CRUZ COBALT CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

October 31, 2017

NOTICE OF NO AUDITOR REVIEW

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended October 31, 2017 and 2016 have not been reviewed by the Company's external auditor.

CRUZ COBALT CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

ASSETS	October 31, 2017	July 31, 2017
Current assets		
Cash and cash equivalents – Note 4	$ 2,146,197	$ 1,926,311
Receivables – Note 5	48,150	25,332
Prepaid expenses	74,560	54,465
Total current assets	2,268,907	2,006,108
Non-current assets		
Rent deposit	29,620	29,620
Exploration and evaluation assets – Note 6	1,987,528	1,836,204
Total assets	$ 4,286,055	$ 3,871,932
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Notes 7 and 11	$ 678,735	$ 709,026
Flow-through share premium liability – Note 8	24,362	48,508
Total current liabilities	703,097	757,534
SHAREHOLDERS' EQUITY		
Share capital – Note 9	16,196,195	15,544,490
Reserves – Note 9	1,494,732	1,456,951
Accumulated deficit	(14,107,969)	(13,887,043)
Total shareholders' equity	3,582,958	3,114,398
Total liabilities and shareholders' equity	$ 4,286,055	$ 3,871,932

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 14)
Commitment (Note 15)

APPROVED BY THE DIRECTORS:

"Seth Kay"	Director	*"James Nelson"*	Director
Seth Kay		James Nelson	

CRUZ COBALT CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Three months ended October 31, 2017	2016
Operating expenses		
Consulting	$ 37,637	$ 68,783
Depreciation	-	104
Finance fees	-	1,500
Management fees – Note 11	24,000	24,000
Office and miscellaneous	16,472	14,141
Professional fees – Note 11	10,177	38,314
Shareholder information	6,760	3,271
Share-based payments – Note 9	-	64,009
Transfer agent and filing fees	7,177	51,509
Travel and promotion	145,928	132,682
	(248,151)	(398,313)
Interest income	3,079	3,436
Other income on settlement of flow-through share premium – Note 8	24,146	-
Gain on sale of exploration and evaluation assets	-	135,645
Realized gain on sale of marketable securities	-	8,875
Unrealized gain on marketable securities	-	13,500
	27,225	161,456
Net loss and comprehensive loss for the period	$ (220,926)	$ (236,857)
Loss per share – basic and diluted – Note 10	$ (0.00)	$ (0.01)
Weighted average number of shares outstanding – basic and diluted – Note 10	63,065,885	38,777,073

CRUZ COBALT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Three months ended October 31, 2017	2016
Operating Activities		
Loss for the period	$ (220,926)	$ (236,857)
Adjustments for non-cash items:		
Depreciation	-	104
Share-based payments	-	64,009
Realized gain on sale of marketable securities	-	(8,875)
Realized gain on sale of exploration and evaluation assets	-	(135,645)
Unrealized gain on marketable securities	-	(13,500)
Other income on settlement of flow-through share premium	(24,146)	-
Changes in non-cash working capital items:		
Receivables	(22,818)	(12,061)
Prepaid expenses	(20,095)	(56,489)
Accounts payable and accrued liabilities	22,255	(5,319)
Cash used in operating activities	(265,730)	(404,633)
Investing Activities		
Exploration and evaluation assets	(203,870)	(98,068)
Proceeds from sale of marketable securities	-	57,625
Cash used in investing activities	(203,870)	(40,443)
Financing Activities		
Proceeds from issuance of share capital	739,256	2,100,500
Share issue costs	(49,770)	(106,800)
Loan repayments	-	(169,500)
Cash provided by financing activities	689,486	1,824,200
Change in cash during the period	219,886	1,379,124
Cash, beginning of the period	1,926,311	46,162
Cash, end of the period	$ 2,146,197	$ 1,425,286

Supplemental Disclosure with Respect to Cash Flows (Note 13)

CRUZ COBALT CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian Dollars)

	Share Capital				
	Number of shares	Amount	Reserves	Accumulated Deficit	Total
Balance, July 31, 2016	19,426,746	$ 10,176,307	$ 1,199,091	$(12, 748,453)	$ (1, 373,055)
Shares issued for private placement	20,197,500	2,093,000	-	-	2,093,000
Share issue costs	-	(106,800)	-	-	(106,800)
Shares purchase warrants exercised	150,000	7,500	-	-	7,500
For exploration and evaluation assets	4,950,000	847,500	-	-	847,500
Stock options issued	-	-	64,009	-	64,009
Broker warrants issued for private placement	-	(143,497)	143,497	-	-
Flow-through share premium liability	-	(73,250)	-	-	(73,250)
Loss for the period	-	-	-	(236,857)	(236,857)
Balance, October 31, 2016	44,724,246	12,800,760	1,406,597	(12,985,310)	1,222,047
Shares purchase warrants exercised	8,566,800	1,177,786	-	-	1,177,786
Stock options exercised	4,050,000	716,605	-	-	716,605
For exploration and evaluation assets	3,000,000	600,000	-	-	600,000
Stock options issued	-	-	299,693	-	299,693
Transfer of reserves on options exercised	-	197,086	(197,086)	-	-
Transfer of reserves on warrants exercised	-	52,253	(52,253)	-	-
Loss for the period	-	-	-	(901,733)	(901,733)
Balance, July 31, 2017	60,341,046	15,544,490	1,456,951	(13,887,043)	3,114,398
Shares issued for private placement	2,619,047	550,000	-	-	550,000
Share issue costs	-	(49,770)	-	-	(49,770)
Shares purchase warrants exercised	1,285,041	189,256	-	-	189,256
Broker warrants issued for private placement	-	(37,781)	37,781	-	-
Loss for the period	-	-	-	(220,926)	(220,926)
Balance, October 31, 2017	64,245,134	$ 16,196,195	$ 1,494,732	$ (14,107,969)	$ 3,582,958

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Cruz Cobalt Corp. (the "Company") is an exploration stage public company and is listed on the TSX Venture Exchange ("Exchange") under the symbol "CUZ". The Company's principal business activities include acquiring and exploring exploration and evaluation assets. At October 31, 2017, the Company had exploration and evaluation assets located in Canada and the U.S.A.

The Company's head office and principal business address is Suite 1470, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6. The Company's registered and records office is located at 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At October 31, 2017, the Company had a working capital of $1,565,810, had not yet achieved profitable operations and has an accumulated deficit of $14,107,969 since its inception. The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company's ability to continue as a going concern. The Company may require additional financing in order to conduct the planned work programs on its exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these condensed consolidated interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these condensed consolidated interim financial statements.

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS34") as issued by the International Accounting Standards Board ("IASB"). Therefore, these condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's most recently issued audited financial statements for the year ended July 31, 2017, which includes information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies, use of judgements and estimates were presented in Note 2 and Note 3 of these audited financial statements, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on December 6, 2017.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

b) Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries.

All inter-company transactions, income and expenses have been eliminated upon consolidation.

c) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiaries of the Company as of October 31, 2017 are as follows:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest October 31, 2017	Ownership Interest July 31, 2017
Cobalt Locators Inc.	Holding company	Canada	100%	100%
Cruz Capital (US) Corp.	Holding company	USA	100%	100%

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed consolidated interim financial statements.

IFRS 9 – Financial Instruments (“IFRS 9”)

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16 *Leases ("IFRS 16")* which replaces IAS 17, *Leases* and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact of IFRS 16 on its condensed consolidated interim financial statements.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in Canadian Dollars and include the following components:

	October 31, 2017	July 31, 2017
Cash at bank	$ 346,197	$ 1,376,311
Short-term deposits	1,800,000	550,000
	$ 2,146,197	$ 1,926,311

(Expressed in Canadian Dollars)

5. RECEIVABLES

The Company's receivables comprise of goods and services tax ("GST") receivable due from Canadian government taxation authorities and reimbursements from four public companies with common directors for recoverable office and administrative expenses.

	October 31, 2017	July 31, 2017
Accounts receivable	$ 32,580	$ 18,282
GST recoverable	15,570	7,050
Total receivables	$ 48,150	$ 25,332

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets consist of the following mineral properties:

	BC War Eagle Cobalt	BC Purcell Cobalt Prospect	ON Cobalt Prospects	Yukon Quartz Claims	ON Kenagami Property	Idaho Star Cobalt Prospect	Montana Chicken Hawk Cobalt Prospect	Nevada Clayton Valley W. Lithium Property	Total
Balance, July 31, 2016	$ 3,496	$ -	$ -	$ 15,923	$ 45,900	$ -	$ -	$ 32,000	$ 97,319
Acquisition costs									
Cash	-	6,666	13,334	-	-	39,964	-	-	59,964
Staking costs	-	-	23,068	-	-	-	25,426	-	48,494
Share issuance	-	272,000	544,000	-	31,500	-	600,000	-	1,447,500
Deferred exploration expenditures									
Geological expenses	-	-	25,350	-	-	-	-	-	25,350
Claim maintenance fees	10,016	3,366	-	210	1,338	-	-	2,701	17,631
Prospecting costs	-	-	4,055	-	-	-	-	-	4,055
Sampling	-	-	-	-	-	26,413	105,653	-	132,066
Travel & misc	-	-	30,455	-	-	-	-	-	30,455
Advance for exploration	-	-	52,108	-	-	-	-	-	52,108
Write-down of exploration and evaluation assets	-	-	-	-	(78,738)	-	-	-	(78,738)
Balance, July 31, 2017	13,512	282,032	692,370	16,133	-	66,377	731,079	34,701	1,836,204
Deferred exploration expenditures									
Geological expenses	-	-	35,101	-	-	-	-	-	35,101
Geophysical expenses	-	-	3,300	-	-	-	-	-	3,300
Claim maintenance fees	-	-	-	210	-	8,921	18,837	2,603	30,571
Field supplies and equipment	-	-	312	-	-	-	-	-	312
Survey	-	-	117,304	-	-	-	-	-	117,304
Travel & misc	-	-	13,604	-	-	-	-	-	13,604
Advance for exploration	-	-	(48,868)	-	-	-	-	-	(48,868)
Balance, October 31, 2017	$ 13,512	$ 282,032	$ 813,123	$ 16,343	$ -	$ 75,298	$ 749,916	$ 37,304	$ 1,987,528

6. EXPLORATION AND EVALUATION ASSETS (continued)

Title to Interests in Exploration and Evaluation Assets

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

BC War Eagle Cobalt Prospect – Staking

In June 2016, the Company acquired a 100% interest in certain mineral claims in British Columbia for staking costs of $3,496.

As at October 31, 2017, the Company had spent a total of $10,016 in claim maintenance fees on this prospect..

BC and ON Cobalt Prospects – Share Purchase Agreement and Staking

On July 22, 2016, the Company entered into a share purchase agreement (the "Agreement") with four arm's length vendors (the "Vendors") to purchase 100% of the issued and outstanding shares of Cobalt Locators Inc., which holds a 100% interest in two cobalt prospects in B.C. ("BC Purcell Cobalt Prospect") and a 50% interest in four cobalt prospects in Ontario ("ON Coleman Cobalt Prospect", "ON Bucke Cobalt Prospect", "ON Hector Cobalt Prospect", and "ON Johnson Cobalt Prospect"). The acquisition has been accounted for as an asset acquisition. In August 2016, the Company paid $20,000 cash and issued 4,800,000 shares (issued at a value of $816,000) to the Vendors pursuant to the Agreement. Cobalt Locators Inc. became a wholly-owned subsidiary of the Company. The acquisition costs had been split evenly between these six cobalt properties.

In September 2016, the Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Johnson Cobalt Prospect, Bucke Cobalt Prospect and Hector Cobalt Prospect for staking costs of $19,500.

In December 2016, the Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Coleman Cobalt Prospect for staking costs of $2,300.

In June 2017, the Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Coleman Cobalt Prospect for staking costs of $1,268.

As at October 31, 2017, the Company had spent a total of $232,721 in exploration expenditures on the ON Cobalt Prospects.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Yukon Quartz Claims – Purchase Agreement

During the year ended July 31, 2010, the Company acquired a 100% interest in certain quartz mineral claims located in the Yukon Territory.

During the years ended July 31, 2013, 2015 and 2016, the Company decided not to continue with certain claims and allowed these claims to lapse when they became due. Accordingly, prior acquisition costs of $670,862 and exploration costs of $34,838 associated with these lapsed claims were written off.

As at October 31, 2017, the Company had spent a total of $1,707 in exploration expenditures on the remaining Yukon Quartz claims.

Idaho Star Cobalt Prospect – Staking

In October 2016, the Company acquired a 100% interest in the Idaho Star Cobalt Prospect in Idaho, U.S.A. for staking costs of $39,964.

As at October 31, 2017, the Company had spent a total of $35,334 in exploration expenditures on this prospect.

Montana Chicken Hawk Cobalt Prospect – Agreement and Staking

On February 27, 2017, the Company entered into an agreement with an arm's length vendor (the "Montana Vendor") to acquire a 100% interest in the Chicken Hawk Cobalt Prospect located in Deer Lodge County, Montana, U.S.A. In consideration, the Company issued 3,000,000 common shares (issued at a value of $600,000) to the Montana Vendor.

In July 2017, the Company acquired a 100% interest in certain mineral claims in Montana to increase the holdings in its Chicken Hawk Cobalt Prospect for staking costs of $25,426.

As at October 31, 2017, the Company had spent a total of $124,490 in exploration expenditures on this prospect.

Nevada Clayton Valley West Lithium Prospect – Purchase Agreement

On September 15, 2015, the Company entered into a purchase agreement with an arm's length vendor (the "Vendor") to acquire a 100% interest in certain mineral claims in the Clayton Valley in Nevada, U.S.A. In consideration, the Company was to issue 1,200,000 common shares to the Vendor.

On October 7, 2015, the Company amended the purchase agreement with the Vendor at no additional cost or share issuance, to acquire a 100% interest in additional mineral claims.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Nevada Clayton Valley West Lithium Prospect – Purchase Agreement (continued)

On October 21, 2015, the Company further amended the purchase agreement and the amendment dated October 7, 2015 with the Vender. The new terms are for the Company to issue 900,000 common shares to the Vendor. During the year ended July 31, 2016, these shares were issued to the Vendor valued at $30,000.

As of October 31, 2017, the Company had incurred a total of $5,304 in claim maintenance fees on this prospect.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statement of financial position can be analyzed as follows:

	October 31, 2017	July 31, 2017
Trade payables	$ 657,835	$ 688,126
Accrued liabilities	20,900	20,900
Total payables	$ 678,735	$ 709,026

All amounts are short-term. The carrying value of trade payables and accrued liabilities is considered a reasonable approximation of fair value.

8. FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance at July 31, 2016	$ -
Liability incurred on flow-through shares issued	73,250
Liability derecognized due to exploration expenditures renounced to shareholders	(24,742)
Balance at July 31, 2017	48,508
Liability derecognized due to exploration expenditures renounced to shareholders	(24,146)
Balance at October 31, 2017	$ 24,362

In August 2016, the Company closed a private placement of 2,197,500 flow-through units at $0.133 per unit for gross proceeds of $293,000. Each flow-through unit consisted of one flow-through common share and one share purchase warrant. The premium received on the flow-through shares issued was determined to be $73,250 and was recorded as a share capital reduction. An equivalent premium liability was also recorded.

8. FLOW-THROUGH SHARE PREMIUM LIABILITY (continued)

During the year ended July 31, 2017, the Company renounced and incurred the exploration expenditures. Accordingly, the Company derecognized the flow-through share premium liability of $24,742 and recognized it as other income.

During the three months ended October 31, 2017, the Company renounced and incurred the exploration expenditures. Accordingly, the Company derecognized the flow-through share premium liability of $24,146 and recognized it as other income.

9. SHARE CAPITAL AND RESERVES

Authorized: An unlimited number of common shares, without par value

(a) Private placements

Three months ended October 31, 2017:

In August 2017, the Company closed a non-brokered private placement (the "Offering") consisting of 2,619,047 flow-through shares at $0.21 per share for gross proceeds of $550,000. The Company incurred filing fees of $4,100 and legal fees of $7,170, paid an aggregate finders' fees of $38,500, and issued 183,333 broker warrants (the "Broker Warrants") in connection with the Offering. Each Broker Warrant is exercisable at $0.21 per share into one common share until August 11, 2020. The Broker Warrants were valued at $37,781, using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, expected volatility 270.8%, risk-free interest rate 1.24% and an expected life of three years.

Three months ended October 31, 2016:

In August 2016, the Company closed a private placement consisting of 18,000,000 non flow-through units at $0.10 per unit and 2,197,500 flow-through units at $0.133 per unit for gross proceeds of $2,093,000. Each non flow-through unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.15 per share until August 24, 2019. Each flow-through unit consisted of one flow-through common share and one share purchase warrant which entitles the holder to purchase one additional non flow-through common share of the Company at a price of $0.167 per share until August 24, 2019. In connection with the financing, the Company incurred filing fees of $12,948, paid aggregate finder's fees of $93,852 and issued 801,762 non flow-through broker warrants ("NFT Broker Warrants") and 102,600 flow-through broker warrants ("FT Broker Warrants"). Each NFT Broker Warrant will be exercisable at $0.15 per share into one common share until August 24, 2019. Each FT Broker Warrant will be exercisable at $0.167 per share into one common share until August 24, 2019. The NFT Broker Warrants and the FT Broker Warrants were valued at $127,224 and $16,273, respectively, using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, expected volatility 303.4%, risk-free interest rate 0.57% and an expected life of three years.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (continued)

(b) Share purchase warrants

The following is a summary of changes in share purchase warrants from July 31, 2016 to October 31, 2017:

	Number	Weighted Average Exercise Price
Balance, July 31, 2016	13,809,390	$0.43
Issued	21,101,862	$0.15
Exercised	(8,716,800)	$0.14
Expired	(716,865)	$3.36
Balance, July 31, 2017	25,477,587	$0.22
Issued	183,333	$0.21
Exercised	(1,285,041)	$0.15
Balance, October 31, 2017	24,375,879	$0.22

At October 31, 2017, the Company had 24,375,879 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
802,275	$1.33	January 28, 2018
10,488,501	$0.15	August 24, 2019
1,931,520	$0.17	August 24, 2019
6,290,250	$0.33	December 18, 2019
183,333	$0.21	August 11, 2020
4,680,000	$0.05	June 13, 2021
24,375,879		

(c) Share-based payments

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options vest at the discretion of the Board of Directors and may be granted for a maximum term of five years from the date of grant.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (continued)

(c) Share-based payments (continued)

The following is a summary of changes in share purchase options from July 31, 2016 to October 31, 2017:

	Number	Weighted Average Exercise Price
Outstanding and exercisable, July 31, 2016	1,883,400	$0.25
Granted	8,200,000	$0.23
Exercised	(4,050,000)	$0.18
Expired	(1,699,275)	$0.24
Outstanding and exercisable, July 31, 2017	4,334,125	$0.28
Expired	(4,004,350)	$0.25
Outstanding and exercisable, October 31, 2017	329,775	$0.67

At October 31, 2017, 329,775 employee and director share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date
329,775	$0.67	September 3, 2018

During the three months ended October 31, 2017, the Company did not grant any stock options (three months ended October 31, 2016: 900,000 stock options were granted with exercise price ranging from $0.20 to $0.21 per share and expiry dates ranging from December 9, 2016 to April 26, 2017). The weighted average fair value of the options issued in the three months ended October 31, 2016 was estimated at $ 0.07 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Three months ended October 31, 2017	Three months ended October 31, 2016
Weighted average expected dividend yield	N/A	0.0%
Weighted average expected volatility *	N/A	167.01%
Weighted average risk-free interest rate	N/A	0.58%
Weighted average expected term	N/A	0.3 year

* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

Total expenses arising from share-based payment transactions recognized during the three months ended October 31, 2017 were $Nil (three months ended October 31, 2016: $64,009).

(Expressed in Canadian Dollars)

10. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Three months ended October 31, 2017	2016
Net Loss	$ (220,926)	$ (236,857)
Weighted average number of common shares for the purpose of basic and diluted loss per share	63,065,885	38,777,073

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 9) were anti-dilutive for the three months ended October 31, 2017 and 2016.

The loss per share for the three months ended October 31, 2017 was $0.00 (three months ended October 31, 2016: $0.01).

11. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

	Three months ended October 31, 2017	2016
Management and directors' fees	$ 24,000	$ 24,000
Professional fees	8,500	10,000
	$ 32,500	$ 34,000

Related party balances

At October 31, 2017, accounts payable and accrued liabilities include $7,500 (July 31, 2017: $7,794) payable to three directors for unpaid directors' fees. These amounts are unsecured, non-interest bearing and payable on demand.

During the three months ended October 31, 2017, the Company reimbursed a public company with one common director and an officer in the amount of $Nil (three months ended October 31, 2016: $6,023) for the service provided by the Chief Financial Officer.

(Expressed in Canadian Dollars)

12. SEGMENTAL REPORTING

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's equipment is located in Canada and its exploration and evaluation assets are distributed by geographic location as follows:

	October 31, 2017	July 31, 2017
Canada	$ 1,125,010	$ 1,004,047
U.S.A.	862,518	832,157
	$ 1,987,528	$ 1,836,204

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transactions were excluded from the statements of cash flows:

Three months ended October 31, 2017:

a) The Company accrued exploration and evaluation assets of $18,775 in accounts payable and accrued liabilities.

Three months ended October 31, 2016:

a) The Company issued 4,800,000 common shares valued at $816,000 pursuant to the share purchase agreement with Cobalt Locators.

b) The Company issued 150,000 common shares valued at $31,500 pursuant to the Ontario Kenagami Hydrothermal Graphite Prospect purchase agreement.

c) The Company accrued exploration and evaluation assets of $7,469 in accounts payable and accrued liabilities.

14. SUBSEQUENT EVENTS

Subsequent to October 31, 2017, the following occurred:

a) The Company granted 6,000,000 incentive stock options to directors, officers and consultants at an exercise price of $0.20 per share for a period of one year.

b) The Company issued3,037,998 common shares for share purchase warrants exercised at a price of $0.15 per share and issued 50,000 common shares for share purchase warrants exercised at a price of $0.17 per share.

c) The Company issued 2,100,000 common shares for stock options exercised at a price of $0.20 per share.

(Expressed in Canadian Dollars)

15. COMITMENT

During the year ended July 31, 2017, the Company entered into a lease agreement (the "Agreement") for office premises for a three-year period beginning August 1, 2017 and ending July 31, 2020. As of October 31, 2017, amounts under the Agreement terms (net of taxes) are as follows:

		Amounts
July 31, 2018	$	61,749
July 31, 2019		83,073
July 31, 2020		84,622
	$	229,444