Interim Financial Statements of

WESTRIDGE RESOURCES INC.

October 31, 2016

Expressed in Canadian Dollars

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

NOTICE TO 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 accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

WESTRIDGE RESOURCES INC.
Statements of Financial Position
Expressed in Canadian dollars

	Note	October 31, 2016	July 31, 2016
		$	$
ASSETS			
Current			
Cash		-	11
Receivables	5	2,172	2,039
Total current assets		2,172	2,050
Total assets		2,172	2,050
LIABILITIES			
Current liabilities			
Bank overdraft		17	-
Accounts payable and accrued liabilities	6	409,684	400,155
Due to related parties	9	57,322	52,597
Loans payable	7	132,039	128,125
Total current liabilities		599,062	580,877
SHAREHOLDERS' DEFICIENCY			
Share capital	9	4,363,325	4,363,325
Reserves		879,921	879,921
Deficit		(5,840,136)	(5,822,073)
Total shareholders' deficiency		(596,890)	(578,827)
Total liabilities and shareholders' deficiency		2,172	2,050

Nature and continuance of operations (Note 1)

On behalf of the Board of Directors:

"Chris Cooper" Director *"Brad Nichol"* Director

WESTRIDGE RESOURCES INC.
Statements of Loss and Comprehensive Loss
Expressed in Canadian dollars

	Note	Three months ended October 31, 2016	Three months ended October 31, 2015
		$	$
Expenses			
Accounting and audit		1,775	3,000
Consulting fees		6,000	-
Finance charges		3,103	-
Management fees	8	4,500	-
Office and miscellaneous		28	192
Transfer agent and filing fees		2,657	386
		(18,063)	(3,578)
Net loss and comprehensive income (loss) for the period		**(18,063)**	**(3,578)**
Basic and diluted loss per common share		(0.00)	(0.00)
Weighted average number of common shares outstanding, basic and diluted		23,639,021	23,639,021

WESTRIDGE RESOURCES INC.
Statement of Changes in Deficiency
Expressed in Canadian dollars

	Number of Common shares	Amount	Reserves	Deficit	Deficiency
		$	$	$	$
July 31, 2015	23,639,021	4,363,325	879,921	(5,753,924)	(510,678)
Loss for the period	-	-	-	(3,578)	(3,578)
October 31, 2015	23,639,021	4,363,325	879,921	(5,757,502)	(514,256)
Loss for the period	-	-	-	(64,571)	(64,571)
July 31, 2016	23,639,021	4,363,325	879,921	(5,822,073)	(578,827)
Loss for the period	-	-	-	(18,063)	(18,063)
October 31, 2016	23,639,021	4,363,325	879,921	(5,840,136)	(596,890)

WESTRIDGE RESOURCES INC.
Statement of Cash Flows
Expressed in Canadian dollars

	Note	October 31 2016	October 31 2015
		$	$
Cash flow provided by (used in)			
Operating activities			
Net loss for the period		(18,063)	(3,578)
Adjustment for non-cash items			
Accrued interest		3,103	
Changes in non-operating working capital items:			
Receivables		(133)	607
Accounts payable and accrued liabilities		3,753	(9,503)
Due to related parties		10,500	-
Net cash used in operations		(840)	(12,474)
Financing activities			
Proceeds from loans - unrelated			-
Proceeds from loans - related		812	20,200
Proceeds received from shares issuance		-	-
Net cash provided in financing activities		812	20,200
Increase (decrease) in cash in the period		(28)	7,726
Cash, beginning of period		11	213
Cash, end of period		(17)	7,939

1. Nature and continuance of operations

Westridge Resources Inc. (the "Company") was incorporated under the laws of the Province of British Columbia on July 31, 2007. The Company is focused on the acquisition, evaluation and exploration of mineral resource properties. The Company traded on the TSX Venture Exchange, but has been relegated to the NEX Exchange and trades under the stock symbol WST. The head office, principal and registered address and records office of the Company are located at Suite 250 - 900 Howe Street, Vancouver, B.C V6Z 2M4.

The consolidated financial statements were authorized for issue on December 29, 2016 by the Board of Directors of the Company.

2. Basis of preparation

Going Concern

These 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. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at October 31, 2016, the Company had not advanced any exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuation as a going concern is dependent upon the successful results from its exploration and evaluation activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placement of common shares.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management believes that the Company's capital resources should be adequate to continue operating and maintaining its business strategy during the quarter ending October 31, 2016. However, if the Company is unable to raise additional capital, management expects that the Company may need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

As at October 31, 2016, the Company had an overdraft of $17 (July 31, 2016 - cash of $11), a net working capital deficiency of $596,890 (July 31, 2016 - $578,827) and an accumulated deficit of $5,840,136 (July 31, 2016 - $5,822,073) since inception and expects to incur further losses.

3. Significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

These accounting policies have been used throughout all periods presented in the financial statements.

(a) Significant judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates by a material amount. Matters that require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Share-based payments

Share-based payments are determined using the Black-Scholes Option Pricing Model based on estimated fair values of all share-based awards at the date of grant. The Black-Scholes Option Pricing Model utilizes assumptions such as expected price volatility, the expected life of the option and the number of options that may be forfeited. Changes in these input assumptions may affect the fair value estimate.

Deferred taxes

The Company recognizes the deferred tax benefit of deferred tax assets to the extent their recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets.

(b) Consolidation

During the fiscal year ended July 31, 2015, the Company dissolved its 100% wholly owned Mexican subsidiary, Minera Westridge S.A. de C.V., and accordingly, the October 31, 2016 and 2015 financial statements are not consolidated.

3. Significant accounting policies

(c) Non-currents assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured at the lower of their carrying amount and fair value less costs to sell, with impairments recognized in the statements of income in the period measured. Non-current assets or disposal groups held for sale are presented in current assets and liabilities within the balance sheet. Assets or disposal groups held for sale are not depleted, depreciated or amortized. Liabilities associated with assets held for sale are presented separately from the Company's other liabilities.

Assets or disposal groups are classified as held-for-sale when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. For the sale to be highly probable management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. The asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value and the sale should be expected to be completed within one year from the date of classification.

A discontinued operation is a component of the Company that has either been disposed of or that is classified as held for sale. A component of the Company is comprised of operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company. Net earnings of a discontinued operation and any gain or loss on disposal are combined and presented as net earnings from discontinued operations in the statements of earnings (loss) and comprehensive earnings (loss).

(d) Foreign currency translation

The functional currency of the Company is the Canadian dollar, and the financial statements are presented in Canadian dollars.

<u>Transactions and balances</u>

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

3. Significant accounting policies

(e) Convertible debenture

The convertible debenture was initially recorded at fair value and subsequently measured at amortized cost. The convertible debenture was allocated between the debt and equity components using the residual method at the date of issuance and is recorded net of transaction costs. The debt component is accreted to the face value using the effective interest method, with the resulting charge recorded as accretion on convertible debenture, which is included in interest on convertible loan in the statement of operations.

In instances where the Company issues equity instruments to settle all or a part of the outstanding debt, the equity instruments are treated as consideration paid and are measured initially at fair value of the equity instruments issued, or when not reliably measurable, at the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss. If the financial liability is not fully extinguished, and terms related to the remaining portion have been modified, the Company allocates the consideration paid between the extinguished portion and the modified portion.

(f) Share-based payments

The Company operates an employee 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 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 to contributed surplus. The fair value of options is determined using a Black-Scholes Option Pricing Model which incorporates all market vesting conditions. 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.

(g) Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified as fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held to maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

3. Significant accounting policies

Loans and receivables

Loans and receivables are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale ("AFS")

Non derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

Other financial liabilities

An obligation is initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortized cost, using the effective interest method.

The Company has classified its financial instruments as follows:

(a) Cash is classified as FVTPL.

(b) Accounts receivable are classified as loans and receivables.

(c) Accounts payable and accrued liabilities, due to related parties and loans payable are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of the 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 **-** quoted prices in active markets for identical assets or liabilities.

Level 2 **-** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 **-** inputs for the asset or liability that are not based upon observable market data.

Cash is measured at fair value using level 1 inputs.

Comprehensive income (loss)

Comprehensive income (loss) is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources, such as any unrealized gains and losses in financial assets classified as AFS. The Company had no other comprehensive income (loss) transactions during the periods ended October 31, 2016 and 2015.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

3. Significant accounting policies

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re- organization.

For certain categories of financial assets, such as accounts receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(h) Income taxes

Current tax:

Current tax assets and liabilities for the current 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 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.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Significant accounting policies

(i) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise share options granted.

(j) Contingencies

Contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(k) Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction/development or exploration of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

(m) Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured as the expenditure expected to be required to settle the obligation at the reporting date. In cases where it is determined that the effects of the time value of money are significant, the provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

(n) Debt modifications and extinguishments

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

(Expressed in Canadian dollars)

4. Adoption of New Accounting Pronouncements and Recent Developments

The following new standards, and amendments to standards and interpretations, are not yet effective for the current period and have not been applied in preparing these financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below

i) *IFRS 9 – Financial Instruments: Classification and Measurement*

Applies to classification and measurement of financial assets and liabilities as well as derecognition of financial instruments. IFRS 9 will replace IAS 39. The effective date of IFRS 9 is January 1, 2018. The Company is assessing the impact of this new standard, if any, on the consolidated financial statements.

ii) *IFRS 15 – Revenue from Contracts with Customers*

Supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – 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 uncertainty 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. The Company is assessing the impact of this new standard, if any, on the consolidated financial statements.

iii) *IFRS 16 - Leases*

Will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, but earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. The Company is assessing the impact of this new standard, if any, on the consolidated financial statements.

5. Receivables

	October 31, 2016	July 31, 2016
Recoverable sales taxes	$ 2,172	$ 2,039

(Expressed in Canadian dollars)

6. Accounts payable and accrued liabilities

		October 31, 2016		July 31, 2016
Accounts payable	$	398,409	$	390,655
Accrued liabilities		11,275		9,500
	$	409,684	$	400,155

7. Loans Payable

Loans payable to unrelated parties at October 31, 2016 was $132,039 (July 31, 2016 - $128,125). The loans consist of two separate loans the details of which are as follows:

a) Demand loan of $67,000, past due since August 20, 2013; bearing interest at 15% per annum. Total interest and principal owing as at October 31, 2016 - $108,828 (July 31, 2016 - $106,325). The loan is in default.

b) Demand loan of $20,000, bearing interest at 1% per month. Total interest and principal outstanding as at October 31, 2016 - $22,400 (July 31, 2016 - $21,800).

8. Related party transactions and balances

The Company incurred key management compensation as follows:

Three months ended October 31		2016		2015
Management fees accrued or paid to current CEO, CFO and director	$	4,500	$	-
Consulting fees accrued or paid to a director		6,000		-
Total	$	10,500	$	-

As at October 31, 2016, trade payables due to officers and directors and companies controlled by them is $50,498 (July 31, 2016 -$45,773).

As at October 31, 2016 loans payable to officers and directors and companies controlled by them is $6,824 (2016 – July 31, $6,824).

The amounts are unsecured and do not bear interest. The loans are payable on demand.

(Expressed in Canadian dollars)

9. Share capital and reserves

(a) Authorized:

Unlimited number of common shares without nominal or par value.

(b) Issued

As at October 31, 2016 and July 31, 2016, there are 23,639,021 issued and outstanding common shares.

(c) Share transactions

During the three months ended October 31, 2016, there were no share transactions.

(d) Share purchase warrants

	October 31, 2016		**July 31, 2016**	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of the period	-	$ -	444,900	$ 0.70
Warrants expired	-	$ -	(444,900)	$ (0.70)
Warrants outstanding, end of the period	-	$ -	-	$ -

(e) Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years with vesting determined by the board of directors.

The Company had no stock options outstanding as at October 31, 2016.

(f) Loss per share

The calculation of basic and diluted loss per share for the three months ended October 31, 2016 was $nil (2016 - $nil) based on the weighted average number of common shares outstanding of 23,639,021 (2015 - 23,639,021).

10. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(a) 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. The majority of cash is deposited in bank accounts held with major banks in Canada and Mexico. As most of the Company's cash is held by two banks 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. The Company's secondary exposure to this risk is on its other receivables. This risk is minimal as receivables consist solely of refundable sales taxes.

(b) 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 and cash equivalents.

As at October 31, 2016, the Company's liabilities consisted of accounts payable and accrued liabilities of $409,684 (July 31, 2016 - $400,155), due to related parties of $57,697 (July 31, 2016 - $52,597) and loans payable of $132,039 (July 31, 2016 - $128,125). The Company's cash was an overdraft position of $17 at October 31, 2016, (July 31, 2016 – cash of $11) and are not sufficient to pay these liabilities.

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

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

(i) Foreign currency 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's risk to foreign exchange is limited since it holds only Canadian dollars and has dissolved its Mexican subsidiary.

10. Financial risk management (cont'd)

(ii) 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 is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. Accordingly, the Company is not subjected to interest rate risk.

(iii) Commodity price risk

The Company does not hold any financial instruments that have direct exposure to other price risks.

11. Capital disclosures

The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors.

The Company's objectives when managing capital are:

(a) to safeguard the Company's ability to continue as a going concern and provide returns for shareholders; and

(b) to facilitate the acquisition or development of projects in Canada consistent with the growth strategy of the Company.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results. The Company considers convertible debentures net of cash, shareholder loans; and shareholders' equity (deficiency) to be capital. The Company does not have any externally imposed requirements on its capital.

There have been no changes in the Company's approach to capital management from the previous years.

12. Segmented information

At October 31, 2016, the Company operates in only one reporting segment, Canada.