GOLDREA RESOURCES CORP.

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

Years ended July 31, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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,
December 1, 2018

Chartered Professional Accountants

GOLDREA RESOURCES CORP.

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

	Note	July 31 2018	July 31 2017
Assets			
Current assets			
Cash and cash equivalents		$ 236,025	$ 4,250
Marketable securities	7	-	9,100
Accounts receivable	5	10,293	7,254
Prepaid expenses		1,680	8,952
		247,998	29,556
Non-current Assets			
Investment	6	52,550	-
Long-term deposits	9	46,000	46,000
Equipment	10	3,826	4,786
Exploration and evaluation assets	11	766	1
		103,142	50,787
Total Assets		$ 351,140	$ 80,343
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 53,964	$ 80,519
Due to related parties	8	9,188	41,065
		63,152	121,584
Equity			
Share capital	12	30,193,727	29,444,476
Subscription receivable	12	(32,612)	(1,200)
Reserves	12	2,246,833	2,080,260
Accumulated other comprehensive income	7	-	1,554
Accumulated deficit		(32,119,960)	(31,566,331)
Total (deficiency) equity		287,988	(41,241)
Total liabilities and equity		$ 351,140	$ 80,343

Going concern (Note 1)
Commitments (Note 15)
Subsequent events (Note 18)

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)

		Year ended July 31,	
	Note	2018	2017
Expenses:			
Depreciation	10	$ 960	$ 1,352
Consulting fees		142,644	182,800
Office and administration		20,266	14,490
Professional fees		42,120	26,469
Rent	8	6,540	6,435
Shareholder communication		7,317	83,306
Transfer agent and filing fees		11,526	20,088
Stock based compensation	12	227,711	149,685
Write-down of loans receivable	5	63,100	-
Write-down of investment	6	10,000	
Write-down of payable		(1,500)	-
Write-down of exploration and evaluation assets	11	45,113	194,729
Loss before other items		575,797	679,354
Other items:			
Investment gain (loss)	6	17,550	-
Marketable securities gain (loss)	7	3,670	33,165
Interest income		207	282
Foreign exchange gain (loss)		(3)	343
		21,424	33,790
Net loss for the year before income tax		(554,373)	(645,564)
Deferred income tax recovery	14	744	546
Net loss for the year		$ (553,629)	$ (645,018)
Other comprehensive income (loss)			
Unrealized fair value adjustments on available-for-sale marketable securities, net of tax	7	2,116	26,096
Realized loss on available-for-sale marketable securities, net of tax	7	(3,670)	(24,542)
Comprehensive loss for the year		$ (555,183)	$ (643,464)
Loss per share - basic and diluted		$(0.02)	(0.03)
Weighted average number of common shares outstanding – basic and diluted		31,905,327	21,940,377

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, 2016	14,049,925	28,882,173	1,924,496	219,300	-	(30,921,313)	104,656
Issued for mineral properties (Note 11)	1,800,000	90,000	-	-	-	-	90,000
Shares issued for services (Note 12)	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 7)	-	-	-	-	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)
Shares issued for services (Note 12)			-	-	-	-	-
Private placement, net of finders' fees	8,797,980	613,251	3,562	(32,612)	-	-	584,201
Issued on exercise of options	950,000	136,000	(63,500)	-			72,500
Share subscription received			(1,200)	1,200			-
Share-based compensation	-	-	227,711	-	-	-	227,711
Net loss	-	-	-	-	-	(553,629)	(553,629)
Other comprehensive income, net (Note 7)	-	-	-	-	(1,554)	-	(1,554)
Balance, July 31, 2018	33,577,105	30,193,727	2,246,833	(32,612)	-	(32,119,960)	287,988

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, 2018	2017
Cash Flow from Operating Activities:		
Net loss for the year before income tax	(554,373)	(645,564)
Items not affecting cash:		
Depreciation	960	1,352
Gain on disposal of marketable securities	(3,670)	(33,165)
Gain on investment	(17,550)	-
Shares issued for services	-	29,258
Stock-based compensation	227,711	149,685
Write-down of loans receivable	63,100	-
Write-down of investment	10,000	-
Write-off of accounts payable	(1,500)	-
Write-down of exploration and evaluation assets	45,113	194,729
	(230,209)	(303,705)
Changes in non-cash working capital:		
Accounts receivable	(3,039)	(5,057)
Prepaid expenses	7,272	(8,952)
Due from related parties	-	2,556
Accounts payable and accrued liabilities	(25,055)	39,091
Due to related parties	(31,877)	41,065
Cash used in operating activities	(282,908)	(235,002)
Cash Flow from Financing activities:		
Shares issued for cash	584,201	447,924
Options Exercised	72,500	-
Share subscription received	-	(219,300)
Cash provided by financing activities	656,701	228,624
Cash Flow from Investing activities:		
Investment	(10,000)	-
Loans receivable	(98,100)	-
Mineral property and exploration and evaluation assets	(45,878)	(69,728)
Equipment	-	(768)
Proceeds on disposal of marketable securities	11,960	26,165
Cash used in investing activities	(142,018)	(44,331)
(Decrease) increase in cash and cash equivalents	231,775	(50,709)
Cash and cash equivalents, beginning of year	4,250	54,959
Cash and cash equivalents, end of year	$ 236,025	$ 4,250
Income taxes paid	-	-
Interest expenses paid	-	-
Non-cash transactions		
Shares issued for exploration and evaluation assets	-	90,000
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, 2018, the Company had an accumulated deficit of $32,119,960 and working capital of $184,846.

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 December 1, 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.

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, 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 July 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.

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, 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.

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, 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 compressive income (loss) for the years ended July 31, 2018 and 2017 comprised of gains or losses on available-for-sale securities marked to the market at the yearend 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. Accounts receivable

Accounts receivable as of July 31, 2018 consist of GST receivable and loans receivables. During the year ended July 31, 2018, the Company advanced loans of $49,000 and $49,100 respectively to a company, Tabu Equity Investments Inc. ("Tabu") and to an individual, Warren Wayne, who is the founder of Tabu. On July 5, 2018, Tabu settled $35,000 of the $49,000 loan with Goldrea through transferring 750,000 warrants of a public company, Goldeneye Resources Corp ("Goldeneye"), held by Tabu to Goldrea. The fair value of the warrants on settlement date was measured using the Black-Scholes options pricing model based on the assumptions observable for Goldeneye on the settlement.

The following table summarizes the receivable balances as at July 31, 2018 and 2017:

	July 31, 2018	July 31, 2017
	$	$
GST receivable	10,293	7,254
Loan receivable - Tabu	14,000	-
Loan receivable – Warren Wayne	49,100	-
Provision for loans receivable	(63,100)	-
	10,293	7,254

The loan receivable to Tabu is non-interest bearing and with a two-year term maturing on Feb 23, 2020. The loan receivable to Warren Wayne is non-interest bearing and with a one-year term maturing on July 1, 2019. Since the recoverability of the loans receivable from Tabu and Warren Wayne were materially uncertain, the Company has provided full provisions for these two loans receivable as of July 31, 2018.

6. Investments

Investments as of July 31, 2018 two investments as follow:

	July 31, 2018	July 31, 2017
	$	$
Investment in Goldeneye	52,550	-
Investment in the Planter's Guide	10,000	-
Impairment for investment in the Planter's Guide	(10,000)	-
	52,550	-

(Expressed in Canadian Dollars Unless Otherwise Stated)

Investment in Goldeneye represents the 750,000 warrants Goldrea received from Tabu as a settlement of $35,000 loan receivable owed by Tabu (see Note 6). The investment is designated as fair value through profit and loss ("FVTPL"). It is measured at fair value on initial recognition date and subsequent measurement date using the Black-Scholes options pricing model. The fair value on the initial recognition date was $46,001. Therefore, the Company recognized a debt extinguishment gain of $11,001 as a result of the settlement. The Company re-measured the fair value of the warrants at July 31, 2018 and recognized a gain of $6,549 as a result of the change in fair value between the initial recognition and the yearend.

Investment in The Planter's Guide ("TPG") represents a prepaid amount to a potential investment through common shares in TPG, a newly launched entity that targets on online magazine focused plant-based consumer goods. As of July 31, 2018, Goldrea has not received any shares from TPG. Since the timing and the number of shares to be issued to Goldrea is uncertain, the business model of TPG is not fully developed and TPG is still operating loss from its inception in November 2017, the Company has determined to fully impair the investment in TPG.

7. Marketable securities

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

July 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, 2018, the Company had disposed of 70,000 shares and recorded a disposal gain of $3,670 in income statement. 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.

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 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
Fair value adjustment on available-for-sale marketable securities, net of tax of $744	2,116
Realized gain on available-for-sale marketable securities, net of tax of $1,290	(3,670)
Accumulated other comprehensive income at July 31, 2018	-

(Expressed in Canadian Dollars Unless Otherwise Stated)

8. 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, 2018	July 31, 2017
Due from directors and officers of the Company	$ -	$ -
Due to directors and officers of the Company	$ 9,188	$ 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, 2018, consulting fees of $96,000 (2017 - $120,000) 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 $6,540 (2017 - $6,435) in office rent for the year ended July 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 years ended July 31, 2018 and 2017 is disclosed above. During the year ended July 31, 2018, key management received share-based payments of $189,760 (2017 - $119,748). Key management personnel were not paid post-employment benefits or other long-term benefits during the years ended July 31, 2018 and 2017. (Also see Note 5)

9. Long Term Deposits

	July 31, 2018	July 31, 2017
	$	$
Reclamation deposits (*)	34,500	34,500
Corporate credit security deposit (*)	11,500	11,500
	46,000	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.

(Expressed in Canadian Dollars Unless Otherwise Stated)

10. Equipment

	Office equipment	Furniture and fixtures	Computer equipment	Total
	$	$	$	$
Costs				
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
Additions	-	-		
Balance, July 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	400	200	360	960
Balance, July 31, 2018	30,549	21,263	40,373	92,185
Carrying Amounts				
July 31, 2017	1,962	1,045	1,779	4,786
July 31, 2018	1,562	845	1,419	3,826

(Expressed in Canadian Dollars Unless Otherwise Stated)

11. Exploration and evaluation assets

	July 31, 2016	Expenditures	Write-downs	July 31, 2017	Expenditures	Write-downs	July 31, 2018
	$	$	$	$	$	$	$
Canada							
Cannonball Property (a) (i)							
Acquisition	1	-		1	-		1
Geological consulting		25,500	(25,500)		25,500	(25,500)	-
	1	25,500	(25,500)	1	25,500	(25,500)	1
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)		19,613	(19,613)	-
		77,260	(77,260)		19,613	(19,613)	-
Total	2	194,728	(194,729)	1	45,879	(45,113)	766

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.

11. Exploration and evaluation assets (continued)

a) Canada (continued)

(*ii*) 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.

In July 2018, the Gaspe Lithium Property's title expired and not renewed by the Company.

(*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 (unpaid). As at July 31, 2018, the Lift Property title has not been transferred to the Company.

c) Impairment of exploration and evaluation assets

As at July 31, 2018, the Company had no budgeted or planned exploration on Cannonball Property and Lift Property for the next twelve months and, accordingly, the Company wrote down Lift property to $nil and the 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.

12. 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, 2018, there were 33,577,105 issued common shares. (July 31, 2017 – 23,829,125)

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. During the year ended July 31, 2018, the Company wrote off the $1,200 subscription receivable as the amount was no longer deemed receivable.

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).

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. The value of the finder's unit is $8,482, which was offset against the share capital. 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. The Company has allocated the entire proceeds to common shares and $nil to share purchase warrants by applying the residual method

In January 2018, the Company closed the second tranche of a non-brokered private placement and issued 6,986,482 units at a purchase price of $0.06 per Unit for aggregate gross proceeds of $419,189. 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 Company has allocated the entire proceeds to common shares and $nil to share purchase warrants by applying the residual method

In February 2018, the Company closed the first tranche of a non-brokered private placement of 725,000 units at a purchase price of $0.20 per Unit, for gross proceeds of $145,000. 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 $0.30 during the one year following the Warrant's date of issuance. All securities issued under the private placement will be subject to a four month hold. The financing is now closed and no further tranches will be closed. The Company has allocated the entire proceeds to common shares and $nil to share purchase warrants by applying the residual method

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, 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.

During the year ended July 31, 2018, the Company granted 1,200,000 stock options to its directors, officers and consultants to acquire common shares of the Company at an exercise price of $0.10 to $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 $0.10 per option, using the Black-Scholes options pricing model with the following assumptions:

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12. Share capital and reserves (continued)

c) Stock options (continued)

	2018	2017
Risk-free interest rate	2.03-2.24%	0.72%
Expected dividend yield	0%	0%
Expected stock price volatility	229-236%	251%
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, 2018 was $227,711 (2017 - $149,685) representing general and administrative related services. The fair value for stock options granted to consultants was measured by referenced to the equity instrument granted since the fair value of the stock options could be more reliably measured on the grant date.

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
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
Issued	1,200,000	$ 0.15
Exercised	(950,000)	$0.08
Balance, outstanding and exercisable, July 31, 2018	3,250,000	$0.10

The remaining contractual life for the stock options outstanding as at July 31, 2018 is 3.73 years.

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

Number of share outstanding and exercisable	Expiry date	Exercise price
800,000	February 2, 2021	$0.05
1,250,000	September 15, 2021	$0.10
500,000	January 22, 2023	$0.22
700,000	May 14, 2023	$0.10
3,250,000		

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	3,877,000	$	0.12
Issued	8,797,980		0.10
Expired	(3,877,000)		0.12
Balance, July 31, 2018	8,797,980	$	0.10

(Expressed in Canadian Dollars Unless Otherwise Stated)

The following table summarizes information about share purchase warrants outstanding at July 31, 2018. All warrants are expired without being exercised subsequent to the year end.

Number of Warrants	Exercise Price	Expiry Date
8,072,980	$0.10	January 8, 2019
725,000	$0.30	March 9, 2019
8,797,980		

13. 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, 2018		Jul 31, 2017
Net loss for the year				
Canada	$	534,759	$	568,304
USA		19,613		77,260
	$	554,371	$	$ 645,564
Exploration and evaluation assets				
Canada	$	766	$	1
USA		-		-
	$	766	$	1
Assets				
Canada	$	330,989	$	80,259
USA		20,151		84
	$	351,140	$	80,343

14. 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, 2018 and 2017 is as follow:

	2018	2017
Net loss before income tax	(553,629)	(645,018)
Combined statutory tax rate	27%	26%
	$	$
Computed tax recovery	(149,480)	(167,705)
Change in deferred tax not recognized	158,163	175,976
Other	(9,427)	(8,817)
Deferred income tax recovery	(744)	(546)

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

	2018	2017
	$	$
Deductible temporary difference	1,050,000	985,000
Tax losses	2,487,000	2,379,000

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	3,537,000	3,364,000

The Corporation has Canadian tax loss carry forwards as approximately $9,163,000 as at July 31, 2018. The non-capital losses in Canada expire at various dates from 2024 to 2038.

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.

15. Commitments

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.

16. Financial risk management

a) Categories of financial instruments

	July 31, 2018 $	July 31, 2017 $
Financial assets		
Fair value through profit and loss		
Investment in Goldeneye	52,550	-
Loans and receivables		
Cash and cash equivalents	236,025	4,250
Due from related parties	-	-
Long-term deposits	46,000	46,000
Available for sale financial assets		
Marketable securities	-	9,100
	334,575	53,350
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	53,964	80,519
Due to related parties	9,188	41,065
	63,152	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.

16. 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, 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 July 31, 2018 and 2017. Fair values were obtained by Level 1 hierarchy inputs for marketable securities. Fair value for investment in Goldeneye was obtained by Level 2 hierarch inputs. Other than marketable securities and investment in Goldeneye, the Company does not have other financial instruments measured at recurring basis. The Company does not have financial instruments using 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, 2018, the Company has a cash and cash equivalent balance of $236,025 (July 31, 2017 - $4,250) available to settle current liabilities. Accounts payable and accrued liabilities are due within the current operating period. As at July 31, 2018, the Company had a working capital of $184,846 (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 July 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 July 31, 2018, the Company does not hold the significant foreign currency financial assets and liabilities.

16. 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, 2018, the Company had nil publicly traded shares.

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.

17. 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, 2018. The Company is not subject to externally imposed capital requirements.

18. Subsequent events

a) The Company has signed a binding letter of intent ("LOI") with Tabu Equity Investments. Goldrea and Tabu will work toward the preparation of a definitive agreement once both parties have completed due diligence and conditions of this LOI. With the current positive environment, both parties look to accomplishing requirements in a timely manner. The LOI calls for the Company to issue one common share of Goldrea for each issued and outstanding share of Tabu, subject to adjustment to comply with CSE policies. In addition to customary requirements for the parties to conduct due diligence and to obtain the necessary approvals, the acquisition is subject to Tabu closing a $1 million private placement by August 20, 2018. Tabu has not yet met the conditions as of August 20, 2018 but the two companies will keep dialogue open for a mutual agreement.

b) On September 21, 2018, the Company disposed of its Argos property to a public mining company, Durango Resources Inc.("Durango"), for a consideration of 500,000 shares of Durango.

c) On September 25, 2018, the Company exercised 300,000 warrants of the 750,000 Goldeneye warrants at an exercise price of $0.06 per share. Total consideration paid for the exercise is $18,000.

d) On November 7, 2018, the Company incorporated a wholly owned subsidiary, Global Lab Analytics Inc. in California of USA.