b) Transactions with related parties

The Chief Financial Officer is an employee of Marrelli Support Services Inc. ("MSSI"), a firm providing accounting services. During the three and six months ended June 30, 2018, the Company incurred $12,747 and $12,686, respectively (June 30, 2017 - $18,930 and $25,337, respectively) for accounting services (included in professional fees) rendered by MSSI. As at June 30, 2018, MSSI was owed $7,795 (December 31, 2017 - $14,350) and this amount was included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.

Refer to note 5.

10. Loss per share

For the three and six months ended June 30, 2018, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $57,527 and $113,710, respectively (June 30, 2017 - $61,522 and $121,761, respectively) and the weighted average number of common shares outstanding of 44,233,120 (June 30, 2017 - 44,233,120).

11. Segmented Information

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Chile and Canada. The following table summarizes the total assets and liabilities by geographic segment as at:

June 30, 2018	**Chile**	**Canada**	**Total**
Cash and cash equivalents	$ 936	$ 156,529	$ 157,465
Other current assets	2,396	1,933	4,329
Equipment	262	-	262
Total assets	$ 3,594	$ 158,462	$ 162,056
Accounts payable and accrued liabilities	$ 4,797	$ 16,498	$ 21,295
Amount due to a related company	-	607,535	607,535
Total liabilities	$ 4,797	$ 624,033	$ 628,830

December 31, 2017	**Chile**	**Canada**	**Total**
Cash and cash equivalents	$ 391	$ 260,955	$ 261,346
Other current assets	2,407	1,397	3,804
Equipment	323	-	323
Total assets	$ 3,121	$ 262,352	$ 265,473
Accounts payable and accrued liabilities	$ 4,763	$ 31,034	$ 35,797
Amount due to a related company	-	582,740	582,740
Total liabilities	$ 4,763	$ 613,774	$ 618,537

(Expressed in Canadian Dollars)

11. Segmented Information (continued)

The following table summarizes the loss by geographic segment:

Three months ended June 30, 2018	Chile	Canada	Total
Exploration and evaluation expenditures	$ 10,706	$ -	$ 10,706
General and administrative expense	6,457	38,595	45,052
Foreign exchange gain	1,485	254	1,739
Depreciation expense	30	-	30
	$ 18,678	$ 38,849	$ 57,527

Three months ended June 30, 2017	Chile	Canada	Total
Exploration and evaluation expenditures	$ 8,325	$ -	$ 8,325
General and administrative expense	9,193	40,939	50,132
Foreign exchange gain	8,557	(5,557)	3,000
Depreciation expense	65	-	65
	$ 26,140	$ 35,382	$ 61,522

Six months ended June 30, 2018	Chile	Canada	Total
Exploration and evaluation expenditures	$ 33,607	$ -	$ 33,607
General and administrative expense	17,761	69,867	87,628
Foreign exchange (gain) loss	(8,337)	751	(7,586)
Depreciation expense	61	-	61
	$ 43,092	$ 70,618	$ 113,710

Six months ended June 30, 2017	Chile	Canada	Total
Exploration and evaluation expenditures	$ 27,537	$ -	$ 27,537
General and administrative expense	15,579	78,651	94,230
Foreign exchange (gain) loss	418	(554)	(136)
Depreciation expense	130	-	130
	$ 43,664	$ 78,097	$ 121,761

12. Commitments and contingencies

The Company’s exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Under the mining and resource regulations in Chile, the Company is required to pay annual exploration licences, or “patente” fees. Based on the Company’s existing mineral concessions, the Company will be required to pay approximately $8,000 in annual patent fees.