SOUTHERN LITHIUM CORP. (FORMERLY KNOWN AS SIGNAL EXPLORATION INC.)
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

1.1 Date of Report: November 29, 2016

The following management's discussion and analysis should be read together with the quarterly financial statements and accompanying notes for the nine months ended September 30, 2016 and related notes hereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This management discussion and analysis includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Overall Performance

Nature of Business and Overall Performance

Southern Lithium Corp. (formerly known as Signal Exploration Inc.) (the "Company") was incorporated in the province of British Columbia on March 9, 2010. The Company is a resource exploration company that is acquiring and exploring mineral properties. On November 2, 2016, the Company commenced trading on the TSX Venture Exchange again under the symbol "SNL". During the period ended September 30, 2015 the Company's listing was moved to the NEX board from the TSX Venture Exchange due to the Company's failure to continue meeting the TSX Venture Exchange's minimum listing requirements. The Company is currently exploring for base metals on its Scotch Creek property in British Columbia. The Company has entered into option agreements to acquire mineral rights to the East Fault property in Clayton Valley, Nevada, and to the Cruz Property in Argentina. It is the Company intent to explore for lithium on these two properties.

Background

<u>Investment in East Fault Property, Nevada</u>

On July 8, 2016, the Company entered into a Letter of Intent (the "LOI") to acquire a 100% undivided interest in the 2,100-acre East Fault Property, located in Esmeralda County, Nevada (the "Property) from with Ty & Sons Exploration (Nevada) Inc. The option of this property is subject to TSX approval. To date the Company has invested US$50,000 (CAD$66,010) as a non-refundable deposit on the property. If approved by the TSX, the Company will have to invest an additional US$125,000 over the next year and issue 3.3 million shares. The Property is subject to a 2.5% NSR. The Company has commissioned a NI51-101 on the Property.

The Property is a 2,100-acre property which adjoins Pure Energy's eastern border of their Clayton Valley property which has an inferred resource of 816,000 metric tonnes of lithium carbonate equivalent. The property is in the Esmeralda County area of Nevada, USA The Property includes eleven kilometers (7 miles) of the East Fault, 3.5 kilometers (2.2 miles) of the E-2 Fault, and eight kilometers (5 miles) of the (projected) 1,000-meter bedrock depth gravity contour (See Pure Energy NI 43-101 Technical Report, July 17, 2015). According to the 1986 paper titled “Origin of the Lithium-Rich Brine, Clayton Valley, Nevada” by Joseph R. Davis, et al, the “highest lithium concentrations are found in brines produced from the tuff where it abuts the faults and forms a structural trap for the dense brines.” The report goes on to state that the most lithium-enriched brines lie near the bounding fault on the eastern side of the basin. Although gravity surveys have not yet been performed over most of the property area, projection from an available gravity survey covering the adjacent Pure Energy property and part of the Property indicate that the lithium beds may extend to the East Fault.

Investment in Scotch Creek, British Columbia.

The Company's principal asset and project is its interest in the Scotch Creek Property, comprised of 8 map-staked mineral claims covering a total area of approximately 1,384.12 hectares (3,418.78 acres) located in the Kamloops Mining Division and in the Kamloops Land District in Shuswap Highland of south-central British Columbia. The current expiry date of these claims is February 19, 2023. In the current fiscal year and for the foreseeable future, the Company intends to continue to focus its efforts on advancing the exploration and, if merited, the development of the Scotch Creek Property.

Investment in Cruz Property - Argentina

On November 2, 2016, the Company entered into a letter of intent (the “LOI”) with Proyecto Pastos Grandes S.A. (“PPG SA”), a wholly owned subsidiary of Millennial Lithium (TSX-V: ML), to be granted an option to acquire an eighty percent (80%) interest in the PPG SA’s Cruz property in the Pocitos salar basin in Salta Province, Argentina. The transaction remains subject to certain conditions, including the negotiation and execution of a formal option agreement (a "Definitive Agreement") and the Company obtaining all necessary approvals from the TSX Venture Exchange. The terms of the LOI: The LOI has an effective date of November 2nd, 2016 and requires PPG SA and the Company to enter into the Definitive Agreement by November 10, 2016 which it has done.

For the Company to acquire a seventy percent (70%) interest in the Cruz Property, the Company must: a) pay a non-refundable deposit of US$150,000 to PPG SA. This payment has already been completed. b) Pay an additional US$50,000 non-refundable deposit to PPG SA upon the execution of the Definitive Agreement. c) Issue US$100,000 worth of common shares of Southern Lithium to PPG SA or Millennial at the same price as the announced private placement offering, upon closing of the Definitive Agreement. d) On closing of the first tranche of the Private Placement or November 30, 2016 (whichever is earlier) place in a joint exploration account the sum of US$500,000 (the “Exploration Funds”). e) Make US$500,000 of exploration expenditures (the “Exploration Expenditures”) on or before October 1, 2017 f) Pay to PPG SA the sum of US$1,000,000 on or before October 1, 2017; and g) Pay to PPG SA the sum of US$1,000,000 on or before October 1, 2018. ((a)-(g) being, collectively, the “Option Exercise Price”).

To earn the additional 10% interest (for an aggregate total 80% interest) in the Property, the Company must, prior to that date which is 6 months after the third anniversary of the Definitive Agreement, complete a bankable feasibility study on the Property. Error! Unknown document property name. PPG SA will also grant the Company with a right of first of refusal over any mineral properties it acquires ground contiguous to the Cruz Property, and the Company will agree not to acquire any mineral interests within a 10km radius from the Cruz Property.

The Cruz property spans across 2,500 hectares and lies at the north end of the Pocitos salar basin. The Cruz property is located at the intersection of a large north-south fault system and a regional northwest-trending magmatic-structural corridor along which the Rincon volcano lies. Rincon Volcano is the possible source of the Rincon Salar lithium brine resources in the Rincon salar basin to the north of the Pocitos Salar basin. The 60-kilometer long Pocitos basin has been subject to surface sampling previously; however, it has only been drilled once in the 1970s by a government agency. To date, this is the only confirmed exploration drilling performed and the results of this drilling operation cannot be confirmed under NI 43-101 standards of exploration applicable today. This single shallow drill hole and subsequent surface sampling by various groups has resulted in the identification of lithium at relatively significant concentrations. The more recent sampling campaigns by PPG SA tend to be consistent and even indicate higher levels of lithium. These findings tend to be consistent with the possibility that the faults are conduits for lithium-bearing fluids emitted by the northern volcanic center. The Cruz property is adjacent to a large area of the Pocitos salar basin expected to be put out for tender by Salta Province's wholly-owned energy and mineral company. Through the potential acquisition of the Cruz property, Southern Lithium hopes to establish its presence in the Pocitos salar basin and further deliver on its mission to secure strategic lithium mining projects.

1.3 Selected Quarterly Information

The following financial data are selected information for the Company for the two most recently completed financial years:

	three months ended September 30		Nine months ended September 30	
	2016 $	2015 $	2016 $	2016 $
Total revenues	-	-	-	-
Net loss for nine months	(237,070)	(12,944)	(304,800)	(51,563)
Net loss per share, basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Total Assets	461,099	346,911	461,099	346,911
Total Long Term Liabilities	-	-	-	-
Cash paid dividends per share	-	-	-	-

1.4 Results of Operations

The Company has not generated revenues to date and has experienced minimal operating cash flow and incurred a net loss of $304,800 for the nine-month ended September 30, 2016 ("YTD-16") as compared to a net loss of $51,563 for the nine months ended September 30, 2015 ("YTD-15").

Comparison of Results of Operations of the nine months ended September 30, 2016 and 2015

Expense	Nine months ended September 30, 2016 $	Nine months ended September 30, 2015 $	Variance $	Explanation
Stock based compensation	142,061	--	142,061	Impact of issue of 1,200,000 stock options on September 6, 2016
Consulting	99,046	36,000	63,046	The Company paid consultants to travel to South America and to Reno, Nevada to meet with geologists to further the Scotch Creek property and to explore further activities.
Professional Fees	12,213	8,000	4,213	Costs consist of audit and AGM costs, and legal costs related to the option agreements
Transfer agent and filing fees	10,696	6,000	4,696	Impact of 2-1 forward stock split, listing on Frankfurt, and increased activity
Travel and promotion	19,911	-	19,911	Costs related to travel to Europe for financing and to South America and Reno for site investigations.

Marketing Costs	5,500	--	5,500	Market awareness campaigns
Website	5,000	-	5,000	Website development costs
Rent	5,000	-	5,000	Rent costs
Other items	4,473	1,563	2,910	
Total Expenses	304,800	51,563	253,238	

Comparison of Results of Operations of the three months ended September 30, 2016 and 2015

Expense	Three months ended September 30, 2016 $	Three months ended September 30, 2015 $	Variance $	Explanation
Stock based compensation	142,061	--	142,061	Impact of issue of 1,200,000 stock options on September 6, 2016
Consulting	50,233	12,000	38,233	The Company paid consultants to travel to South America and to Reno, Nevada to meet with geologists to further the Scotch Creek property and to explore further activities.
Professional Fees	4,213	--	4,213	Costs consist of audit and AGM costs, and legal costs related to the option agreements
Transfer agent and filing fees	4,197	--	4,197	Impact of 2-1 forward stock split, listing on Frankfurt, and increased actviity
Travel and promotion	16,596	-	16,596	Costs related to travel to Europe for financing and to South America and Reno for site investigations.
Marketing Costs	5,500	--	5,500	Market awareness campaigns
Website	5,000	-	5,000	Website development costs
Rent	5,000	-	5,000	Rent costs
Other items	4,270	--	4,270	
Total Expenses	237,070	12,000	225,070	

1.5 Summary of Quarterly Results

The following table sets out selected quarterly information for each of the Company's most recent eight completed quarters.

	Total Revenues $	Net loss $	Net loss per share (Basic and diluted) $
September 30, 2014	--	12,953	0.00
December 31, 2014	--	17,727	0.00

March 31, 2015	--	18,532	0.00
June 30, 2015	--	20,087	0.00
September 30, 2015	--	12,944	0.00
December 31, 2015	--	14,503	0.00
March 31, 2016	--	6,205	0.00
June 30, 2016	--	60,523	0.01
September 30, 2016		237,070	0.01

1.6 Liquidity

The Company has total assets of $461,099 consisting of $53,538 in cash, taxes receivable of $3,885, and an investment in Scotch Creek of $337,666 and East Fault $66,010. The Company has negative working capital of $27,542.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the Company will require additional working capital to meet its primary business objectives over the next 12 months.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the funding through future equity issuances and through short term borrowing in order to fund ongoing operations and to meet its obligations. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

During the nine ended September 30, 2016, the Company has issued an aggregate of 6,800,000 common shares of private placement for total proceeds of $170,000 (net $150,000 after finders' fees) and 1,800,000 common shares for the exercise of stock options for proceeds of $90,000.

1.7 Capital Resources

On July 8, 2016, the Company entered into Letter of Intent to acquire certain mineral rights known as the East Fault Property in the Esmeralda County, Nevada. Under the terms of the LOI, the Company paid US$50,000 (CAD$66,010), and subject to regulatory approval pay an additional US$125,000 and issue 3.3 million shares. The property is a 2,100-acre property and includes eleven kilometers (7 miles) of the East Fault, 3.5 kilometers (2.2 miles) of the E-2 Fault, and eight kilometers (5 miles) of the (projected) 1,000-meter bedrock depth gravity contour. This property Pure Energy's eastern border of their Clayton Valley property.

For the Company to acquire a seventy percent (70%) interest in the Cruz Property, the Company must: a) pay a non-refundable deposit of US$150,000 to PPG SA. This payment has already been completed. b) Pay an additional US$50,000 non-refundable deposit to PPG SA upon the execution of the Definitive Agreement. c) Issue US$100,000 worth of common shares of Southern Lithium to PPG SA or Millennial at the same price as the announced private placement offering, upon closing of the Definitive Agreement. d) On closing of the first tranche of the Private Placement or November 30, 2016 (whichever is earlier) place in a joint exploration account the sum of US$500,000 (the "Exploration Funds"). e) Make US$500,000 of exploration expenditures (the "Exploration Expenditures") on or before October 1, 2017 f) Pay to PPG SA the sum of US$1,000,000 on or before October 1, 2017; and g) Pay to PPG SA the sum of US$1,000,000 on or before October 1, 2018. ((a)-(g) being, collectively, the "Option Exercise Price").

To earn the additional 10% interest (for an aggregate total 80% interest) in the Property, the Company must, prior to that date which is 6 months after the third anniversary of the Definitive Agreement, complete a bankable feasibility study on the Property. Error! Unknown document property name. PPG SA will also grant the Company with a right of first of refusal over any mineral properties it acquires ground contiguous to the Cruz Property, and the Company will agree not to acquire any mineral interests within a 10km radius from the Cruz Property

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

During the year ended April 30, 2016, the Company was involved in the following related party transactions:

The Company incurred the following expenditures charged by directors and officers of the Company, and companies controlled by directors of the Company:

Related party transactions	For the nine months ended September 30	
	2016 $	2015 $
Consulting Fees	30,390	36,000
Stock based compensation	95,307	-
Accounts payable to insiders	145,514	33,280

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Key management personnel compensation

The Company considers its President, Chief Executive Officer and Chief Financial Officer and directors of the Company to be key management. See above for compensations paid to key management personnel.

For the nine months ended September 30, 2016 (YTD-16):

1) Larry Segerstom, the president of the Company was paid $11,090 in consulting fees, received $47,654 of stock based compensation through the vesting of stock options, and is owed $8,970 as at September 30, 2016.
2) 482130 B.C. Ltd. a company wholly owned by David Alexander, Chief Financial Officer of the Company was paid $15,000 in consulting fees, received $47,654 of stock based compensation through the vesting of stock options, and is owed $5,544 as at September 30, 2016.
3) Brent Hahn, the Company Chief Executive Officer was paid $18,000 in consulting fees for the nine months ended September 30, 2015 (YTD-15), and was owed $Nil September 30, 2016 ($16,640 September 30, 2015)
4) Barry Hartley, the Company's previous Chief Financial Officer was paid $4,300 ($18,000 YTD-15) and was owed $Nil September 30, 2016 ($16,640 September 30, 2015.

1.12 Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim financial statements is the assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year is a judgement. The factors considered by management are disclosed in the financial statements.

1.13 Changes in Accounting Policies

Accounting standards issued but not yet applied

The following new standard and interpretation is not yet effective and has not been applied in preparing this financial statement. The Company is currently evaluating the potential impacts of this new standard and does not anticipate any material change to the financial statements upon adoption of this new and revised accounting pronouncement.

(i) IFRS 9, Financial Instruments (New)
(ii) IFRS 11, Joint Arrangements (New)
(iii) IFRS 16, Property, Plant, and Equipment (Amended)
(iv) IAS 27, Separate Financial Statements (Amended)
(v) IAS 38, Intangible Assets (Amended)

The Company has not early adopted these new and revised standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, amount receivable, accounts payable and accrued liabilities and convertible loans payable.

The Company's financial instruments are exposed to the following risks:

Credit risk

The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

Fair value

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.

1.15 Other MD&A Requirements

Disclosure of Outstanding Share Data

i) Authorized:

Unlimited common shares without par value

ii) Common Shares Issued:

	Number	Amount $
Balance as of September 30, 2016	29,350,000	1,103,799
Date of MD&A	29,800,000	1,151,049

iii) Share Purchase Options Outstanding: Balance as of September 30, 2016 – 1,200,000 exercisable at $0.105. (Balance as of date of MD&A – 750,000 options at $0.105 and 500,000 options at $0..45 exercisable over 5 years.

iv) Share Purchase Warrants Outstanding: Balance as of September 30, 2016 – 6,800,000 warrants exercisable at $0.035 on or before June 29, 2017.

<u>Subsequent events</u>

On October 17, 2016, the Company forward split its issued shares on a two to one basis.

On October 19, 2016, the Company announced the appointment of Larry Segerstrom, a senior mining professional with over 30 years of mining and mineral exploration experience.

On November 1, 2016, the Company entered into a formal option agreement with respect to the East Fault property, located in Esmeralda county, Nevada.

On November 1, 2016 (updated November 3, 2016), the Company announce a $2 million private placement by way of 8 million units at $0.25 per unit. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire an additional share of the Company for $0.35 for a period of 18 months.

On November 3, 2016, the company entered into a Letter of Intent (“LOI”) with Millennial Lithium to acquire the Cruz Property in Argentina. Under the terms of the LOI the Company paid a non-refundable deposit of

US$150,000. Upon closing of the definitive agreement, the Company will earn a 70% ownership interest by (1) issuing 100,000 common shares at the same price as November 1, 2016.; (2) upon the earlier of November 18, 2016 and the closing of the first tranche of the November 1, 2016 announced private placement, the Company will place in a joint exploration account the sum of US$500,000, (this has been deferred to November 30, 2016); (3). on October 1, 2017, the Company must make US$500,000 of exploration expenditures, and pay to Millennial Lithium US$1,000,000; and (4) pay to Millennial Lithium US$1,000,000 on or before October 2, 2018. The Company can earn an additional 10% (total 80%) in the Property by completing a bankable feasibility study on the Property within 6 months after the third anniversary of the Definitive Agreement.

On November 20, 2016, the Company issued an additional 500,000 stock option at $0.45 per share.

Approved and authorized by the Directors of the Company on November 29.2016:

/s/Larry Segerstrom
Larry Segerstrom

/s/Brent Hahn
Brent Hahn