

Admiral Bay Resources Inc.

Condensed Interim Financial Statements

**For the six-month period ended
January 31, 2018
(Unaudited)**

(Expressed in Canadian Dollars)

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

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

The 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)

As at:		January 31, 2018	July 31, 2017
	Note	\$	\$
			<i>(Audited)</i>
Assets			
Current Assets			
Cash		17,239	-
HST recoverable		2,993	2,652
Total assets		20,232	2,652
Liabilities			
Current Liabilities			
Accounts payable and other payables		34,047	36,273
Loans	5	31,526	-
Total liabilities		65,573	36,273
Shareholders' Deficiency			
Capital Stock	7	50,179,484	50,179,484
Deficit		(50,224,825)	(50,213,105)
Total shareholders' deficiency		(45,341)	(33,621)
Total liabilities and shareholders' deficiency		20,232	2,652

Nature of Operations and Going Concern (Note 1)

APPROVED ON BEHALF OF THE BOARD ON FEBRUARY 28, 2018:

Signed "Steven Tedesco"
Director

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

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

	Three month period ended January 31,		Six month period ended January 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Administrative Expenses				
General and administration	336	-	336	-
Professional fees	1,500	1,500	3,385	11,200
Rent	3,000	-	6,000	-
Transfer agent and filing fees	1,999	-	1,999	-
	6,835	1,500	11,720	11,200
Net (loss) and comprehensive (loss) for the periods	(6,835)	(1,500)	(11,720)	(11,200)
(Loss) per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding – basic and diluted	5,142,226	5,142,226	5,142,226	5,142,226

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

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

	<u>Capital Stock (Note 7)</u>			
	Number of shares	Amount	(Deficit)	Total
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)
Balance at January 31, 2017	5,142,226	\$ 50,179,484	\$ (50,209,555)	\$ (30,071)
Balance at July 31, 2017	5,142,226	\$ 50,179,484	\$ (50,213,105)	\$ (33,621)
Net loss for the period	-	-	(11,720)	(11,720)
Balance at January 31, 2018	5,142,226	\$ 50,179,484	\$ (50,224,825)	\$ (45,341)

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>	2018	2017
	\$	\$
Operating activities		
Net (loss) for the period	(11,720)	(11,200)
Net change in non-working capital items:		
HST recoverable	(341)	(1,326)
Accounts payable and other payables	(2,226)	12,526
Cash flows used in operating activities	(14,287)	-
Financing activities		
Loans	31,526	-
Cash generated by financing activities	31,526	-
Change in cash	17,239	-
Cash at beginning of period	-	-
Cash at end of period	17,239	-

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

Admiral Bay Resources Inc.
Notes to Interim Condensed Financial Statements
Six-month periods ended January 31, 2018 and 2017

(Expressed in Canadian Dollars)
(Unaudited)

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, 2018, the Company had a working capital deficiency of \$45,341 (July 31, 2017 – \$33,621), had not yet achieved profitable operations, has accumulated losses of \$50,224,825 (July 31, 2017 \$50,213,105) 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, 2017. These financial statements have been prepared following the same accounting policies as the Company's audited financial statements for the year ended July 31, 2017.

These financial statements were authorized for issuance by the Board of Directors of the Company on February 28, 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.

Admiral Bay Resources Inc.
Notes to Interim Condensed Financial Statements
Six-month periods ended January 31, 2018 and 2017

(Expressed in Canadian Dollars)
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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. CAPITAL MANAGEMENT

The Company considers its capital to be equity, which is comprised of share capital and deficit, which as at January 31, 2018 totaled a deficiency of \$45,341, (July 31, 2017 deficiency of \$33,621). 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.

The Company is currently subject to externally imposed capital requirements being a partially cease trade order from the BCSC. There are no changes in the Company's approach to capital management.

4. FINANCIAL INSTRUMENTS

Fair value

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

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 January 31, 2018 and July 31, 2017 the Company did not have any financial instruments recorded at fair value which required classification within the fair value hierarchy.

Admiral Bay Resources Inc.
Notes to Interim Condensed Financial Statements
Six-month periods ended January 31, 2018 and 2017

(Expressed in Canadian Dollars)
(Unaudited)

4. 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, 2018, the Company had a working capital deficiency of \$45,341 (July 31, 2017 - \$33,621). 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.

5. LOANS PAYABLE

During the six-month period ended January 31, 2017 the Company obtained three separate loans from third parties for total gross proceeds of \$31,526. The loans are unsecured, non-interest bearing and due on demand.

6. KEY MANAGEMENT COMPENSATION

There were no related party transactions during the six-months periods ended January 31, 2018 and 2017. Key management compensation was \$nil for the six-month periods ended January 31, 2018 and 2017.

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 January 31, 2018 and July 31, 2017	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 six-month period ended January 31, 2017 and 2016 no stock options were issued or outstanding.