INNOVATIVE PROPERTIES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED JULY 31, 2017

(UNAUDITED-EXPRESSED IN CANADIAN DOLLARS)

NOTICE TO THE READER

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 accomplished by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by the Company's management. And has not been reviewed by the Company's independent auditor.

Innovative Properties Inc.
Condensed interim statements of financial position
(Unaudited & Expressed in Canadian dollars)

	Note	July 31, 2017	October 31, 2016
ASSETS		$	$
Current assets			
Cash and cash equivalents	4	638,086	453,463
Marketable securities	5	594,707	857,048
Other receivable		2,802	8,849
Loan receivable from related parties	7	4,425	4,478
Loan receivables	6	51,226	50,000
Trade receivables due from related parties	7	23,780	132,449
		1,315,026	1,506,287
Non-current assets			
Equipment	8	521	807
TOTAL ASSETS		**1,315,547**	**1,507,094**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	9	11,672	172,627
TOTAL LIABILIITES		11,672	172,627
SHAREHOLDERS' EQUITY			
Share capital	11	2,008,082	2,008,082
Reserves	12	541,896	541,896
Retained Earnings		(1,246,103)	(1,215,511)
TOTAL EQUITY		1,303,875	1,334,467
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,315,547**	**1,507,094**

Nature of operations and going concern (Note 1)

Approved for issuance by the Board of Directors on September 25, 2017:

"Jared Scharf"
Director

"Parmjeet Johal"
Director

The accompanying notes are an integral part of the financial statements

Innovative Properties Inc.
Condensed interim statements of comprehensive loss
(Unaudited & Expressed in Canadian dollars)

		For the Three Months Ending		For the Nine Months Ending	
	Note	**July 31, 2017**	**July 31, 2016**	**July 31, 2017**	**July 31, 2016**
Revenue	10	-	177,000	-	642,700
Expenses					
Amortization	8	96	111	287	287
Bad debt expense		(102,036)	-	(108,844)	-
Bank charges & Interest expense		27	168	360	586
Filing / transfer fees		2,006	3,826	9,538	11,676
Management/Consulting	7	9,000	-	13,500	53,800
Office / Misc.		900	1,382	5,280	5,489
Professional fees	7	12,690	5,200	20,270	11,060
Rent	7	9,000	-	13,500	165,000
Salaries		-	26,760	2,000	150,597
		(68,318)	37,447	(44,108)	398,495
Other items					
Gain (Loss) on marketable securities	6	(334,600)	(5,499)	(82,341)	52,113
Other income		640	13	7,640	1,145
		(333,960)	(5,486)	(74,701)	53,259
Net and comprehensive income(loss)		(265,643)	134,067	(30,592)	297,464
Income (loss) per share - Basic and Diluted		(0.02)	0.01	(0.00)	0.02
Weighted average number of shares outstanding		13,048,957	11,928,105	13,048,957	11,928,105

The accompanying notes are an integral part of the financial statements

Innovative Properties Inc.
Condensed interim statement of changes in equity
For the nine months ended July 31, 2017 and 2016
(Unaudited & Expressed in Canadian dollars)

		Share capital		Reserves				
	Note	**Number of Shares**	**Share Capital**	**Options reserve**	**Warrant reserve**	**Loan reserve**	**Deficit**	**Total**
			$	$	$	$	$	$
Balance, October 31, 2015		**11,414,966**	**1,758,082**	**102,484**	**315,908**	**123,504**	**(611,329)**	**1,688,649**
Exercise of warrants		5,000,000	250,000	-	-	-	-	250,000
Comprehensive income		-	-	-	-	-	297,464	297,464
Balance, July 31, 2016		**16,414,966**	**2,008,082**	**102,484**	**315,908**	**123,504**	**(313,865)**	**2,236,113**
Exercise of warrants		-	-	-	-	-	-	-
Comprehensive income		-	-	-	-	-	(901,646)	(901,646)
Balance, October 31, 2016		**16,414,966**	**2,008,082**	**102,484**	**315,908**	**123,504**	**(1,215,511)**	**1,334,467**
Comprehensive income		-	-	-	-	-	(30,592)	(30,592)
Balance, July 31, 2017		**16,414,966**	**2,008,082**	**102,484**	**315,908**	**123,504**	**(1,246,103)**	**1,303,875**

October 07, 2014 share consolidation 1 for 3 – adjustments retroactive.

Innovative Properties Inc.
Condensed interim statements of cash flows
For the nine months ended July 31, 2017 and 2016
(Unaudited & Expressed in Canadian dollars)

		For the Nine Months Ending		
	Note	**July 31, 2017**		**July 31, 2016**
Operating activities				
Net income (loss)	$	(30,592)	$	297,464
Adjustments for non-cash items:				
Amortization		287		287
(Gain) Loss on marketable securities		(187,659)		47,947
Accrued interest income		(1,226)		(13)
Changes in non-cash working capital items:				
Other receivable		6,048		(6,651)
Trade receivables due from related parties		108,669		(132,450)
Prepaid expenses		-		(189)
Trade payables and accrued liabilities		(160,955)		(29,935)
Trade payables and accrued liabilities		-		(45,000)
Net cash provided by (used in) operating activities		(265,430)		131,460
Investing activities				
Acquisition of equipment		-		(676)
Purchase of marketable securities		450,000		(233,736)
Net cash flows used in investing activities		450,000		(234,412)
Financing activities				
Issuance of shares for cash		-		250,000
Loan issued to related parties		53		3,248
Net cash flows from financing activities		53		253,248
Increase (Decrease) in cash and cash equivalents		184,623		150,296
Cash and cash equivalents, beginning		453,463		305,606
Cash and cash equivalents, ending		638,086		455,902
Cash and equivalents				
Cash		628,016		445,827
Term deposit		10,070		10,075

The accompanying notes are an integral part of the financial statements

(Unaudited & Expressed in Canadian dollars)

1. Nature and continuance of operations

Innovative Properties Inc. (the "Company") was incorporated under the Canada Business Corporations Act on October 31, 2002. The Company's principal activity is the management of commercial real estate. As of September 02, 2014 its shares began trading on the Canadian Securities Exchange ("CSE") under the symbol "INR". As of September 5, 2014 the Company voluntarily delisted on the TSX Venture Exchange.

The head office, principal address and records office of the Company are located at 4770 72nd St, Delta, British Columbia, Canada, V4K 3N3.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from to meet current and future obligations.

During the nine months period ended July 31, 2017, the Company was not able to finance its day to day activities with income generated from its management contracts as the former contacts were ended at fiscal 2016. The Company is in the process of actively seeking new contacts. There is no guarantee that the Company will successfully getting replacement contracts. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

	July 31, 2017	**October 31, 2016**
	$	**$**
Working capital	1,303,354	1,527,974

Management intends to finance operating costs over the next twelve months with cash from private placement and disposition of marketable securities on hand. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. Statement of compliance

These condensed interim financial statements have been prepared using the same accounting policies and methods of computation as were applied in our most recent audited annual financial statements for the year ended October 31, 2016.

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended October 31, 2016.

These financial Statements were approved and authorized by the Board of Directors on September 25, 2017.

3. Basis of preparation and significant accounting standards

Basis of preparation

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

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets, the valuation of marketable securities, the recoverability of trade receivable and impairment considerations for loans receivable.

Significant judgments

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

Revenue recognition

Revenue consists of service revenue generated from management and consulting services. Revenue is recognized when services have been delivered, the amount can be measured reliably, collection is probable and cost incurred or to incur can be measured reliably.

Income (Loss) per share

Basic income (loss) per share is calculated by dividing the net income (loss) available to common shareholders for the period by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated using the treasury stock method. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. Diluted amounts are not present when the effect of the computations is anti-dilutive.

Share-based payments

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

3. Significant accounting policies (continued)

Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, no value is assigned to the warrants.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income / (loss) except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax

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

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

Amortization

Amortization is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The Company’s equipment consists of office equipment and computer software. The amortization rate applicable to computer equipment and computer software is 30% and 100%, respectively.

Impairment of assets

The Company’s non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized to profit or loss. The recoverable amount of assets is the greater of an asset’s fair value less cost to sell and value in use.

Changes in accounting standards

"IFRS 10" - Consolidated Financial Statements, was issued in May 2011 and has superseded the consolidation requirements in "SIC-12" - Consolidation – Special Purpose Entities, and IAS 27, Consolidated and Separate Financial Statements (“IAS 27”). IFRS 10 builds on existing principles by identifying the concept of control as a determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The Company conducted its review of its subsidiary and non-wholly owned entities and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

(Unaudited & Expressed in Canadian dollars)

3. Significant accounting policies (continued)

"IFRS 11" - Joint Arrangements, was issued in May 2011 and has superseded "IAS 31" - Joint Ventures. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The Standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method. The Company does not have any joint arrangements and therefore the adoption of IFRS 11 did not have any impact on the Company's consolidated financial statements.

"IFRS 12" - Disclosure of Interests in Other Entities, was issued in May 2011 and is a comprehensive standard on disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of IFRS 12 resulted in certain incremental disclosures in these consolidated financial statements.

"IFRS 13", Fair Value Measurements was issued in May 2011 and sets out, in a single IFRS, a framework for measuring fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. The adoption of IFRS 13 did not result in a significant impact on these consolidated financial statements.

IAS 1 Presentation of Items of Other Comprehensive Income. The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified to profit or loss at a future point in time have to be presented separately from items that will not be reclassified. The amendments affect the presentation only and have no impact on the Company's financial position or performance

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended October 31, 2016, and have not been applied in preparing these financial statements. Those that may have a significant effect on the financial statements of the Company are as follows:

IFRS 9 – Financial Instruments ("IFRS 9"). This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

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

4. Cash and cash equivalents

	July 31, 2017	**October 31, 2016**
	$	$
Cash at bank	628,016	443,380
Guaranteed investment certificates	10,070	10,083
	638,086	453,463

(Unaudited & Expressed in Canadian dollars)

5. Marketable Securities

As at July 31, 2017 and October 31, 2016, the Company's marketable securities were comprised of investments in shares and share purchase warrants of Canadian public companies which are measured at fair value. The fair value of the shares and warrants are as follows:

July 31, 2017	**Cost**	**Accumulated fair value adjustment**	**Fair value**
	$	$	$
Common Shares	266,865	313,508	580,373
Warrants	-	14,334	14,334
	266,865	327,842	594,707

October 31, 2016	**Cost**	**Accumulated fair value adjustment**	**Fair value**
	$	$	$
Common Shares	716,865	121,391	838,256
Warrants	-	18,792	18,792
	716,865	140,183	857,048

The fair value of the warrants was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	October 31, 2016
Expected life of warrants	3.31 years
Annualized volatility	163%
Risk-free interest rate	0.59%
Dividend rate	0%

The fair value of certain shares were determined using level 3 inputs, which was their cost price, since they were not considered to be trading in an active market (Note 14).

During the year ended October 31, 2016 the Company purchased 3,516,600 units issued by Canadian public companies with parties having significant influence over the Company. As of October 31, 2016, the fair value of these shares was $152,390.

In July 2017, the Company has realized $270,000 loss on disposal of 4,500,000 units of a Canadian public company with parties having significant influence over the Company.

6. Loan receivable

During the year ended October 31, 2016, the Company issued a loan of $50,000 to an arm's length party. The loan is due on December 28, 2016, bearing interest at 8% per annum and was repaid in full on January 30, 2017 with $1,000 interest.

(Unaudited & Expressed in Canadian dollars)

6. Loan receivable (Continued)

During the year ended October 31, 2015, the Company wrote off a loan receivable of $83,000 due from a Company with directors in common. During the year ended October 31, 2016, the Company collected the principal amount of $83,000 and interest of $11,472 and recorded a recovery of $94,472.

On November 8, 2016, the Company issued a loan of $50,000 to an arm's length party. The loan was due on February 8, 2017, bearing interest at 5% per annum and hasn't been repaid as of the reporting date.

7. Related party transactions

Related party balances

The following amounts due from related parties, earned from revenues, are included in trade receivables due from related parties:

	July 31, 2017	**October 31, 2016**
	$	$
Companies with parties having significant influence over the Company	15,219	132,449

During the year ended October 31, 2016, the Company wrote off $104,747 (2015 – $48,455) of trade receivables due from related parties due to the uncertainty of collectability. As at July 31, 2017, the Company has signed settlement agreement with the parties and received $10,000 as one time, full and final payment.

On March 8, 2017, the Company had also signed a settlement agreement with a related party to settling for a one-time, full and final payment of $10,000 to write off $112,036 of trade receivable. In July 2017, the Company has paid off $112,036. There was no owing to the Company as at July 31, 2017.

As at July 31, 2017, the Company had $4,425 (October 31, 2016- $4,478) loans receivable due from the companies with common directors or common management,or from companies with parties containing significant influence over the Company.

These amounts due from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

Related party transactions

The Company incurred the following transactions with companies with common key management:

	July 31, 2017	**July 31,2016**
	$	$
Management and consulting fees	13,500	3,800
Accounting fees included in professional fees	13,000	11,500
Rent	13,500	165,000
Revenue	-	597,700
	40,000	778,000

(Unaudited & Expressed in Canadian dollars)

As at October 31, 2016, the Company has a balance of $94,500 accrued rental expenses due to the landloard company with significant influence over the Company. The lease was terminated in January 2017, and the payable was settled by agreement on March 8, 2017 to offset the receivable from the landloard company.

7. Related party transactions (continued)

As at October 31, 2016, the Company has a balance of $94,500 accrued rental expenses due to the landloard company with significant influence over the Company. The lease was terminated in January 2017, and the payable was settled by agreement on March 8, 2017 to offset the receivable from the landloard company.

As at July 31, 2017, the Company had $8,550 (October 31, 2016- $Nil) trade payables due to the companies with common CFO or common management,or from companies with parties containing significant influence over the Company.

8. Equipment

	Computer equipment	Computer software	Total
	$	$	$
Cost:			
At October 31, 2016	2,903	33,701	36,604
Additions	-	-	-
At July 31, 2017	2,903	33,701	36,604
Depreciation:			
At October 31, 2016	2,096	33,701	35,397
Change for the period	287	-	287
At July 31, 2017	2,383	33,701	36,084
Net book value:			
At October 31, 2016	807	nil	807
At July 31, 2017	520	nil	520

9. Trade payables and accrued liabilities

	July 31, 2017	October 31, 2016
	$	$
Trade payables	11,672	157,627
Accrued liabilities	-	15,000
	11,672	43,460

10. Deferred revenue

As at July 31, 2017, the Company had $Nil (July 31, 2016-$45,000) in deferred revenue which was customer deposit paid by a company for consulting services to be provided to parties who have significant influence over

(Unaudited & Expressed in Canadian dollars)

10. Deferred revenue (continued)

the Company. During the year ended October 31, 2016, the Company recognized the deferred revenue for work completed.

11. Share capital

Authorized share capital

Unlimited number of common shares without par value

Issued share capital

On October 7, 2014 the Company received approval from the Canadian Securities Exchange ("CSE") to consolidate its shares on the ratio of one new share for three old shares. Prior to consolidation there were 19,244,899 shares outstanding. Post consolidation there were 6,414,965 shares outstanding.

At July 31, 2017 there were 16,414,965 common shares outstanding (October 31, 2016 – 16,414,965).

Private placements

On November 20, 2014 the Company completed a non-brokered private placement at $0.05 per unitfor the issuance of 5,000,000 unit and raised a total of $250,000.00 for working capital purposes from the sale of Units.Each unit consists of one common share in the equity of the Company and one share purchase warrant. A warrant entitles the holder to purchase one additional common share of the Company at a price of $0.05 per share for a period of five years. No finder's fees were paid for this financing.

Stock options

The Company has a stock option plan whereby the Company may from time to time in accordance with the Exchange requirements grant to directors, officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 20% of the Company's common shares issued and outstanding at the time of granting stock options. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

There were no options outstanding as at July 31, 2017 and October 31, 2016.

Warrants

	July 31, 2017		October 31, 2016	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
		$		$
Warrants outstanding, beginning	-	-	5,000,000	0.05
Warrants issued	-	-	-	-
Warrants expired	-	-	5,000,000	0.05
Warrants outstanding, ending	-	-	-	-

12. Reserves

Option reserve

The option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded will remain in the account.

Warrant reserve

The warrant reserve records the fair value of warrants issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount recorded will remain in the account.

Loan reserve

Recorded in the loan reserve is the equity portion of convertible debentures issued in 2010.

13. Income Tax

The Company has non-capital losses of approximately $869,000, which expire between 2026 to 2036.

14. Option agreement with Chimata Gold Corp.

On August 31, 2016, the Company entered into an option agreement with Chimata Gold Corp. (“Chimata”), a related party, wherein Chimata would earn 100% interest in the Company’s Maggie claims located in British Columbia, Canada. Chimata will earn its interest by:

(i) Cash payment of $5,000 upon execution of the agreement. The Company has recognized as revenue when receiving on December 1, 2016;

(ii) Cash payment of $50,000 on or before April 30, 2017. The payment was not received as at reporting day;

(iii) Incurring work costs of $50,000 on or before the end of December 31, 2016; and

(iv) Incurring further work costs of $50,000 before April 30, 2017

As at July 31, 2017, the agreement was not in good standing and it’s uncertainty to continue on going.

15. Financial risk management and capital management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is on its cash held in bank accounts and its trade receivables. Cash is deposited in bank accounts held with major banks in Canada. As

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15. Financial risk management and capital management (continued)

most of the Company’s cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

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

Interest rate risk

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

Capital management

The Company’s policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company’s approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

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

	July 31, 2017	**October 31, 2016**
	$	$
Loans and receivables:		
Cash and cash equivalents	638,086	453,463
Other receivables	2,802	8,849
Loan receivable	51,226	50,000
Loans receivable from related parties	4,425	4,478
Trade receivables due from related parties	23,780	132,449
FVTPL:		
Marketable securities	594,707	857,048
	1,315,026	1,506,287

(Unaudited & Expressed in Canadian dollars)

15. Financial risk management and capital management (continued)

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

	July 31, 2017	**October 31, 2016**
	$	$
Trade payables	11,672	157,627
Accrued liabilities	-	15,000
	11,672	172,627

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

	As at July 31, 2017		
	Level 1	Level 2	Level 3
	$	$	$
Cash and cash equivalents	638,086	-	-
Trade receivables	-	-	33,876
Marketable securities	580,373	14,334	594,707

	As at October 31, 2016		
	Level 1	Level 2	Level 3
	$	$	$
Cash and cash equivalents	453,463	-	-
Trade receivables	-	-	132,449
Marketable securities	110,402	525,540	221,106

16. Commitments

On March 8, 2017, the Company entered into settlement agreements with related parties to settling for one-time, full and final payments of the trade receivables and trade payables. Once the settlements were paid, there is no receivables nor payables owing between the related companies and not other consideration will be paid.