

**Admiral Bay Resources Inc.**

**Condensed Interim Financial Statements**

**For the six-month period ended  
January 31, 2017 and 2016  
(Unaudited)**

(Expressed in Canadian Dollars)

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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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 accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**Admiral Bay Resources Inc.**  
**Condensed Interim Statements of Financial Position**  
*(Expressed in Canadian Dollars)*  
(Unaudited)

<i>As at:</i>	<b>January 31, 2017</b>	July 31, 2016
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
HST recoverable	<b>2,652</b>	1,326
Total assets	<b>2,652</b>	1,326
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and other payables	<b>32,723</b>	20,197
Total liabilities	<b>32,723</b>	20,197
<b>Shareholders' Deficiency</b>		
<b>Capital Stock (Note 7)</b>	<b>50,179,484</b>	50,179,484
<b>Deficit</b>	<b>(50,209,555)</b>	(50,198,355)
Total shareholders' deficiency	<b>(30,071)</b>	(18,871)
Total liabilities and shareholders' deficiency	<b>2,652</b>	1,326

Nature of Operations and Going Concern (Note 1)

APPROVED ON BEHALF OF THE BOARD ON FEBRUARY 01, 2018:

Signed "Steven Tedesco"  
Director

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

**Admiral Bay Resources Inc.**  
**Condensed Statements of Loss and**  
**Comprehensive Loss**

*(Expressed in Canadian Dollars)*

(Unaudited)

	<b>Three months Period ended January 31,</b>	Three months Period ended January 31,	<b>Six months Period ended January 31,</b>	Six months Period ended January 31,
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>- \$ -</b>	<b>- \$ -</b>	<b>- \$ -</b>	<b>- \$ -</b>
<hr/>				
<b>Administrative Expenses</b>				
Professional fees	<b>1,500</b>	2,313	<b>11,200</b>	4,625
	<b>1,500</b>	2,313	<b>11,200</b>	4,625
<hr/>				
<b>Net (loss) and comprehensive (loss) for the period</b>	<b>(1,500)</b>	(2,313)	<b>(11,200)</b>	(4,625)
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(Loss) per share, - basic and diluted	<b>(0.00)</b>	(0.00)	<b>(0.00)</b>	(0.00)
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Weighted average number of shares outstanding	<b>5,142,226</b>	5,142,226	<b>5,142,226</b>	5,142,226
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**Admiral Bay Resources Inc.**  
**Condensed Interim Statements of Changes in Equity (Deficiency)**  
*(Expressed in Canadian Dollars)*  
(Unaudited)

	<u>Capital Stock (Note 7)</u>			
	<b>Number of shares</b>	<b>Amount</b>	<b>(Deficit)</b>	<b>Total</b>
Balance at July 31, 2015	5,142,226	\$ 50,179,484	\$ (50,188,906)	\$ (9,422)
Net loss for the period	-	-	(4,625)	(4,625)
<b>Balance at January 31, 2016</b>	<b>5,142,226</b>	<b>\$ 50,179,484</b>	<b>\$ (50,193,531)</b>	<b>\$ (14,047)</b>
Balance at July 31, 2016	5,142,226	\$ 50,179,484	\$ (50,198,355)	\$ (18,871)
Net loss for the period	-	-	(11,200)	(11,200)
<b>Balance at January 31, 2017</b>	<b>5,142,226</b>	<b>\$ 50,179,484</b>	<b>\$ (50,209,555)</b>	<b>\$ (30,071)</b>

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

**Admiral Bay Resources Inc.**  
**Condensed Interim Statements of Cash Flows**  
*(Expressed in Canadian Dollars)*  
(Unaudited)

<i>For the six months periods ended January 31,</i>	<b>2017</b>	2016
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net (loss) for the period	<b>(11,200)</b>	(4,625)
Net change in non-working capital items:		
HST Recoverable	<b>(1,326)</b>	-
Accounts payable and other payables	<b>12,526</b>	4,625
Cash flows used in operating activities	-	-
<b>Change in cash</b>	-	-
Cash at beginning of period	-	-
<b>Cash at end of year</b>	-	-

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

**Admiral Bay Resources Inc.**  
**Notes to Financial Statements**  
**Six-month periods ended January 31, 2017 and 2016**

(Expressed in Canadian Dollars)  
(Unaudited)

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## **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 January 31, 2017, the Company had a working capital deficiency of \$30,071 (July 31, 2016 - \$18,871), had not yet achieved profitable operations, has accumulated losses of \$50,209,155 (July 31, 2016 - \$50,198,355) 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 condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and in accordance with IAS 34 – Interim Financial Reporting. The condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2016. These financial statements have been prepared following the same accounting policies as the Company's audited financial statements for the year ended July 31, 2016.

The financial statements were approved and authorized for issuance by the sole director on February 01, 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.

Certain comparative figures have been reclassified to conform to the current year's presentation. Such reclassification is for presentation purpose only and has no effect on previously reported results.

### **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.

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**2. BASIS OF PREPARATION** (continued)

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.



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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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.

**3.2 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 Six-month period ended January 31, 2017 and year ended July 31, 2016 there were no outstanding stock options or warrants.

**3.3 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 January 31, 2017 and July 31, 2016, the Company did not have any financial assets.

**3.4 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 January 31, 2017 and July 31, 2016, the Company has not classified any financial liabilities as FVTPL.

**3.5 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.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.6 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 January 31, 2017 totaled a deficiency of \$30,071 (July 31, 2016 - \$18,871). 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 periods ended January 31, 2017 and 2016. 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 January 31, 2017 and July 31, 2016, 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 subject to 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 January 31, 2017 and July 31, 2016 the Company did not have any financial instruments recorded at fair value and that required classification within the fair value hierarchy.

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**5. FINANCIAL INSTRUMENTS** (continued)

**Fair value** (continued)

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 January 31, 2017, the Company had a working capital deficiency of \$30,071 (July 31, 2016 – 18,871). 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.

**6. KEY MANAGEMENT COMPENSATION**

There were no related party transactions during the six-month periods ended January 31, 2017 and 2016. Key management compensation was \$nil for the six-month periods ended January 31, 2017 and 2016.

**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
<b>Balance at January 31, 2017 and July 31, 2016</b>	<b>5,142,226</b>	<b>\$ 50,179,484</b>

**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 six-month period ended January 31, 2017 and 2016 no stock options were issued or outstanding.