

GOLDREA RESOURCES CORP.

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

January 31, 2018 and 2017

GOLDREA RESOURCES CORPORATION.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GOLDREA RESOURCES CORP.

Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	Note	January 31 2018	July 31 2017
Assets			
Current assets			
Cash and cash equivalents		\$ 230,063	\$ 4,250
Marketable securities	5	-	9,100
Accounts receivable		90,068	7,254
Prepaid expenses		7,317	8,952
		327,448	29,556
Non-current Assets			
Due from related parties	6	-	-
Long-term deposits	7	46,000	46,000
Equipment	8	4,306	4,7896
Exploration and evaluation assets	9	11,266	1
		61,572	50,787
Total Assets		\$ 389,020	\$ 80,343
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 58,034	\$ 80,519
Due to related parties	6	23,065	41,065
		81,099	121,584
Equity			
Share capital	10	29,941,289	29,444,476
Subscription (receivable) received	10	(71,849)	(1,200)
Reserves	10	2,214,283	2,080,260
Accumulated other comprehensive income	5	-	1,554
Accumulated deficit		(31,775,802)	(31,566,331)
Total (deficiency) equity		307,921	(41,241)
Total liabilities and equity		\$ 389,020	\$ 80,343

Going concern (Note 1)
Commitments (Note 12)
Subsequent events (Note 1)

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

	Three months ended January 31,		Six months ended January 31,	
	2018	2017	2018	2017
Expenses:				
Depreciation	\$ 240	338	\$ 480	676
Consulting fees	24,000	46,150	48,000	101,300
Office and administration	3,829	893	5,510	4,085
Professional fees	12,549	7,379	12,549	7,379
Rent	1,635	3,200	4,905	4,800
Shareholder communication	120	-	120	11,650
Transfer agent and filing fees	4,872	4,872	6,862	9,408
Stock based compensation	134,023	-	134,023	149,685
Loss before other items	181,608	62,832	212,449	288,983
Other items:				
Investment income	3	3	5,073	112
Foreign exchange (loss) gain	(1,549)	-	(1,549)	725
	(1,546)	3		837
Net loss for the period before income tax	\$(183,154)	(62,829)	\$(208,925)	(288,146)
Deferred income tax recovery	-	-	(546)	-
Other comprehensive income (loss)				
Unrealized fair value adjustments on available-for-sale marketable securities, net of tax	-	-	5,224	-
Realized loss on available-for-sale marketable securities, net of tax	-	-	(3,6770)	-
Comprehensive loss for the period	\$(183,154)	(62,829)	\$(207,917)	(288,146)
Loss per share - basic and diluted	\$(0.01)	(0.00)	\$(0.01)	(0.01)
Weighted average number of shares outstanding – basic and diluted	25,893,566	20,142,860	24,861,345	11,329,925

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

GOLDREA RESOURCES CORP.

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

	Share capital			Share subscription received (receivable)	Accumulated comprehensiv e income (loss)	Deficit	Total equity (deficiency)
	Number of shares	Share capital	Reserves				
	#	\$	\$	\$	\$	\$	\$
Balance, July 31, 2016	14,049,925	28,882,173	1,924,496	219,300	-	(30,921,313)	104,656
Private Placement	7,575,000	443,045	6,079	(220,500)	-	-	228,624
Share based compensation	-	-	149,685	-	-	-	149,685
Loss and comprehensive loss	-	-	-	-	-	(225,317)	(225,317)
Balance, January 31, 2017	21,624,925	29,325,218	2,080,260	(1,200)	-	(31,146,630)	257,648
Issued for mineral property	1,800,000	90,000	-	-	-	-	90,000
Private placement	404,200	29,258	-	-	-	-	29,258
Net loss	-	-	-	-	-	(419,701)	(419,701)
Other comprehensive income	-	-	-	-	1,554	-	1,554
Balance, July 31, 2016	23,829,125	29,444,476	2,080,260	(1,200)	1,554	(31,566,331)	(41,241)
Private placement	8,072,980	471,813	-	(70,649)	-	-	471,813
Exercise of options	250,000	25,000	-	-	-	-	25,000
Share based compensation	-	-	134,023	-	-	-	134,023
Net loss	-	-	-	-	-	(209,471)	(209,471)
Other comprehensive income, net (Note 5)	-	-	-	-	(1,554)	-	(1,554)
Balance, January 31, 2018	32,152,105	29,941,289	2,214,283	(71,849)	-	(31,775,802)	307,921

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

GOLDREA RESOURCES CORP.

Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

	Three months ended January 31		Six months ended January 31	
	2018	2017	2018	2017
Cash Flow from Operating Activities:				
Net loss for the year	(183,154)	(62,829)	\$(208,925)	\$(288,146)
Items not affecting cash:				
Amortization	240	338	480	676
(Gain) loss on disposal of marketable securities	-	-	(4,960)	-
Stock based compensation	134,023	-	134,023	149,685
	(48,891)	(62,491)	(79,382)	(137,785)
Changes in non-cash working capital:				
Amounts receivable	(82,731)	(1,773)	(82,814)	(3,558)
Pre-paid expenses	-	-	1,635	(51,890)
Due from related parties	-	12,500	-	12,200
Accounts payable and accrued liabilities	(30,642)	996	(22,485)	(6,017)
Due to related parties	(39,000)	-	(18,000)	-
Cash used in operating activities	(201,264)	(50,768)	(201,046)	(187,050)
Cash Flow from Financing activities:				
Shares issued for cash	471,813	-	471,813	-
Options exercised	25,000	-	25,000	-
Share subscription received	(70,649)	-	(70,649)	210,624
Cash provided by financing activities	426,164	-	426,164	210,624
Cash Flow from Investing activities:				
Mineral property and exploration and evaluation costs	(500)	(627)	(11,265)	(53,387)
Equipment	-	-	-	(768)
Proceeds on disposal of marketable securities	-	-	11,960	-
Cash used in investing activities	(500)	(627)	695	(54,155)
Decrease in cash and cash equivalents	224,400	(51,396)	225,813	(30,581)
Cash and cash equivalents, beginning of period	5,663	75,774	4,250	54,959
Cash and cash equivalents, end of period	\$ 230,063	\$ 24,378	\$ 230,063	\$ 24,378
Income taxes paid			-	-
Interest expenses paid			-	-
Non-cash transactions				
Shares issued for exploration and evaluation assets			-	-
Shares issued for services			-	-

GOLDREA RESOURCES CORP.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars Unless Otherwise Stated)

For the Three and Six Months Ended January 31, 2018 and 2017

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 involved in the exploration and development of mineral properties located in North America and is currently in the exploration stage of its exploration and evaluation assets. The address of the Company's corporate and legal office is 543 Granville Street, Vancouver, British Columbia, Canada V6C 1X8. The Company's common shares are traded on the TSX Venture 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 January 31, 2018, the Company had an accumulated deficit of \$31,775,802 and working capital of \$246,349.

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 condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. These unaudited condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company's annual financial statements for the year ended July 31, 2017.

The condensed consolidated financial statements were authorized for issue by the Board of Directors on April 3, 2018.

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.

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(Expressed in Canadian Dollars Unless Otherwise Stated)

For the Three and Six Months Ended January 31, 2018 and 2017

2. Basis of preparation (continued):

c) 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.

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

The interim consolidated financial statements are presented in Canadian dollars unless otherwise stated. The 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.

GOLDREA RESOURCES CORP.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
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For the Three and Six Months Ended January 31, 2018 and 2017

3. Significant accounting policies (continued)

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.

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 January 31, 2018 and 2017.

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 January 31, 2018 and 2017, 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.

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Notes to the Interim Unaudited Condensed Consolidated Financial Statements
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For the Three and Six Months Ended January 31, 2018 and 2017

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;

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Notes to the Interim Unaudited Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars Unless Otherwise Stated)

For the Three and Six Months Ended January 31, 2018 and 2017

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 January 31, 2018 and 2017, 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.

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Notes to the Interim Unaudited Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars Unless Otherwise Stated)

For the Three and Six Months Ended January 31, 2018 and 2017

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 period ended January 31, 2018 and 2017, 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 losses on translation of foreign operations to the presentation currency of the Canadian dollar. Other comprehensive income (loss) for the period ended January 31, 2018 and 2017 comprised of gains or losses on available-for-sale securities marked to the market at the year end quoted market price.

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Notes to the Interim Unaudited Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars Unless Otherwise Stated)

For the Three and Six Months Ended January 31, 2018 and 2017

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 not 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.

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Notes to the Interim Unaudited Condensed Consolidated Financial Statements
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For the Three and Six Months Ended January 31, 2018 and 2017

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:

January 31, 2018	Fair value	Cost
American Manganese Inc. (*) nil common shares	\$ -	\$ -
July 31, 2017	Fair value	Cost
American Manganese Inc. (*) 70,000 common shares	9,100	7,000

* 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 period ended January 31, 2018, the Company had disposed of 70,000 shares and recorded a disposal gain of \$5,070 in the income statement.

Accumulated other comprehensive income continuity is as follows:

	\$
Accumulated other comprehensive income (loss) at July 31, 2016	-
Fair value adjustment on available-for-sale marketable securities, net of tax \$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
Fair value adjustment on available-for-sale marketable securities, net of tax of \$1,290	(5,224)
Realized gain on available-for-sale marketable securities, net of tax of \$744	3,670
Accumulated other comprehensive income at January 31, 2018	-

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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 of these consolidated financial statements are disclosed below:

	January 31, 2018	July 31, 2017
Due from directors and officers of the Company	\$ -	\$ -
Due to directors and officers of the Company	\$ 23,065	\$ 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 period ended January 31, 2018, consulting fees of \$48,000 (2017 - \$48,000) 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 \$4,905 (2017 - \$4,800) in office rent for the period ended January 31, 2018. 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 period ended January 31, 2018 and 2017 is disclosed above. During the period ended July 31, 2017, key management received share-based payments of \$nil (2016 - \$119,748). Key management personnel were not paid post-employment benefits or other long-term benefits during the period ended January 31, 2018 and 2017. (Also see Note 5).

7. Long Term Deposits:

	January 31, 2018	July 31, 2017
	\$	\$
Reclamation deposit (*)	34,500	34,500
Security deposit (*)	11,500	11,500
	56,000	46,000

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

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8. Equipment:

	Office equipment	Furniture and fixtures	Computer equipment	Total
	\$	\$	\$	\$
Costs				
Balance, July 31, 2016	32,111	22,108	41,024	95,243
Additions	-	-	-	-
Balance, July 31, 2017	32,111	22,108	41,024	95,243
Additions	-	-	768	768
Balance, January 31, 2018	32,111	22,108	41,792	96,011
Accumulated Depreciation				
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
Depreciation	100	180	200	480
Balance, January 31, 2018	30,249	21,243	40,313	91,705
Carrying Amounts				
July 31, 2017	1,962	1,045	1,779	4,786
January 31, 2018	1,862	865	1,579	4,306

9. Exploration and evaluation assets:

	July 31, 2016	Expenditures	Write- downs	July 31, 2017	Expenditures	Write- downs	Jan 31, 2018
	\$	\$	\$	\$	\$	\$	\$
Canada							
Cannonball Property (a) (i)							
Acquisition	1	-		1	-		1
Geological consulting		25,500	(25,500)		10,500		10,500
	1	25,500	(25,500)	1	10,500		10,501
Gaspe Lithium Property (a)							
Acquisition		40,000	(40,000)		-		-
Others		13,968	(13,968)		-		-
		53,968	(53,968)		-		-
Argos Property (a) (iii)							
Acquisition		37,500	(37,500)		765		765
		37,500	(37,500)		765		765
USA							
Lift Property (b) (i)							
Acquisition		77,260	(77,260)		-		-
		77,260	(77,260)		-		-
Total	2	194,728	(194,729)	1	11,265		11,265

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9. Exploration and evaluation assets (continued)

a) Canada

(i) 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 period ended January 31, 2018, the Company spent \$10,000 on geological work and \$500 on mineral taxes.

(ii) Gaspé Lithium Property

During the year ended July 31, 2016, the Company entered into an agreement to acquire the Gaspé Lithium Property (the "Lithium Property Agreement"), located approximately 75 kilometers northwest of the city of Gaspé, 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 Gaspé 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.

(iii) 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.

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9. Exploration and evaluation assets (continued)

c) Impairment of exploration and evaluation assets

During the year ended July 31, 2017, the Company abandoned Empress Property and let its title lapse, therefore, the balance of this property is written off. As at July 31, 2017, the Company had no budgeted or planned exploration on Gaspé Lithium, Argos 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 January 31, 2018, there were 32,152,105 issued common shares. (July 31, 2017 – 23,829,125)

In November 2017, the Company closed the first tranche of its non-brokered private placement of the Company's units. Under the first tranche of the private placement, the Company issued 1,024,998 Units at a price of \$0.06 per Unit for gross proceeds of \$61,500. Each Unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each Warrant entitles the holder to purchase one Share at a price of \$0.10 during the one year following the Warrant's date of issuance. Haywood Securities Inc. received 61,500 Units as finder's fees. All securities issued pursuant to the private placement will be subject to resale restrictions for a period of four months from the issuance date of the securities.

In January 2018, the Company closed the second tranche of the non-brokered private placement of 8,072,980 units at a purchase price of \$0.06 per Unit for aggregate gross proceeds of \$419,188.92. Each Unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each Warrant entitles the holder to purchase one Share at a price of \$0.10 during the one year following the Warrant's date of issuance. Finder's fees for the second tranche total \$8,877. All securities issued for the Offering will be subject to a four-month hold period. The Offering is subject to acceptance by the regulatory authorities.

(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 period ended January 31, 2018, the Company granted 500,000 stock options to its director and officer to acquire common shares of the Company at an exercise price of \$0.22 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 \$0.27 per option, using the Black-Scholes options pricing model with the following assumptions:

	2018	2017
Risk-free interest rate	0.72%	0.72%
Expected dividend yield	0%	0%
Expected stock price volatility	251%	251%
Expected forfeitures	0%	0%
Expected option life in years	5 years	5 years

The total share-based compensation expense for the period ended January 31, 2018 was \$134,023 (2017 - \$149,685) representing general and administrative related services.

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10. Share capital and reserves (con't):

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, July 31, 2016	1,500,000	\$ 0.05
Issued	1,500,000	\$ 0.10
Outstanding, July 31, 2017	3,000,000	\$ 0.075
Issued	500,000	\$ 0.22
Outstanding, January 31, 2018	3,500,000	\$ 0.10

The remaining contractual life for the stock options outstanding as at January 31, 2018 is 3.87 years.

The following summarizes information about stock options outstanding and exercisable at January 31, 2018:

Number of Shares	Expiry Date	Exercise Price
1,500,000	February 2, 2021	\$0.05
1,500,000	September 15, 2021	\$0.10
500,000	January 18, 2023	\$0.22
3,500,000		

(d) Share purchase warrants:

	Number of share purchase warrants	Weighted Average Exercise Price	\$
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
Issued	8,072,980		0.10
Expired	(3,877,100)		0.12
Balance, January 31, 2018	8,027,980	\$	0.10

The following table summarizes information about share purchase warrants outstanding at January 31, 2018:

Number of Warrants	Exercise Price	Expiry Date
8,072,980	\$0.10	January 8, 2019
8,072,980		

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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:

	January 31, 2018		July 31, 2017	
Net loss for the year				
Canada	\$	208,925	\$	568,304
Peru		-		-
USA		-		77,260
	\$	208,925	\$	\$ 645,564
Exploration and evaluation assets				
Canada	\$	11,566	\$	1
USA		-		-
	\$	11,566	\$	1
Assets				
Canada	\$	370,501	\$	80,259
USA		18,519		84
	\$	389,020	\$	80,343

12. Commitment

- 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.

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).

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13. Financial risk management:

a) Categories of financial instruments

	January 31, 2018 \$	July 31, 2017 \$
Financial assets		
Loans and receivables		
Cash and cash equivalents	230,063	4,250
Due from related parties	-	-
Long-term deposits	46,000	46,000
Available for sale financial assets		
Marketable securities	-	9,100
	276,063	53,350
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	58,034	80,519
Due to related parties	23,065	41,065
	81,099	121,584

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.

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 January 31, 2018 and 2017. 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 January 31, 2018 and 2017. 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.

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13. Financial risk management: (continued)

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 January 31, 2018, the Company has a cash and cash equivalent balance of \$230,063 (July 31, 2017 - \$4,250) available to settle current liabilities. Accounts payable and accrued liabilities are due within the current operating period. As at January 31, 2018, the Company had a working capital of \$246,349 (July 31, 2017 – working capital deficit of \$92,028). 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 January 31, 2018, 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 January 31, 2018, the Company does not hold the significant foreign currency financial assets and liabilities.

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 January 31, 2018, the Company held nil marketable securities.

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13. Financial risk management: (continued)

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.

14. 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 period ended January 31, 2018. The Company is not subject to externally imposed capital requirements.

15. Subsequent events

- a) In February, the Company closed the first tranche of a non-brokered private placement of 725,000 units at \$0.20 each, for gross proceeds of \$145,000. Each unit is comprised of one common share and one common share purchase warrant with an exercise price of \$0.30 for a period of one year. All securities issued under the private placement will be subject to a four month hold

