GOLDREA RESOURCES CORP.

Consolidated Financial Statements
(Expressed in Canadian dollars unless otherwise stated)

Years ended July 31, 2017 and 2016

Mao & Ying LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of **Goldrea Resources Corp.**

We have audited the accompanying consolidated financial statements of Goldrea Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the 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.

Auditors' responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 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 auditors' 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 auditors consider 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 the Company as at July 31, 2017 and 2016, 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 consolidated financial statements which describes matter and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Mao & Ying LLP

Vancouver, Canada,
November 29, 2017

Chartered Professional Accountants

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GOLDREA RESOURCES CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars Unless Otherwise Stated)

	Note	July 31 2017	July 31 2016
Assets			
Current assets			
Cash and cash equivalents		$ 4,250	$ 54,959
Marketable securities	5	9,100	-
Accounts receivable		7,254	2,197
Prepaid expenses		8,952	25,000
		29,556	82,156
Non-current Assets			
Due from related parties	6	-	2,556
Long-term deposits	7	46,000	56,000
Equipment	8	4,786	5,370
Exploration and evaluation assets	9	1	2
		50,787	63,928
Total Assets		$ 80,343	$ 146,084
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 80,519	$ 41,428
Due to related parties	6	41,065	-
		121,584	41,428
Equity			
Share capital	10	29,444,476	28,882,173
Subscription (receivable) received	10	(1,200)	219,300
Reserves	10	2,080,260	1,924,496
Accumulated other comprehensive income	5	1,554	-
Accumulated deficit		(31,566,331)	(30,921,313)
Total (deficiency) equity		(41,241)	104,656
Total liabilities and equity		$ 80,343	$ 146,084

Going concern (Note 1)
Commitments (Note 13)
Subsequent events (Note 16)

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

On behalf of the Board of Directors:

"Larry Reaugh" Director

"Jim Elbert" Director

GOLDREA RESOURCES CORP.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Note	Year ended July 31, 2017	2016
Expenses:			
Depreciation	8	$ 1,352	$ 2,408
Consulting fees		182,800	98,067
Office and administration		14,490	44,843
Professional fees		26,469	19,736
Rent	6	6,435	6,380
Shareholder communication		83,306	2,787
Transfer agent and filing fees		20,088	9,436
Stock based compensation	10	149,685	44,228
Write-down of marketable securities	5	-	19,823
Write-down of receivables		-	19,205
Write-off of accounts payable		-	(41,000)
Write-down of exploration and evaluation assets	9	194,729	199,999
Loss before other items		679,354	425,912
Other items:			
Investment income (loss)	5	33,447	(3,707)
Foreign exchange gain (loss)		343	(1,143)
		33,790	(4,850)
Net loss for the year before income tax		(645,564)	(430,762)
Deferred income tax recovery	12	546	-
Net loss for the year		$(645,018)	(430,762)
Other comprehensive income (loss)			
Unrealized fair value adjustments on available-for-sale marketable securities, net of tax	5	26,096	(2,973)
Realized loss on available-for-sale marketable securities, net of tax	5	(24,542)	22,798
Comprehensive loss for the year		$ (643,464)	$ (410,937)
Loss per share - basic and diluted		$(0.03)	(0.04)
Weighted average number of common shares outstanding – basic and diluted		21,940,377	11,863,843

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

GOLDREA RESOURCES CORP.

Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars Unless Otherwise Stated)

	Share capital						
	Number of shares	Share capital	Reserves	Share subscription received (receivable)	Accumulated comprehensive income (loss)	Deficit	Total equity (deficiency)
	#	$	$	$	$	$	$
Balance, July 31, 2015	11,329,925	28,660,573	1,865,868	15,000	(19,825)	(30,490,551)	31,065
Issued for mineral property	2,000,000	200,000	-	-	-	-	200,000
Private placement	720,000	21,600	14,400	(15,000)	-	-	21,000
Share subscription received	-	-	-	219,300	-	-	219,300
Share-based compensation	-	-	44,228	-	-	-	44,228
Net loss	-	-	-	-	-	(430,762)	(430,762)
Other comprehensive income	-	-	-	-	19,825	-	19,825
Balance, July 31, 2016	14,049,925	28,882,173	1,924,496	219,300	-	(30,921,313)	104,656
Issued for mineral properties (Note 9)	1,800,000	90,000	-	-	-	-	90,000
Shares issued for services (Note 10)	404,200	29,258	-	-	-	-	29,258
Private placement, net of finders' fees	7,575,000	443,045	6,079	(220,500)	-	-	228,624
Share-based compensation	-	-	149,685	-	-	-	149,685
Net loss	-	-	-	-	-	(645,018)	(645,018)
Other comprehensive income, net (Note 5)	-	-	-	-	1,554	-	1,554
Balance, July 31, 2017	23,829,125	29,444,476	2,080,260	(1,200)	1,554	(31,566,331)	(41,241)

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

GOLDREA RESOURCES CORP.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars Unless Otherwise Stated)

	Year ended July 31, 2017	2016
Cash Flow from Operating Activities:		
Net loss for the year before income tax	(645,564)	(430,762)
Items not affecting cash:		
Depreciation	1,352	2,408
(Gain) loss on disposal of marketable securities	(33,165)	4,046
Shares issued for services	29,258	-
Stock-based compensation	149,685	44,228
Write-down of marketable securities	-	19,823
Write-down of receivables	-	19,205
Write-off of accounts payable	-	(41,000)
Write-down of exploration and evaluation assets	194,729	199,999
	(303,705)	(182,053)
Changes in non-cash working capital:		
Amounts receivable	(5,057)	63
Prepaid expenses	(8,952)	(25,000)
Due from related parties	2,556	29,041
Accounts payable and accrued liabilities	39,091	(28,953)
Due to related parties	41,065	(4,042)
Cash used in operating activities	(235,002)	(210,944)
Cash Flow from Financing activities:		
Shares issued for cash	447,924	21,000
Share subscription received	(219,300)	219,300
Cash provided by financing activities	228,624	240,300
Cash Flow from Investing activities:		
Mineral property and exploration and evaluation assets	(69,728)	-
Prepayment on acquisition of mineral property		(10.000)
Equipment	(768)	-
Proceeds on disposal of marketable securities	26,165	954
Cash used in investing activities	(44,331)	(9,046)
(Decrease) increase in cash and cash equivalents	(50,709)	20,310
Cash and cash equivalents, beginning of year	54,959	34,649
Cash and cash equivalents, end of year	$ 4,250	$ 54,959
Income taxes paid	-	-
Interest expenses paid	-	-
Non-cash transactions		
Shares issued for exploration and evaluation assets	90,000	200,000
Shares issued for services	29,258	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Goldrea Resources Corp. (the "Company") was incorporated under the British Columbia Business Corporations Act on March 2, 1981. The Company is in the business of exploration and development of mineral properties and is currently in the exploration stage of its exploration and evaluation assets. The address of the Company's corporate office is 5th floor, 543 Granville Street, Vancouver, British Columbia, Canada V6C 1X8. The Company's common shares are traded on the Canadian Securities Exchange under the symbol "GOR".

These consolidated financial statements have been prepared assuming the Company will continue on a going concern basis which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course for the foreseeable future. If the going concern assumptions were not appropriate for these consolidated financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the balance sheet classifications.

The Company has incurred losses since inception. As at July 31, 2017, the Company had an accumulated deficit of $31,566,331 and working capital deficiency of $92,028.

The Company has to raise additional financing in order to meet its obligations for the next twelve months. The ability of the Company to continue as a going concern depends upon its ability to raise the additional debt or equity financing or achieve profitable operations. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms favorable to the Company. These factors raise significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities, contingent obligations and commitments in other than the normal course of business and at amounts different from those in these consolidated financial statements.

2. Basis of preparation:

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

The consolidated financial statements were authorized for issue by the Board of Directors on November 29, 2017

b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale financial assets, which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

2. Basis of preparation (continued)

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Notes 3 o) and p).

3. Significant accounting policies

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, Goldrea USA Inc. and Goldrea Peru S.A.

All inter-company balances and transactions have been eliminated upon consolidation.

b) Foreign currency

The functional currency and the presentation currency of the Company and its subsidiaries is the Canadian dollar.

i) Foreign currency translation

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date and non-monetary assets and liabilities are translated at historical rates. Foreign currency gains and losses arising from translation are included in profit or loss.

ii) Foreign operations

For consolidation purposes, the assets and liabilities of foreign operations are translated to the presentation currency using the exchange rate prevailing at the financial position date. The income and expenses of foreign operations are translated to the presentation currency using the average rates of exchange during the year. All resulting exchange differences are recognized directly in other comprehensive income (loss).

c) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale and other 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. The classification and measurement of the Company's financial instruments are disclosed in Note 14 of these consolidated financial statements.

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. They are initially and subsequently recorded at fair value and changes in fair value are recognized in profit or loss for the period.

3. Significant accounting policies (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and such assets are recognized initially at fair value and subsequently on an amortized cost basis using the effective interest method, less any impairment losses. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivable includes cash and cash equivalents, accounts receivable and due from related parties.

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 initially recorded at fair value and 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. The Company did not have financial instruments classified at held-to-maturity as at July 31, 2017 and 2016.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and are measured initially and subsequently at fair value. Marketable securities have been classified as available-for-sale. Unrealized gains and losses are recognized in other comprehensive income (loss), except for impairment losses.

Non-derivative financial liabilities (excluding financial guarantees) are recorded at the date of obligation at fair value and are subsequently measured at amortized cost using the effective interest method. Other financial liabilities include account payable and accrued liabilities, and due to related parties. Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

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 and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

d) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash and have maturity dates of three months or less from the date of purchase. As at July 31, 2017 and 2016, the Company did not have cash equivalents.

e) Marketable securities

Marketable securities include publicly traded common shares received as proceeds of mineral property option transactions and "share-for-debt" settlements of prior related party intercompany balances.

Marketable securities have been classified as available-for-sale and are carried at fair value based on quoted market prices.

3. Significant accounting policies (continued)

f) Equipment

Equipment is carried at acquisition cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any cost directly attributable to bringing the asset to the location and condition necessary for its intended use and initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is calculated using the following annual rates, which are used to estimate the useful lives of the assets:

Asset	Basis	Rate
Office equipment	Declining balance	20%
Furniture and fixtures	Declining balance	20%
Computer hardware	Declining balance	30%

Equipment used in exploration and evaluation activities, where substantially all the economic life or value of the asset is expected to be derived from a specific project, are accounted for as dedicated assets and included as a separate category within the costs allocated to the related exploration stage exploration and evaluation assets. Amortization for dedicated assets is recorded as exploration and evaluation expenditure of the related project.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

g) Exploration and evaluation assets

These assets relate to mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are in the exploration or pre-development stage. Once a right to explore a mineral property has been secured, exploration and evaluation expenditures are capitalized and 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. Costs incurred before the Company has obtained the legal rights to explore a mineral property are expensed as incurred.

Government tax credits and option payments received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if i) sufficient data exist to determine technical feasibility and commercial viability, and ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Facts and circumstances that the company considered are:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

3. Significant accounting policies (continued)

g) Exploration and evaluation assets (continued)

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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 pretax 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.

h) Impairment of long-lived assets

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.

i) Decommissioning obligations

The liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows. As at July 31, 2017 and 2016, the Company did not have material decommissioning obligations.

j) Share capital

Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on fair value on the date of issue.

The company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned with a value based on residual method and included in equity. Warrants that are issued as payment for agency fee or other transaction costs are valued using the Black-Scholes option pricing model.

3. Significant accounting policies (continued)

k) Share-based payments

The Company has an employee share purchase option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over their respective vesting periods. Share-based payments to non-employees are measured at the 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 in equity as the option reserve. The fair value of options is determined using a Black-Scholes pricing model, which incorporates all market vesting conditions. The number of 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. The expected term to exercise is based upon historical data of the average hold period before exercise.

Expected volatility is estimated with reference to the historical share price volatility of the Corporation's share price.

l) Income taxes

Income taxes are recorded using the balance sheet method whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the balance sheet carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment or substantive enactment occurs. A deferred tax asset is recognized only if it is probable that a deferred tax asset will be recovered. The Company does not recognize deferred tax asset or liability arising on initial recognition where the transaction is not a business combination and at the time of transaction, there is no impact on accounting profit or taxable profit.

m) Loss per share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants. Due to the losses for the years ended July 31, 2017 and 2016, basic loss per share is equal to dilutive loss per share for the periods presented.

n) Other comprehensive income (loss)

Other comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net income such as unrealized gains or losses on available-for-sale investments and transaction gains or loses on translation of foreign operations to the presentation currency of the Canadian dollar. Other compressive income (loss) for the years ended July 31, 2017 and 2016 comprised of gains or losses on available-for-sale securities marked to the market at the year end quoted market price.

3. Significant accounting policies (continued)

o) Critical accounting estimates

Critical accounting estimates that management has made in the process of applying the Company's accounting policy are:

i) Impairment of exploration and evaluation assets

Management assesses capitalized exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of any such assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment. Refer to Notes 3 g) and 9 for more information.

ii) Share-based compensation

The Company uses the fair value method of valuing compensation expenses associated with the Company's share-based compensation plan. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options. Refer to Note 10 for more information.

p) Critical accounting judgments

Critical accounting judgments that management has made in the process of applying the Company's accounting policy and that have the most significant effect on the amounts recognized in the consolidated financial statements are limited to management's assessment of the Company's ability to continue as a going concern. Refer to Note 1 for more information.

4. Accounting pronouncements issued but not yet effective

The following is the overview of new accounting standards that the Company is required to adopt in future years. The following pronouncements are those that the Company considers most significant and are no intended to be a complete list of new pronouncements that effect the financial statements. The Company does not expect to adopt any of these standards before their effective dates. The Company continues to evaluate the impact of these standards on its consolidated financial statements.

a) IFRS 9 Financial Instruments ("IFRS 9") was issued by the IASB on July 24, 2014 and will replace IAS 39 Financial instruments: recognition and measurement. IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(Expressed in Canadian Dollars Unless Otherwise Stated)

4. Accounting pronouncements issued but not yet effective (continued)

b) IFRS 15, Revenue from Contracts with Customers ("IFRS 15") which was issued by the IASB in May 2014, supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC13, Customer Loyalty Programs, IFRIC15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC 31, Revenue – Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and certainty of revenue and cash flows arising from a contract with a customer. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

c) IFRS 16 Leases was issued in January 2016 by IASB eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operation leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use assets. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption is permitted.

5. Marketable securities

The following tables show the fair value impact of marketable securities, classified as available for sale investment, on the Company:

July 31, 2017	Fair value	Cost
American Manganese Inc. (*)	$	$
70,000 common shares	9,100	7,000

July 31, 2016	Fair value	Cost
American Manganese Inc. (*)		
198,234 common shares	-	19,823

* A director of the Company is also a director and officer of American Manganese Inc. (“AMI”). During the year ended July 31, 2017, the Company had disposed of 128,234 shares and recorded a disposal gain of $33,447 in income statement. During the year ended July 31, 2016, the Company had recorded an impairment charge of $19,823 relating to AMI.

Accumulated other comprehensive income continuity is as follows:

	$
Accumulated other comprehensive income (loss) at July 31, 2015	(19,825)
Fair value adjustment on available-for-sale marketable securities, net of tax $nil	(2,973)
Transferred to statement of loss upon disposition of available-for-sale marketable securities, net of tax $nil	2,973
Transfer to statement of loss , net of tax $nil	19,823
Accumulated other comprehensive income at July 31, 2016	-
Fair value adjustment on available-for-sale marketable securities, net of tax of $9,169	26,096
Realized gain on available-for-sale marketable securities, net of tax of $8,623	(24,542)
Accumulated other comprehensive income at July 31, 2017	1,554

(Expressed in Canadian Dollars Unless Otherwise Stated)

6. Related party transactions

The related party transactions are in the normal course of business and are measured at the exchange amount which is the amount agreed to by the related parties. Details of transactions with related parties that are not disclosed elsewhere in these consolidated financial statements are disclosed below:

		July 31, 2017		July 31, 2016
Due from directors and officers of the Company	$	-	$	2,556
Due to directors and officers of the Company	$	41,065	$	-

Amounts due to and from officers, directors and companies with common directors are interest free, unsecured and have no specified terms of repayment. They have arisen from the provision of services and expense reimbursements or advances.

During the year ended July 31, 2017, consulting fees of $120,000 (2016 - $96,000) were recorded to directors and officers of the Company. The Company uses the home space of one officer who is also a director of the Company as the office, the Company incurred $6,435 (2016 - $6,380) in office rent for the year ended July 31, 2017. Key management includes the chief executive officer, chief financial officer and the directors of the Company. The compensation paid or payable to key management for services, excluding the share-based payments during the years ended July 31, 2017 and 2016 is disclosed above. During the year ended July 31, 2017, key management received share-based payments of $119,748 (2016 - $32,434). Key management personnel were not paid post-employment benefits or other long-term benefits during the years ended July 31, 2017 and 2016. (Also see Note 5)

7. Long Term Deposits

	July 31, 2017	July 31, 2016
	$	$
Reclamation deposits (*)	34,500	34,500
Corporate credit security deposit (*)	11,500	11,500
Non-refundable deposit for property acquisition (Note 9 (a)(iii))	-	10,000
	46,000	56,000

* Reclamation deposits and security deposit represent restricted cash and consist of the Guaranteed Investments Certificates ("GICs") which has been placed in a financial institution.

(Expressed in Canadian Dollars Unless Otherwise Stated)

8. Equipment

	Office equipment	Furniture and fixtures	Computer equipment	Total
	$	$	$	$
Costs				
Balance, July 31, 2015	32,111	22,108	41,024	95,243
Additions	-	-	-	-
Balance, July 31, 2016	32,111	22,108	41,024	95,243
Additions	-	-	768	768
Balance, July 31, 2017	32,111	22,108	41,792	96,011
Accumulated Depreciation				
Balance, July 31, 2015	28,504	20,239	38,722	87,465
Depreciation	1,344	372	692	2,408
Balance, July 31, 2016	29,848	20,611	39,414	89,873
Depreciation	454	299	599	1,352
Balance, July 31, 2017	30,149	21,063	40,013	91,225
Carrying Amounts				
July 31, 2016	2,263	1,497	1,610	5,370
July 31, 2017	1,962	1,045	1,779	4,786

(Expressed in Canadian Dollars Unless Otherwise Stated)

9. Exploration and evaluation assets

	July 31, 2015	Expenditures	Write-downs	July 31, 2016	Expenditures	Write-downs	July 31, 2017
	$	$	$	$	$	$	$
Canada							
Crowrea Property							
Others	-	-	-	-	500	(500)	-
	-	-	-	-	500	(500)	-
Empress Property (a) (i)							
Acquisition	1	-	-	1	-	(1)	-
	1	-	-	1	-	(1)	-
Cannonball Property (a) (ii)							
Acquisition	-	200,000	(199,999)	1	-	-	1
Geological consulting	-	-	-	-	25,500	(25,500)	-
	-	200,000	(199,999)	1	25,500	(25,500)	1
Gaspe Lithium Property (a) (iii)							
Acquisition	-	-	-	-	40,000	(40,000)	-
Others	-	-	-	-	13,968	(13,968)	-
	-	-	-	-	53,968	(53,968)	-
Argos Property (a) (iv)							
Acquisition	-	-	-	-	37,500	(37,500)	-
	-	-	-	-	37,500	(37,500)	-
USA							
Lift Property (b) (i)							
Acquisition	-	-	-	-	77,260	(77,260)	-
	-	-	-	-	77,260	(77,260)	-
Total	1	200,000	(199,999)	2	194,728	(194,729)	1

a) Canada

(*i*) Empress Property, Osoyoos and Similkameen Mining Division

The Company acquired by staking a 50% interest in the Empress Mineral claim, which is partially owned by Nevada Clean Magnesium Inc. (formerly Molycor Gold Corporation). It is a molybdenum prospect in the middle of the Crowrea Property near Summerland, B.C. During the year ended July 31, 2017, the Company abandoned this property and let the titles of Empress Property lapse.

(*ii*) Cannonball Property

During the year ended July 31, 2016, the Company entered into an agreement (the “Cannonball Property Agreement”) to purchase 1,490 hectares, located approximately 15 kilometers northeast of the former Snip mine in the Iskut River district of northwestern B.C. Under the term of the agreement, the Company purchased a 100% interest in the property, for 2,000,000 shares of the Company and a 2% NSR royalty of which the Company can purchase one percent from the holder at any time for the sum of $1,000,000.

During the year ended July 31, 2016, the Company issued 2,000,000 shares of the Company in accordance with the Cannonball Property Agreement, these shares were valued at the Company’s common share’s trading price at the date of issuance.

9. Exploration and evaluation assets (continued)

a) Canada (continued)

(*iii*) Gaspe Lithium Property

During the year ended July 31, 2016, the Company entered into an agreement to acquire the Gaspe Lithium Property (the "Lithium Property Agreement"), located approximately 75 kilometers northwest of the city of Gaspe, Quebec. Under the term of the Lithium Property Agreement, the Company paid a $10,000 non-refundable deposit and agreed to issue 600,000 shares of the Company to the vendors upon final transfer of the claims by the Quebec government.

During the year ended July 31, 2017, the Gaspe Lithium Property's title was transferred to the Company and the Company issued 600,000 shares value at the Company's common share trading price at the date of issuance.

(i*v*) Argos Property

During the year ended July 31, 2017, the Company entered into an agreement to acquire the Argos Property, located in Windfall Lake, Quebec (the "Argos Property Agreement"). Under the term of the Argos Property Agreement, the Company paid a $2,500 for staking costs and issued 700,000 shares of the Company, valued at the Company's common share trading price at the date of issuance, to the vendors.

b) United States ("USA")

(*i*) Lift Property:

During the year ended July 31, 2017, the Company entered into an agreement to purchase a 100% interest in a lithium prospect (the "Lift Property Agreement"), known as the Lift Property, located in the Clayton Valley, Esmeralda County, Nevada. USA. The Lift Property is comprised by sixty lode claims covering approximately 1200 acres of land. The claims are situated adjacent to Noram's lithium property and in proximity to Pure Energy and Cypress' interests in the Clayton Valley. Consideration for the acquisition consists of US$30,000 cash, 500,000 common shares of the Company, and a 3% net smelter return royalty which can be bought back for US$2.5 million. During the year ended July 31, 2017, the Company paid US$15,000 and issued 500,000 shares of the Company valued at the Company's common share trading price at the date of issuance. In connection with the Lift Property Agreement, the Company agreed to pay the remaining US$15,000 on or before October 7, 2017 (unpaid). As at July 31, 2017, the Lift Property title has not been transferred to the Company.

c) Impairment of exploration and evaluation assets

As at July 31, 2016, the Company had no budgeted or planned exploration on Cannonball Property for the next twelve months and, accordingly, the Company wrote down Cannonball Property to $1. During the year ended July 31, 2017, the Company abandoned Empress Property and let its title lapsed, therefore, the balance of this property is written off. As at July 31, 2017, the Company had no budgeted or planned exploration on Gaspe Lithium, Argpos and Lift Property for the next twelve months and, accordingly, the Company wrote down these properties to $nil.

10. Share capital and reserves

a) Authorized

Authorized share capital comprises an unlimited number of common shares without par value.

b) Issued

As at July 31, 2017, there were 23,829,125 issued common shares. (July 31, 2016 – 14,049,925)

In February 2016, the Company completed a non-brokered private placement by sale of 720,000 units at a price of $0.05 per unit, for total proceeds of $36,000 (of which $15,000 has been received during the year ended July 31, 2015). Each unit is comprised of one common share of the Company and one share purchase warrant. Each share purchase warrant entitles its holder to acquire one common share of the Company at an exercise price of $0.10 per share up to February 3, 2017. The Company has allocated $21,600 to common shares and $14,400 to share purchase warrants by applying the residual method.

In August 2016, the Company issued 7,575,000 common shares in connection with the completion of a private placement at a price of $0.06 per unit, for total proceeds of $454,500 (of which $219,300 has been received during the year ended July 31, 2016). Each unit is comprised of one common share of the Company and one half of the share purchase warrant. Each whole share purchase warrant entitles its holder to acquire one common share of the Company at an exercise price of $0.12 per share for one year period from the private placement completion date. The Company also paid $5,376 cash and issued 89,600 share purchase warrants with a fair value of $6,079 as a finder's fee in connection with this private placement. The total transaction costs of $11,455 were recorded as a reduction from the share capital issued. The finder's share purchase warrants have the same terms of the share purchase warrants issued under the private placements. The Company has allocated $443,045 to common shares and $nil to share purchase warrants by applying the residual method. As at July 31, 2017, the subscription proceeds in the amount of $1,200 have not been received.

In May 2017, 404,200 common shares of the Company were issued for two arm's-length service providers to settle a portion of outstanding debts incurred by the Company in the amount of $29,258. The 404,200 common shares are subject to a four-month hold period. Also see Note 13.

During the year ended July 31, 2017, the Company also issued 1,800,000 common shares in connection with the acquisition of exploration and evaluation assets (see Note 9).

c) Stock options

The Company has a stock option plan that provides for the issuance of options to its directors, officers, employees and consultants. The options have a maximum term of five years.

During the year ended July 31, 2016, the Company granted 1,500,000 stock options to its directors, officers and consultants to acquire common shares of the Company at an exercise price of $0.05 per share expiring in five years from the date of grant. These stock options vest immediately at the grant date. The fair value of the options granted was estimated to be $0.03 per option, using the Black-Scholes options pricing model.

During the year ended July 31, 2017, the Company granted 1,500,000 stock options to its directors, officers and consultants to acquire common shares of the Company at an exercise price of $0.10 per share expiring in five years from the date of grant. These stock options vest immediately at the grant date. The fair value of the options granted was estimated to be $0.10 per option, using the Black-Scholes options pricing model with the following assumptions:

(Expressed in Canadian Dollars Unless Otherwise Stated)

10. Share capital and reserves (continued)

c) Stock options (continued)

	2017	2016
Risk-free interest rate	0.72%	0.58%
Expected dividend yield	0%	0%
Expected stock price volatility	251%	294%
Expected forfeitures	0%	0%
Expected option life in years	5 years	5 years

The total share-based compensation expense for the year ended July 31, 2017 was $149,685 (2016 - $44,228) representing general and administrative related services.

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance, outstanding and exercisable, July 31, 2015	-	$ -
Issued	1,500,000	$ 0.05
Balance, outstanding and exercisable, July 31, 2016	1,500,000	$ 0.05
Issued	1,500,000	$ 0.10
Balance, outstanding and exercisable, July 31, 2017	3,000,000	$0.075

The remaining contractual life for the stock options outstanding as at July 31, 2017 is 3.82 years.

The following summarizes information about stock options outstanding and exercisable at July 31, 2017:

Number of share outstanding and exercisable	Expiry date	Exercise price
1,500,000	February 2, 2021	$0.05
1,500,000	September 15, 2021	$0.10
3,000,000		

d) Share purchase warrants

	Number of share purchase warrants		Weighted average exercise price
Balance, July 31, 2015	3,792,000	$	0.08
Issued	720,000		0.10
Expired	(3,792,000)		0.08
Balance, July 31, 2016	720,000	$	0.10
Issued	3,877,100		0.12
Expired	(720,000)		0.10
Balance, July 31, 2017	3,877,100	$	0.12

The following table summarizes information about share purchase warrants outstanding at July 31, 2017. All warrants are expired without being exercised subsequent to the year end.

Number of warrants	Exercise price	Expiry date
3,877,100	$0.12	August 18, 2017

(Expressed in Canadian Dollars Unless Otherwise Stated)

11. Segmented information

The Company's mineral properties are located in three geographic regions, Canada, USA and Peru, and its corporate assets are located in Canada. A summary of total assets and net loss by geographic region is as follows:

		July 31, 2017		Jul 31, 2016
Net loss for the year				
Canada	$	568,304	$	383,221
Peru		-		47,541
USA		77,260		-
	$	645,564	$	$ 430,762
Exploration and evaluation assets				
Canada	$	1	$	2
USA		-		-
	$	1	$	2
Assets				
Canada	$	80,259	$	146,000
USA		84		84
	$	80,343	$	146,084

12. Income taxes

a) Income taxes

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax expense for the years ended July 31, 2017 and 2016 is as follow:

	2017	2016
Net loss before income tax	(645,018)	(430,762)
Combined statutory tax rate	26%	26%
	$	$
Computed tax recovery	(167,705)	(111,998)
Change in deferred tax not recognized	175,976	93,059
Other	(8,817)	18,939
Deferred income tax recovery	(546)	-

b) Deferred tax assets have not been recognized with respect to the following

	2017	2016
	$	$
Deductible temporary difference	985,000	934,000
Tax losses	2,379,000	2,254,000
	3,364,000	3,188,000

The Corporation has Canadian tax loss carry forwards as approximately $9,102,000 as at July 31, 2017. The non-capital losses in Canada expire at various dates from 2024 to 2036.

No deferred tax asset has been recognized in respect of the above as the Company does not have any source of taxable income and there is uncertainty as to whether the Company will earn taxable income in the future. As a result, it is not currently probable that the benefit of such amounts will be realized.

(Expressed in Canadian Dollars Unless Otherwise Stated)

13. Commitments

a) On April 24, 2015, the Company signed an agreement (the "Agreement") with Canadian Mining S. A. ("CMSA"), a Peruvian company to jointly build and operate a gold processing plant at Peru (the "Plant"). In May 2015, the Company incorporated a wholly owned subsidiary in Peru to hold the Plant and CMSA was appointed as the manager for the Plant's operations in accordance with the Agreement. Pursuant to the Agreement, the Company is first entitled to all of the available distributable cash up to an amount equal to the start-up cost incurred by the Company, any subsequently available distributable cash will be distributed to the Company and CMSA at the ratio of 80%/20%, respectively (collectively, the "Distribution"). CMSA is entitled to a bonus of $20,000 once the plant has processed minerals at 70% of the mills' total capacity for 30 consecutive days, and another one-time bonus of $100,000 if the after tax net profit from the Plant's operations is equal to or greater than $1 million for any calendar month (collectively, the "CMSA Payments").

The Plant did not have significant operations in 2016 and no Distributions or CMSA Payments were made. The Company terminated CMSA Agreement in 2016. .

b) During the year ended July 31, 2017, the Company entered into a master services agreement (the "MSA") for investors' relation service. Pursuant to which the Company agreed to pay US$40,500 (of which US$36,500 will be paid in form of the Company's common shares totalling 608,400) for the initial service order covering for the period from March 2017 to March 2018. During the year ended July 31, 2017, the Company issued 304,200 common shares to the vendor under the terms of MSA (Note 10).

14. Financial risk management

a) Categories of financial instruments

	July 31, 2017 $	July 31, 2016 $
Financial assets		
Loans and receivables		
Cash and cash equivalents	4,250	54,959
Due from related parties	-	2,556
Long-term deposits	46,000	46,000
Available for sale financial assets		
Marketable securities	9,100	-
	53,350	103,515
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	80,519	41,428
Due to related parties	41,065	-
	121,584	41,428

b) Fair value of financial instruments

The Company classified its fair value measures within a fair value hierarchy, which reflects the significance of inputs used in making the measurements as defined in IFRS 7 – Financial Instruments: Disclosures.

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities inactive markets; quoted prices for identical or similar assets and liabilities in market that are not active; or other inputs that are observable or can be corroborated by observable market data.

14. Financial risk management: (continued)

b) Fair value of financial instruments (continued)

Level 3 – Unobservable inputs, which are supported by little or no market activity.

The fair values of the Company's financial instruments approximate their carrying values as at July 31, 2017 and 2016. Fair values were obtained by Level 1 hierarchy inputs for marketable securities.

The fair values of cash and cash equivalents, marketable securities, accounts receivable, reclamation deposits, corporate credit card security deposit, due from/to related parties and accounts payable and accrue liabilities approximate their carrying values as at July 31, 2017 and 2016. Fair values were obtained by Level 1 hierarchy inputs for marketable securities. Other than marketable securities, the Company does not have other financial instruments measured at recurring basis. The Company does not have financial instruments using level 2 or level 3 inputs.

c) Financial instruments risk

The Company is exposed in varying degrees to a variety of financial risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management procedures. The types of risk exposure and the way such exposure is managed are provided as follows:

(*i*) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, GICs held by bank for reclamation and corporate credit card security deposits and amounts receivable. Cash and GICs are with Schedule 1 banks or equivalent, with majority of cash held in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. The maximum exposure to credit risk is equal to the carry value of the financial assets.

(*ii*) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to assist in determining the funds required to support normal operating requirements on an ongoing basis, including capital development and exploration expenditures. As at July 31, 2017, the Company has a cash and cash equivalent balance of $4,250 (July 31, 2016 - $54,959) available to settle current liabilities. Accounts payable and accrued liabilities are due within the current operating period. As at July 31, 2017, the Company had a working capital deficit of $92,028 (July 31, 2016 – working capital of $40,728). Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. See note 1 for additional discussion on going concern.

(*iii*) Market risk

The Company's primary market risk is in the areas of metal prices and foreign exchange risk on financial instruments denominated in other than Canadian dollars. At July 31, 2017, the Company had no hedging agreements in place with respect to metal prices or foreign exchange rates.

A) Commodity price risk

The Company has not generated any revenue since its inception. The company is not subject to significant price risk.

B) Currency risk

As at July 31, 2017, the Company does not hold the significant foreign currency financial assets and liabilities.

14. Financial risk management: (continued)

(c) Financial instruments risk (continued)

C) Equity price risk

Equity price risk arises from available-for-sale equity securities. The shares are publicly traded and market-prices are readily available. As at July 31, 2017, the marketable securities' carrying value is $9,100, equaling to the market value at July 31, 2017.

D) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents contain highly liquid investments that earn interest at market rates and have maturities of 90 days or less. The interest is typical of Canadian banking rates, which are presently low; however this conservative investment strategy mitigates the risk of deterioration to the investment. A change of 100 basis points in the interest rates would not be material to the financial statements.

15. Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders.

The properties in which the Company currently has an interest in are in the exploration and pre-development stages, as such, the Company does not recognize revenue from its exploration properties.

The Company's historical sources of capital have consisted of the sale of equity securities and interest income. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed. There were no changes in the Company's management of capital during the year ended July 31, 2017. The Company is not subject to externally imposed capital requirements.

16. Subsequent events

a) On August 18, 2017, the warrants granted to Haywood Securities Inc. for its finders services in relation to the August 2016 private placement were expired unexercised.

In October 2017, the Company announced a non-brokered private placement at a price of $0.06 per unit up to 5 million units and up to $300,000 in gross proceeds. Each unit comprises of one common share and one-half of a common share purchase warrant with an exercise price of $0.10 for a period of one year.

b) See Note 10 (d)