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Admiral Bay Resources Inc.

Financial Statements

For the years ended
July 31, 2017 and 2016 and 2015

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Admiral Bay Resources Inc.

We have audited the accompanying financial statements of Admiral Bay Resources Inc., which comprise the statements of financial position as at July 31, 2017, 2016 and 2015, and the statements of loss and comprehensive loss, statements of changes in equity (deficiency) and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Admiral Bay Resources Inc. as at July 31, 2017, 2016 and 2015, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company had continuing losses during the years ended July 31, 2017, 2016 and 2015 and a working capital deficiency and cumulative deficit as at July 31, 2017. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
January 26, 2018

Admiral Bay Resources Inc.

Statements of Financial Position

(Expressed in Canadian Dollars)

As at July 31,	**2017**	2016	2015
	$	$	$
Assets			
Current Assets			
HST recoverable	**2,652**	1,326	-
Total assets	**2,652**	1,326	-
Liabilities			
Current Liabilities			
Accounts payable and other payables	**36,273**	20,197	9,422
Total liabilities	**36,273**	20,197	9,422
Shareholders' Deficiency			
Capital Stock *(Note 7)*	**50,179,484**	50,179,484	50,179,484
Deficit	**(50,213,105)**	(50,198,355)	(50,188,906)
Total shareholders' deficiency	**(33,621)**	(18,871)	(9,422)
Total liabilities and shareholders' deficiency	**2,652**	1,326	-

Nature of Operations and Going Concern (Note 1)

APPROVED ON BEHALF OF THE BOARD ON JANUARY 26, 2018:

Signed "Steven Tedesco"
Director

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

Admiral Bay Resources Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the Years Ended July 31,	**2017**	2016	2015
	$	$	**$**
Administrative Expenses			
Professional fees	**14,200**	9,449	7,300
Transfer agent and filing fees	**550**	-	-
	14,750	9,449	7,300
Net (loss) and comprehensive (loss) for the year	**(14,750)**	(9,449)	(7,300)
(Loss) per share - basic and diluted	**(0.00)**	(0.00)	(0.00)
Weighted average number of shares outstanding – basic and diluted	**5,142,226**	5,142,226	5,142,226

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

Admiral Bay Resources Inc.
Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)

	Capital Stock (Note 7)						
	Number of shares		**Amount**		**(Deficit)**		**Total**
Balance at July 31, 2014	5,142,226	$	50,179,484	$	(50,181,606)	$	(2,122)
Net loss for the year	-		-		(7,300)		(7,300)
Balance at July 31, 2015	5,142,226	$	50,179,484	$	(50,188,906)	$	(9,422)
Net loss for the year	-		-		(9,449)		(9,449)
Balance at July 31, 2016	5,142,226	$	50,179,484	$	(50,198,355)	$	(18,871)
Net loss for the year	-		-		(14,750)		(14,750)
Balance at July 31, 2017	**5,142,226**	**$**	**50,179,484**	**$**	**(50,213,105)**	**$**	**(33,621)**

Admiral Bay Resources Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

For the Years Ended July 31,	**2017**	2016	2015
	$	$	$
Operating activities			
Net (loss) for the year	**(14,750)**	(9,449)	(7,300)
Net change in non-working capital items:			
HST recoverable	**(1,326)**	(1,326)	-
Accounts payable and other payables	**16,076**	10,775	7,300
Cash flows used in operating activities	**-**	-	-
Change in cash	**-**	-	-
Cash at beginning of year	**-**	-	-
Cash at end of year	**-**	-	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Admiral Bay Resources Inc. ("Admiral Bay" or the "Company"), was incorporated in British Columbia on September 3, 1987. The Company's executive office is located at 4B Inverness Court Place, Suite 120, Englewood, Colorado, 80112, U.S.A.

Our management intends to seek new opportunities. The Company currently does not hold any material resource property interests.

As at July 31, 2017, the Company had a working capital deficiency of $33,621 (2016 – $18,871 and 2015 - $9,422), had not yet achieved profitable operations, has accumulated losses of $50,213,105 (2016 $50,198,355 and 2015 - $50,188,906) and expects to incur future losses in the development of any business, all of which represent material uncertainties which cast significant doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were authorized for issuance by the Board of Directors of the Company on January 26, 2018.

2.2 Basis of presentation and functional and presentation currency

These financial statements have been prepared on a going concern basis, under the historical cost convention and have been prepared using the accrual basis of accounting except for cash flow information, as explained in the accounting policies set out in Note 3.

The financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

2.3 Adoption of new and revised standards and interpretations

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after August 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after January 1, 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board. Early adoption is permitted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is calculated on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of loss and comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3.3 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. Diluted loss per share assumes proceeds received upon the exercise of the options and warrants are used to purchase common shares at the average market price during the year. During the years ended July 31, 2017 and 2016 and 2015 there were no outstanding stock options or warrants.

3.4 Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss.

Financial assets classified as loans-and-receivables are measured at amortized cost.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

As at July 31, 2017 and 2016 and 2015, the Company did not have any financial assets.

3.5 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company’s accounts payable and other payables are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At July 31, 2017 and 2016 and 2015, the Company has not classified any financial liabilities as FVTPL.

3.6 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

3.7 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, 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) the nil provision for income taxes which is included in the statements of loss and comprehensive loss and composition of deferred income tax assets and liabilities included in the statements of financial position.

4. CAPITAL MANAGEMENT

The Company considers its capital to be equity, which is comprised of share capital and deficit, which as at July 31, 2017 totaled a deficiency of ($33,621), (2016 deficiency of ($18,871) and 2015 deficiency of ($9,422)). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue to seek new opportunities. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The only sources of future funds presently available to the Company are through the sale of equity capital of the Company. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

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 years ended July 31, 2017, 2016 and 2015. The Company is not subject to externally imposed capital restrictions.

5. FINANCIAL INSTRUMENTS

Fair value

Accounts payable and other payables are classified for accounting purposes as other financial liabilities, which are measured at amortized cost.

As at July 31, 2017, 2016 and 2015, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subjective and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at July 31, 2017, 2016 and 2015 the Company did not have any financial instruments recorded at fair value and that required classification within the fair value hierarchy.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at July 31, 2017, the Company had a working capital deficiency of $33,621 (2016 - $18,871 and 2015 - $9,422). In order to meet its longer-term working capital, the Company intends on securing further financing to ensure that those obligations are properly discharged. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change, and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more operating activities. The Company's financial liabilities generally have contractual maturities of 30 days and are subject to normal trade terms.

(Expressed in Canadian Dollars)

6. KEY MANAGEMENT COMPENSATION

There were no related party transactions during the years ended July 31, 2017, 2016 and 2015. Key management compensation was $nil for the years ended July 31, 2017, 2016 and 2015.

7. CAPITAL STOCK

Capital Stock

The Company is authorized to issue 202,297,706 common shares without par value. The issued and outstanding common shares consist of the following:

	# of shares		Amount
Balance at July 31, 2017, 2016 and 2015	**5,142,226**	**$**	**50,179,484**

Stock Options

The Company has established a stock option plan whereby officers, directors, employees and service providers may be granted options to purchase common shares at a fixed price. Vesting and expiry provisions are determined at the date of grant. 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.

During the years ended July 31, 2017, 2016 and 2015 no stock options were issued or outstanding.

8. INCOME TAXES

(a) Provision for Income Taxes

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

For the year ended July 31,	**2017**	2016	2015
	$	$	$
(Loss) before income taxes	**(14,750)**	(9,449)	(7,300)
Combined statutory rate	**26.50%**	26.50%	26.50%
Expected income tax benefit	**(3,900)**	(2,500)	(1,900)
Tax benefits not realized	**3,900**	2,500	1,900
Income tax expense (recovery)	-	-	-

(b) Deferred Income Tax Balances

Deferred tax assets have not been recognized in respect of the following temporary differences because it is not probable that future taxable profits will be available against which the Company can utilize the benefits.

As at July 31,		**2017**		2016		2015
Exploration and evaluation assets	**$**	**6,004,000**	$	6,004,000	$	6,004,000
Capital loss carry forwards		**1,511,000**		1,511,000		1,511,000
Non-capital loss carry forwards		**44,907,000**		44,893,000		44,884,000
	$	**52,422,000**	$	52,408,000	$	52,399,000

(Expressed in Canadian Dollars)

8. INCOME TAXES (continued)

(c) Tax Loss Carry-forwards

The Company has accumulated non-capital losses of $44,907,000 (2016 - $44,893,000 and 2015-$44,884,000), which may be deducted in the calculation of taxable income in future years. The losses expire as follows:

Year of expiry	$
2020	-
2021	-
2026	1,297,000
2027	914,000
2028	740,000
2029	506,000
2030	436,000
2031	74,000
2032	63,000
2033	40,847,000
2034	7,000
2035	9,000
2036	14,000
	44,907,000