GRAND PEAK CAPITAL CORP.

Consolidated Financial Statements

For the Years Ended September 30, 2016 and 2015

(Expressed in Canadian Dollars)

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DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Grand Peak Capital Corp.,

We have audited the accompanying consolidated financial statements of Grand Peak Capital Corp., which comprise of the consolidated statements of financial position as at September 30, 2016 and 2015, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Grand Peak Capital Corp. as at September 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

DMCL

DALE MATTERSON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January 30, 2017

GRAND PEAK CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at
(Expressed in Canadian dollars)

	Note	September 30, 2016	September 30, 2015
ASSETS			
Current Assets			
Cash		$ 50,323	$ 28,060
Accounts receivable	10	61,520	-
Other receivable		3,104	5,546
Loans and interests receivable	6	1,238,538	-
Investments held for trading	3	360,800	4,000
		1,714,285	33,606
Non-Current Assets			
Marketable securities	4	2,286,006	1,182,237
TOTAL ASSETS		$ 4,000,291	$ 1,219,843
LIABILITIES			
Current Liabilities			
Trade payables and accrued liabilities	7	$ 96,334	$ 9,749
Loans and interests payable	8	978,762	-
Due to related parties		42,000	-
TOTAL LIABILITIES		1,117,096	9,749
EQUITY			
Share capital	9	9,610,604	9,108,854
Reserves	9	672,627	1,542,205
Deficit		(7,400,036)	(9,440,965)
TOTAL EQUITY		2,883,195	1,210,094
TOTAL LIABILITIES AND EQUITY		$ 4,000,291	$ 1,219,843
Nature and continuance of operations	1		

On behalf of the Board

______*"Larry Tsang"*______ ______*"Charn Deol"*______

Larry Tsang, Director Charn Deol, Director

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

GRAND PEAK CAPITAL CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEARS ENDED SEPTEMBER 30,

(Expressed in Canadian dollars)

	Note	2016	2015
Expenses			
Advertising and promotion		$ -	$ 3,472
Bank charges and interest		4,511	1,371
Consulting fees	10	6,500	23,400
Office and miscellaneous		492	2,052
Mining taxes		9,244	11,742
Professional fees		30,616	24,126
Rent		31,232	37,800
Transfer agent and regulatory fees		18,675	34,308
Wages and benefits		18,219	-
		(119,489)	(138,271)
Other Items			
Interest and royalty income		3,776	6,203
Realized gain (loss) on sale of marketable securities		126,674	(33,500)
Unrealized gain on investments held for trading		360,800	-
Impairment of marketable securities	4	-	(2,527,331)
Consulting fee income	10	20,600	-
Management fee income	10	44,000	-
Gain on Vianey option agreement	5	100,000	-
Foreign exchange loss		(880)	(2,210)
		654,970	(2,556,838)
Net Income (Loss) for the Year		535,481	(2,695,109)
Other Comprehensive Income (Loss) in the Year			
Unrealized gain (loss) on marketable securities		635,870	(731,377)
Impairment of marketable securities recognized in net loss		-	2,527,331
Comprehensive Income (Loss) for the Year		$ 1,171,351	$ (899,155)
Basic and diluted Income (loss) per share		$ 0.03	$ (0.28)
Weighted Average Number of Common Shares Outstanding – basic and diluted		17,747,612	9,685,760

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

GRAND PEAK CAPITAL CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars, except share number)

		Issued Common Shares		Reserves			
	Note	Number of Shares	Amount	Share Based Payment	Investment Revaluation	Deficit	Total
Balance at September 30, 2014		4,933,340	$ 8,807,804	$ 1,505,448	$ (1,759,197)	$ (6,745,856)	$ 1,808,199
Private placement	9	10,035,000	301,050	-	-	-	301,050
Share redemption	9	(14,660)	-	-	-	-	-
Comprehensive loss							
Net loss for the year		-	-	-	-	(2,695,109)	(2,695,109)
Impairment recognized in net loss		-	-	-	2,527,331	-	2,527,331
Unrealized loss on marketable securities		-	-	-	(731,377)	-	(731,377)
Balance at September 30, 2015		14,953,680	9,108,854	1,505,448	36,757	(9,440,965)	1,210,094
Shares issued for exercise of warrants	9	10,035,000	501,750	-	-	-	501,750
Reallocation of expired options		-	-	(1,505,448)	-	1,505,448	-
Comprehensive income							
Net income for the year		-	-	-	-	535,481	535,481
Unrealized gain on marketable securities		-	-	-	635,870	-	635,870
Balance at September 30, 2016		24,988,680	$ 9,610,604	$ -	$ 672,627	$ (7,400,036)	$ 2,883,195

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

GRAND PEAK CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,
(Expressed in Canadian dollars)

		2016		2015
Operating Activities				
Net income (loss) for the period		535,481		(2,695,109)
Adjustment for non-cash items				
Realized (gain) loss on marketable securities		(126,674)		33,500
Unrealized (gain) loss on marketable securities		(360,800)		
Interests income		(1,538)		-
Interests expenses		3,762		-
Impairment on marketable securities		-		2,527,331
Changes in non-cash working capital items				
Accounts receivable		(61,520)		-
Other receivables		2,442		17,169
Trade payables and accrued liabilities		86,534		(40,264)
Due to related parties		42,000		-
Net cash flow used in operating activities		119,687		(157,373)
Investing Activities				
Proceeds received from the sale of marketable securities		334,853		100,000
Acquisition of marketable securities		(672,027)		(225,000)
Loan to third parties		(1,237,000)		-
Net cash flow provided by investing activities		(1,574,174)		(125,000)
Financing Activities				
Subscriptions to private placement		-		301,050
Exercise of warrants		501,750		-
Repayment of short-term loan		975,000		(4,750)
Net cash flows from financing activities		1,476,750		296,300
Change in cash during the period		22,263		13,927
Cash, beginning of period		28,060		14,133
Cash, end of period	$	50,323	$	28,060

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

1. NATURE OF OPERATIONS

Grand Peak Capital Corp. (the "Company") is incorporated under the Business Corporations Act of the Province of British Columbia and its principal business activity is investing in small capital resource sector public companies. The Company is listed on the Canadian Securities Exchange (the "CSE") and trades under the symbol "GPK". The head office, principal address and records office of the Company are located at 8338 – 120th Street, Surrey, British Columbia, Canada, V3W 2N4.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies set out below are based on IFRS issued and effective as at January 30, 2017, the date the Board of Directors approved the financial statements.

Basis of Preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at their fair value as explained in the accounting policies below. The financial statements are presented in Canadian dollars unless otherwise noted.

Basis of Consolidation

These consolidated financial statements incorporate the accounts of the Company and its wholly owned subsidiaries:

Entity	Incorporation	Ownership Percentage
Grand Peak Mexican Holding Inc.	Canada	100%
Grand Peak Mexico S.A. de C.V.	Mexico	100%

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions are eliminated upon consolidation.

Significant Estimates and Assumptions

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of property, plant and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements is the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification of financial instruments.

Foreign Currency Translation

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Canadian dollars which is the functional and presentation currency of the Company and its subsidiaries.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Option payments are considered acquisition costs provided the Company has the intention of exercising the underlying option. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Although the Company has taken steps that it considers adequate to verify title to exploration and evaluation assets which it has an interest, these procedures do not guarantee the Company’s title. Title to exploration and evaluation assets in foreign jurisdictions is subject to uncertainty and consequently, such properties may be subject to prior undetected agreements or transfers and title may be affected by such instances.

Impairment of Assets

The carrying amount of the Company’s assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset’s fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Restoration and Environmental Obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of restoration costs, are charged to the statement of comprehensive loss for the period.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

The Company currently has no measureable restoration and environmental obligations.

Share-Based Payments

The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Income Per Share

Basic income per share is calculated by dividing the income attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the income attributable to common shareholders equals the reported income attributable to the owners of the Company. Diluted income per share is calculated by the treasury stock method. Under the treasury stock method, the diluted income per share is determined by adjusting the income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options and warrants outstanding that may add to the total number of common shares. As at September 30, 2016 and 2015, the Company's diluted income per share was the same as the basic loss per share as the effect of the stock options and warrants were anti-dilutive.

Revenue Recognition

Rental and Service income is recognized when:

- the amount of revenue can be measured reliably;
- it is probably that the economic benefits associated with the revenue will flow to the Company;
- the stage of completion at the end of the reporting period can be measured reliably; and
- the costs incurred for and to complete the revenue can be measured reliably.

Financial Instruments

The Company classifies its financial instruments in the following categories:

a. fair value through profit or loss;
b. loans and receivables;
c. held-to-maturity;
d. available-for-sale financial assets, and
e. financial liabilities.

The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The Company designates the classification of its investments in warrants as fair value through profit or loss financial assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for the impairment losses and foreign exchange gains and losses on monetary financial assets. The Company designates the classification of its marketable securities in common shares as available for sale.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade date, the date on which the Company commits to purchase the asset.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from and paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Deferred Tax
Deferred tax is recorded by providing for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred 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 by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

Accounting standard issued but not yet applied
A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2016, and have not been applied in preparing these financial statements.

<u>IFRS 9 Financial Instruments</u>
This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

a) Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a “fair value through other comprehensive income” category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
b) Impairment. The 2014 version of IFRS 9 introduces an “expected credit loss” model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
c) Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
d) Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company’s annual period beginning October 1, 2018.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

a) Identify the contract with the customer
b) Identify the performance obligations in the contract
c) Determine the transaction price
d) Allocate the transaction price to the performance obligations in the contracts
e) Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Applicable to the Company's annual period beginning October 1, 2018.

The Company intends to adopt the standards when they become effective. The Company has not yet determined the impact of these standards on its financial statements, but does not anticipate that the impact will be significant.

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

3. INVESTMENTS HELD FOR TRADING

As at September 30, 2016, the Company's investments held for trading consists of share-purchase warrants of various Canadian public companies. The Company designates its investment in shares purchase warrants at fair value through profit and loss as follows:

	September 30, 2016	September 30, 2015
Balance, beginning of year	$ 4,000	$ -
Warrants acquired in private placements	-	85,333
Change in fair value	360,800	(81,533)
Warrants expired	(4,000)	-
Balance, end of year	$ 360,800	$ 4,000

(Expressed in Canadian dollars)

3. INVESTMENTS HELD FOR TRADING (continued)

The fair value of the warrants was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	September 30, 2016	September 30, 2015
Expected life of warrants (years)	4.55 – 4.88	0.28
Annualized volatility	100% - 220%	245%
Risk-free interest rate	0.6%	0.5%
Dividend rate	0%	0%

4. MARKETABLE SECURITIES

As at September 30, 2016, the Company's marketable securities comprise of investments in common shares and share-purchase warrants of Canadian public companies. The Company designates its investment in common shares as available-for-sale and its investments in warrants at fair value through profit and loss. The cost and fair values of the shares and warrants at September 30, 2016 and 2015 are as follows:

	September 30, 2016	September 30, 2015
Cost	$ 6,233,601	$ 5,681,994
Fair value	$ 2,286,006	$ 1,182,237

During the year ended September 30, 2015, the Company determine that certain of its marketable securities were impaired and recognized as impairment charge of $2,527,331.

5. EXPLORATION AND EVALUATION ASSETS

On June 7, 2011, the Company signed an agreement with Musgrove Mineral Corp. and acquired a 100% interest in the Vianey mining concessions located in Guerrero State, Mexico.

On May 24, 2013, and as amended on January 16, 2014, the Company entered into an option agreement with Lucky Minerals Inc. ("Lucky"), a company with a common director then, to grant Lucky a 100% interest in the Company's Vianey's mining concessions.

Under the agreement, Lucky was required to make payments according to a schedule and incur the minimum required expenditures. The payments received has reduced the carrying value to $Nil. During the year ended September 30, 2015, Lucky decided to let the option agreement lapse as they were unable to meet the exploration expenditure requirement due by December 1, 2014. The Company has since regained control of the mining concessions.

During the year ended September 30, 2016, the Company entered into an option agreement to option Vianey mining concessions to a company (the "Optionee") for a total of $300,000 with the following payment schedule:

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

- $100,000 cash on or before July 31, 2016 or after approval by the securities exchange, if required;
- $100,000 cash within 12 months from the date of execution of the option agreement;
- $100,000 within 24 months from the date of the execution of the option agreement.

The Optionee shall commit to a work program of not less than $250,000 over the next two years and the Company shall retain a 2% net smelter royalty ("NSR"). The Optionee may acquire 1% of the NSR for a price of $1,000,000. The Company received the first $100,000 cash payment in July 2016 which it recognized as income.

6. LOANS RECEIVABLE

On September 15, 2016, the Company advanced $1,225,000 to a company with a common director. The loan bears interest at 3% per annum, is unsecured and due on demand (Note 10).

On September 23, 2016, the Company advanced $12,000 to a company with common management. This loan bears interest at 3% per annum, is unsecured and due on demand (Note 10).

Total interests accrued on the loans receivable as at September 30, 2016 were $1,538 (2015 - $nil).

7. TRADE PAYABLES AND ACCRUED LIABILITIES

		September 30, 2016		September 30, 2015
Trade payables	$	81,234	$	1,749
Accrued liabilities		15,100		8,000
	$	96,334	$	9,749

8. LOANS PAYABLE

On August 10, 2016, the Company entered into a loan agreement with a company with common directors for principal of $850,000. The loan bears interest at 3% per annum, is unsecured and due on demand. As of September 30, 2016, the accrued interest payable is $3,563.

During the year ended September 30, 2016, the Company entered into a loan agreement with a third party to borrow $125,000 with a repayment date on or before September 15, 2017. The loan has an interest rate of 4% per annum and the Company used a portion of its marketable securities as collateral for the loan. As of September 30, 2016, the accrued interest payable of $199.

9. SHARE CAPITAL

Authorized Share Capital

Unlimited number of common shares without par value

Private Placement

On April 10, 2015, the Company raised an aggregate total of $301,050 through issuance of 10,035,000 units at a price of $0.03 per unit. Each unit consists of one common share and one share-purchase warrant exercisable at $0.05 per share for a period of 5 years from the completion of the private placement. A former officer of the Company purchased 1,000,000 units. The share purchase warrants were exercised by the holders during the year ended September 30, 2016 for consideration of $501,750.

Consolidation

On June 25, 2015, the Company implemented a small shareholder program to eliminate small lot shareholders whereby the Company's common shares were consolidated on a 500 for 1 basis, and immediately thereafter, the Company's shares were split on the same ratio. The program resulted in the cancellation of 14,660 common shares and the number of outstanding shares was reduced to 14,953,680.

On January 15, 2015, the Company completed consolidating its issued and outstanding common shares on the basis of 1 new share for 5 old shares. All per share and number of shares disclosures have been retroactively restated to reflect the share consolidation.

Stock Options

The Company has adopted a stock option plan whereby the Company may from time-to-time in accordance with the CSE requirements grant to directors, officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company's common shares issued and outstanding at the time of granting stock options.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

There were no options outstanding at September 30, 2016 and 2015.

Warrants

A continuity of the Company's warrants is as follows:

(Expressed in Canadian dollars)

9. SHARE CAPITAL (Continued)

	Warrants	Weighted average exercise price $	Weighted average number of years to expiry
Balance, September 30, 2014	-	-	-
Issued - Private Placement	10,035,000	0.05	4.53
Balance, September 30, 2015	10,035,000	0.05	4.53
Warrants exercised	(10,035,000)	0.05	-
Balance, September 30, 2016	-	0.05	3.53

Reserves

Share-Based Payment Reserve
The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Investment Revaluation Reserve
The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses on monetary items.

10. RELATED PARTY TRANSACTIONS

<u>Transactions with key management and directors</u>
During the years ended September 30, 2016 and 2015, the Company had the following transactions with related parties:

	Nature of fees	2016	2015
		$	$
Directors of the company	Consulting	3,300	-

Revenue
In August 2016, the Company entered into a revenue collection agreement with a company with a common director, who collected management and rental income on behalf of the Company. During the year end, the company with a common director collected $34,650 (2015 - $nil) of management and rental income on behalf of the Company. In return, the Company paid $3,000 (2015 - $Nil) for service fee. As at September 30, 2016, the outstanding balance of $34,650 (2015 - $nil) from a company with common director is included in accounts receivable.

Amounts due to and from related parties are non-interest bearing, unsecured, with no terms of repayment.

10. RELATED PARTY TRANSACTIONS (continued)

During the year ended September 30, 2016, the Company earned gross management income of $24,000 (2015 - $Nil) and consulting income of $19,600 (2015 - $Nil) from companies with common directors or management.

As at September 30, 2016, an outstanding balance of $9,450 (2015 - $nil) of the management and consulting income from companies with common directors or management is included in accounts receivable.

Note receivable
On September 15, 2016, the Company advanced $1,225,000 to a company with a common director. The loan bears interest at 3% per annum, is unsecured and due on demand (Note 6).

On September 23, 2016, the Company advanced $12,000 to a company with common management. This loan bears interest at 3% per annum, is unsecured and due on demand (Note 6).

Notes payable
On August 10, 2016, the Company entered into a loans agreement with a company with common directors for principal of $850,000. The note bears interest at 3% per annum, is unsecured and due on demand. As of September 30, 2016, the accrued interest payable is $3,563 (Note 8).

11. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market risk
Market risk is the risk that the fair value of, or future cash flows from the Company's investment in marketable securities will significantly fluctuate because of changes in market prices. The Company is exposed to market risk or equity risk or equity price risk in trading its investment and unfavorable market conditions could result in dispositions of investments at less than favorable prices. Additionally, the Company marks its investments to market in accordance with the accounting policies at each reporting period. This process could result in significant write-downs of the Company's investment over one or more reporting periods, particularly during periods of declining resource markets.

Market risk includes price risk, interest rate risk and currency risk as well as factors specific to an individual investment or its issuer or risk specific to a certain market. Market risk is managed principally through diversification of investments. Management monitors the overall market risk position on a quarterly basis.

11. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Price risk
The Company is exposed to price risk in relation to listed marketable securities held as available-for-sale and FVTPL investment, assessed as high.

Interest rate risk
Interest risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

Currency risk
Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk as the Company does not hold financial instrument denominated in foreign currency.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to risk is on its note receivable due from a company with common directors. The borrower does not currently have sources of revenue from operations; however, management considers that it holds sufficient liquid assets to repay the balance on demand. The Company's secondary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, taking into account its anticipated cash flows from operations and its holding of cash.

(Expressed in Canadian dollars)

11. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Classification of Financial Instruments

Financial assets and liabilities included in the statement of financial position are as follows:

	September 30, 2016	September 30, 2015
	$	$
Loans and receivables		
Cash	50,323	28,060
Receivables	61,520	-
Note receivable	1,238,538	-
FVTPL		
Investments held for trading	360,800	4,000
Available for sale		
Investments	2,286,006	1,182,237
	3,997,187	1,214,297

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2016	September 30, 2015
	$	$
Non-derivative financial liabilities:		
Trade payables	96,334	9,749
Due to related parties	42,000	-
Note payable	978,762	-
	1,117,096	9,749

Fair value

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

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.

Investments consist of common shares and share purchase warrants of Canadian public companies (Note 3). The fair value measurement of the common shares is classified as level 1. The fair value measure of the share purchase warrants is classified as level 3 as the fair value estimate incorporates expected future volatility which is not based on observable market data. A 10% increase in the volatility rate for the share purchase warrants would decrease the fair value estimate of the warrants by approximately $5,000.

(Expressed in Canadian dollars)

12. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to sustain future development of the business. The capital structure of the Company consists of cash, marketable securities, and common shares as capital.

There are no restrictions on the Company's capital and there were no changes in the Company's approach to capital management during the year.

13. INCOME TAX

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	September 30, 2016	**September 30, 2015**
	$	$
Net Income (loss) before taxes	535,481	(2,695,109)
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory tax rate	139,225	(700,728)
Non-deductible items and other	(12,487)	337,908
Adjustments to prior years provision versus stator tax returns	28,301	-
Expiration of non-capital losses	-	68,736
Other	-	137,752
Current and prior year tax attributes not recognized	(155,039)	156,332
Income tax expense	-	-

The Company has the following taxable temporary differences for which no deferred tax asset has been recognized:

	September 30, 2016	**September 30, 2015**
	$	$
Capital losses	544,787	559,077
Non-capital loss carry-forwards	142,834	142,916
Capital assets	50,914	50,914
Marketable securities	466,283	606,950
Less: valuation allowance	(1,204,818)	(1,359,857)
Net deferred tax liability	-	-

As at September 30, 2016, the Company has non-capital losses totaling $550,000 that may be carried forward to reduce taxable income derived in future years from 2017 to 2036.