Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

Nine Months Ended April 30, 2017

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Notice to Readers

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

The accompanying unaudited interim financial statements of Zadar Ventures Ltd. for the nine months ended April 30, 2017 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These interim financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these interim financial statements.

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

		As at April 30, 2017		As at July 31, 2016
Assets				
Current				
Cash	**$**	**840,750**	$	315,392
Amounts receivable (Note 10)		**48,898**		24,580
Investment (Note 4)		**142,858**		67,728
Goods and services tax recoverable		**28,575**		11,510
Due from related parties (Note 9)		**12,738**		139
Prepaid expenses		**28,388**		28,388
		1,102,207		447,737
Exploration and evaluation assets (Note 5)		**670,224**		440,303
	$	**1,772,431**	$	888,040
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 9)	**$**	**309,524**	$	278,337
Loans payable (Note 11)		**88,338**		89,978
Due to related parties (Note 9)		**-**		14,000
Subscriptions received in advance		**50,000**		295,000
		447,862		677,315
Shareholders' Equity (Deficiency)				
Share capital (Note 6)		**7,501,686**		5,722,026
Subscriptions receivable		**(32,440)**		(32,440)
Contributed surplus		**672,064**		640,612
Deficit		**(6,816,741)**		(6,119,473)
		1,324,569		210,725
	$	**1,772,431**	$	888,040

Nature of operations and going concern (Note 1)
Subsequent event (Note 13)

On behalf of the board:

"Mark Tommasi" ___________________________, Director

"Yana Bobrovskaya" ______________________, Director

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2017	2016	**2017**	2016
Administrative expenses				
Accounting and audit	**$ 2,200**	$ 5,000	**$ 29,580**	$ 8,095
Bank charges and interest	**1,066**	649	**2,635**	798
Consulting (Note 9)	**203,637**	313,216	**343,867**	333,008
Legal	**446**	-	**29,109**	301
Listing and filing fees	**20,973**	15,239	**56,748**	20,893
Management fees (Note 9)	**30,500**	20,500	**87,000**	29,500
Office and sundry	**37,526**	25,757	**86,694**	61,067
Promotion and travel	**86,533**	54,323	**136,765**	63,903
Stock based compensation	**-**	216,389	**-**	216,389
	382,881	651,073	**772,398**	733,954
Unrealized gain (loss) on investment (Note 4)	**20,133**	23,269	**75,130**	(95,173)
Net loss and comprehensive loss	**$ (362,748)**	$ (627,804)	**$ (697,268)**	$ (829,127)
Basic and diluted loss per share	**$ (0.00)**	$ (0.01)	**$ (0.01)**	$ (0.02)
Basic and diluted weighted average shares outstanding	**82,007,518**	51,400,455	**76,448,614**	35,035,273

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Statement of Changes in Equity

(Expressed in Canadian Dollars)

	Shares of common stock		Share capital		Subscriptions receivable		Contributed surplus		Deficit		Total
July 31, 2015	**26,352,300**	**$**	**4,488,483**	**$**	**(31,840)**	**$**	**193,709**	**$**	**(4,737,385)**	**$**	**(87,033)**
Issued for cash	33,498,215		934,875		(600)		-		-		934,275
Share issue costs	-		(65,383)		-		46,903		-		(18,480)
Issued for property	1,000,000		80,000		-		-		-		80,000
Exercise of warrants	4,600,000		230,000		-		-		-		230,000
Stock based compensation	-		-		-		216,389		-		216,389
Net loss	-		-		-		-		(829,127)		(829,127)
April 30, 2016	**65,450,515**	**$**	**5,667,975**	**$**	**(32,440)**	**$**	**457,001**	**$**	**(5,566,512)**	**$**	**526,024**
Exercise of warrants	831,021		54,051		-		-		-		54,051
Stock based compensation	-		-		-		183,611		-		183,611
Net loss	-		-		-		-		(552,961)		(552,961)
July 31, 2016	**66,281,536**	**$**	**5,722,026**	**$**	**(32,440)**	**$**	**640,612**	**$**	**(6,119,473)**	**$**	**210,725**
Issued for cash	15,536,800		1,553,680		-		-		-		1,553,680
Share issue costs	-		(136,820)		-		31,452		-		(105,368)
Issued for property	1,000,000		110,000		-		-		-		110,000
Exercise of warrants	4,856,000		252,800		-		-		-		252,800
Net loss	-		-		-		-		(697,268)		(697,268)
April 30, 2017	**87,674,336**	**$**	**7,501,686**	**$**	**(32,440)**	**$**	**672,064**	**$**	**(6,816,741)**	**$**	**1,324,569**

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

For the Nine Months Ended April 30,		**2017**		2016
Cash flows from operating activities				
Net loss	**$**	**(697,268)**	$	(829,127)
Adjustments for:				
Unrealized gain (loss) on investment (Note 4)		**(75,130)**		95,173
Stock based compensation		**-**		216,389
Changes in non-cash working capital				
Amounts receivable		**(24,318)**		-
Due from/to related parties		**(26,599)**		(44,315)
Goods and services tax recoverable		**(17,065)**		(8,745)
Accounts payable and accrued liabilities		**31,187**		110,871
		(809,193)		(459,754)
Cash flows from investing activities				
Exploration and evaluation expenditures		**(119,921)**		(159,982)
		(119,921)		(159,982)
Cash flows from financing activities				
Proceeds from issuance of common stock, net of issue costs		**1,456,112**		1,016,895
Loans repaid		**(1,640)**		-
		1,454,472		1,016,895
Decrease in cash		**525,358**		397,159
Cash at beginning of the year		**315,392**		7,495
Cash at end of the year	**$**	**840,750**	$	404,654
Supplemental disclosure with respect to cash flows				
Interest paid	**$**	**-**	$	-
Income taxes paid	**$**	**-**	$	-
Non cash investing and financing activities				
Fair value of finders warrants issued	**$**	**31,452**	$	-
Shares issued for exploration and evaluation expenditures	**$**	**110,000**	$	80,000

1. Nature of Operations and Going Concern

Zadar Ventures Ltd. ("Zadar" or the "Company") was incorporated on August 6, 2008 under the Business Corporations Act of British Columbia and its principal activity is the exploration of mineral properties. Zadar is a public company with shares listed on the TSX Venture Exchange ("TSX-V"). The head office, principal address and records office of the Company are located at Suite 908 – 510 Burrard Street, Vancouver, B.C. V6C 3A8.

Going concern of operations
These condensed interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred $6,816,741 of losses since its inception and the ability of the Company to continue as going-concern depends on its ability to raise adequate financing and to develop profitable operations. This creates a material uncertainty and raises significant doubt about the Company's ability to continue as a going concern.

Management is actively targeting sources of additional financing. Although the Company has been successful in past financings, there is no assurance that future financings will be successful. As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property.

2. Basis of Preparation

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies adopted are consistent with those of the previous financial year. The interim financial statements were approved by the Board of Directors on June 29, 2017.

All dollar amounts are presented in Canadian dollars unless otherwise specified.

3. Significant Accounting Policies

(a) Significant Accounting Estimates and Judgments

The preparation of the financial statements, in conformity with IFRS 1, requires estimates and assumptions that affect the amounts reported in the financial statements. Significant areas where judgment is applied include realization of deferred income taxes, assessment of impairment on exploration and evaluation assets and assessment of the Company's ability to continue as a going concern.

Significant estimates include the carrying value and recoverability of exploration and evaluation expenditures, inputs used in accounting for stock-based compensation and provisions for site restoration. Actual results could differ from our estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for current reporting period. Management has decided against early adoption of these standards. Management's assessment of the impact of these new standards and interpretations is set out below:

IFRS 9 – Financial Instruments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after January 1, 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The impact of the adoption of this standard is yet to be assessed.

(Expressed in Canadian Dollars)

4. Investment

		April 30, 2017		July 31, 2016
Cost	**$**	**1,248,000**	$	1,248,000
Fair value adjustment		**(1,105,142)**		(1,180,272)
Total	**$**	**142,858**	$	67,728

On January 21, 2014, the Company acquired 676,129 shares of Global Resources Investment Trust ("GRIT") valued at £1.00 each, in consideration for 4,160,000 shares of the Company valued at $0.30 each. The GRIT shares trade through the facilities of the London Stock Exchange.

On acquisition, the GRIT shares were valued at $1,248,000. The GRIT shares have been designated as held for trading and are recorded at fair value, with unrealized gains and losses recognized in profit or loss. At April 30, 2017, the fair value of the GRIT shares is $142,858.

The fair value of GRIT has been determined by reference to published price quotations in an active market.

While the Company will seek to maximize the proceeds it receives from the sale of its GRIT Shares on the London Stock Exchange, there is no assurance as to the timing of disposition or the amount that will be realized. Funds realized from the sale of the GRIT Shares will be used by the Company for working capital and general corporate purposes.

5. Exploration and Evaluation Assets

Whiskey Gap

The Company entered into an option agreement with 1177129 Alberta Ltd., (the "Optionor"), a company controlled by a company having an officer in common with Zadar, in April 2010, subsequently amended May 30, 2011, September 30, 2011, June 1, 2012 and November 19, 2014, to acquire up to a 100% interest in certain mineral interests located in Alberta, known as the Whiskey Gap Project.

To earn a 60% interest, the Company must make payments and issue shares as follows:

- $12,500 (paid) and issue and allot to the Optionor 100,000 shares of the Company (issued);
- on or before the first anniversary of the execution of the Agreement, a further $12,500 (paid) and issue and allot to the Optionor a further 200,000 shares (issued);
- on or before the second anniversary of the execution of the Agreement, a further $25,000 (paid) and issue and allot to the Optionor a further 300,000 shares (issued);
- on or before September 30, 2010, the Company shall expend not less than $100,000 on Exploration Expenditures on the Property; (incurred)
- on or before June 30, 2012, the Company shall pay $100,000 to the Optionor (paid);
- on or before December 31, 2012, the Company shall pay a further $50,000 (paid) and issue and allot to the Optionor a further 500,000 shares (issued).

The Company has a further option to acquire the remaining 40% interest in the Property by paying the Optionor $100,000 and by issuing the Optionor an additional 1,000,000 shares (issued, fair value of $250,000) on or before September 30, 2015, which was extended by the Optionor until September 1, 2017.

Upon earning a 60% interest by making the cash payments, issuing the shares, and incurring the exploration expenditures as set out above and electing not to acquire any further interests after earning 60%, the Company and the Optionor will form a joint venture with standard dilution clauses.

In 2015, management wrote down the costs accumulated on the property to $10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitates a write down at this time in line with the Company's accounting policy for exploration and evaluation assets.

5. Exploration and Evaluation Assets (continued)

Upper Poulton Lake

On April 10, 2013 and as amended on October 10, 2013 and April 15, 2014, the Company entered into an option agreement with an arm's length vendor (the "Vendor"), whereby the Company can earn a 100% interest in the Upper Poulton Lake Property located in the Athabasca Basin in Saskatchewan, Canada.

To earn a 100% interest, the Company must make payments, issue shares and incur exploration expenditures as follows:

- $10,000 non-refundable due diligence deposit (paid);
- $40,000 cash payment (paid) and issuance of 100,000 shares (issued, fair value of $28,000) by April 20, 2013;
- $50,000 cash payment ($32,760 paid) by January 18, 2014;
- issuance of 550,000 shares (issued, fair value of $66,000) by April 10, 2014;
- $75,000 cash payment by April 10, 2015;
- $50,000 cash payment and issuance of 250,000 shares by April 10, 2016;
- $1,000,000 cash payment by April 10, 2017; and
- No less than $2,000,000 in exploration expenditures by April 10, 2017.

The Vendor will retain a 1% NSR, of which 0.5% can be purchased by the Company for a cash payment of $1,000,000 less any amount previously paid by the Company to the Vendor as NSR payments.

A finder's fee of $10,000 and 10,000 shares (fair value of $2,500) was paid/issued.

In 2015, the Company allowed its interest in the Upper Poulton Lake property to lapse and is negotiating a settlement with the Vendor, and the capitalized costs of $191,260 have been written off.

Pasfield Lake Project

On September 25, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada, for consideration comprising $25,000 in cash (paid) and issuance of 1,745,000 shares of the Company (issued, fair value of $436,250).

During 2014 a fee of $50,000 was paid to extend the option period and a finder's fee of $6,000 was paid in 2013.

The vendor will retain a NSR of 2%, of which 1% may be purchased by the Company for $1,000,000.

5. Exploration and Evaluation Assets (continued)

Pasfield Lake Project (continued)

In 2015, management wrote down the costs accumulated on the Pasfield Lake property to $10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitates a write down at this time in line with the Company's accounting policy for exploration and evaluation assets.

Highrock / Riverlack Project

On November 21, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada known as the Highrock and Riverlake Projects, in exchange for issuance of 330,000 common shares of the Company (issued, fair value of $82,500).

The vendor will retain a NSR of 2%, of which 1% may be purchased by the Company for $1,000,000.

In 2015, management wrote down the costs accumulated on the Riverlake property to $10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitated a write down at this time in line with the Company's accounting policy for exploration and evaluation assets.

In 2015, the Company allowed the Highrock claims to lapse. Riverlake claims remain in good standing as at April 30, 2017.

West Carswell Project

On December 17, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada known as the West Carswell Project, in exchange for issuance of 385,000 common shares of the Company (issued, fair value of $103,950).

The vendor will retain a NSR of 2%, of which 1% may be purchased by the Company for $1,000,000.

In 2015, management wrote down the costs accumulated on the West Carswell property to $10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitates a write down at this time in line with the Company's accounting policy for exploration and evaluation assets.

5. Exploration and Evaluation Assets (continued)

WSP/CR Claims

On February 25, 2016 the Company entered into an option agreement with GeoXplor Corp. ("GeoXplor") to acquire a 100% interest in two prospective lithium projects in Nevada, USA, known as the WSP and CR claims.

In order to exercise the option to earn the 100% interest, Zadar must issue 5,000,000 of its common shares and pay US$450,000 in cash payments, in addition to US$21,000 non-refundable deposit (paid) to GeoXplor as follows:

- US$50,000 on the effective date (paid);
- 1,000,000 common shares on TSX-V approval (issued) (Note 6);
- US$50,000 on or before March 25, 2016 (paid);
- 1,000,000 common shares on each of the first four anniversaries of the effective date (Year 1 issued) (Note 6);
- US$75,000 on each of the first and second anniversaries of the effective date (Year 1 paid); and
- US$100,000 on each of the third and fourth anniversaries of the effective date.

Zadar will be required to make exploration expenditures of US$200,000 in year one, a further US$300,000 in year two, a further US$1,000,000 in year three and a further US$1,000,000 in year four. On the fifth anniversary of the Effective Date, and annually thereafter, Zadar shall pay minimum advanced annual royalties payments of US$100,000.

Upon completion of an inferred resource calculation that confirms either of the properties having a minimum presence of 100,000 tons lithium carbonate equivalent grading at no lower than 28 parts per million lithium grade average, Zadar shall pay GeoXplor US$1,000,000 in cash or Zadar Shares, or a combination thereof at Zadar's election.

Upon Completion of an Economic Study, as defined in the option agreement, on either of the properties on or before the 10th anniversary of the effective date, Zadar shall pay to GeoXplor US$2,000,000 in cash or Zadar Shares, or a combination thereof at GeoXplor's election.

GeoXplor will maintain 3% gross value royalty return of which 2% can be purchased by Zadar at any time for US$5,000,000

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

Exploration and Evaluation Expenditures

Details of exploration and evaluation expenditures for the nine months ended April 30, 2017 and for the year ended July 31, 2016 are as follows:

	Acquisition Costs April 30, 2017	Exploration Costs April 30, 2017	Total April 30, 2017	Total July 31, 2016
Whisky Gap				
Acquisition costs - cash	$ -	$ -	$ -	$ 8,000
Mineral property costs for the period	-	-	-	8,000
Balance, beginning of period	18,000	-	18,000	10,000
Balance, end of peiod	18,000	-	18,000	18,000
Pasfield Lake				
Balance, beginning of period	10,000	-	10,000	10,000
Balance, end of peiod	10,000	-	10,000	10,000
Highrock / Riverlake				
Balance, beginning of period	10,000	-	10,000	10,000
Balance, end of peiod	10,000	-	10,000	10,000
West Carswell				
Balance, beginning of period	10,000	-	10,000	10,000
Balance, end of peiod	10,000	-	10,000	10,000
WSP/CR Claims				
Acquisition costs - cash	102,174	-	102,174	158,069
Acquisition costs - shares	110,000	-	110,000	80,000
Disbursements	-	-	-	21,635
Geological consulting	-	3,190	3,190	10,955
Geophysics	-	14,557	14,557	-
Gravity survey	-	-	-	111,185
Permit	-	-	-	10,459
Mineral property costs for the period	212,174	17,747	229,921	392,303
Balance, beginning of period	238,069	154,234	392,303	-
Balance, end of peiod	450,243	171,981	622,224	392,303
Total	$ 498,243	$ 171,981	$ 670,224	$ 440,303

6. Share Capital

(a) Authorized share capital

Unlimited common shares without par value

(b) Share issuances

On December 22, 2015, the Company completed a private placement of 23,500,000 units with each unit comprising one common share in the capital of the Company and one share purchase warrant, at a price of $0.01 per unit for gross proceeds of $235,000. Each warrant entitles the holder to purchase a common share of the Company at a price of $0.05 for a period of three years. All the gross proceeds were allocated to the fair value of the shares issued.

On March 22, 2016, the Company issued 1,000,000 common shares in the capital of the Company valued at $80,000 in connection with the WSP/CR Claims (Note 5).

On April 22, 2016, the Company completed a private placement of 9,998,215 units with each unit comprising one common share in the capital of the Company and one share purchase warrant, at a price of $0.07 per unit for gross proceeds of $699,875. Each warrant entitles the holder to purchase a common share of the Company at a price of $0.15 for a period of one year. All the gross proceeds were allocated to the fair value of the shares issued. Finders' fees of $18,480 were paid and 246,857 finders' warrants, with a fair value of $46,903, were issued in connection with the placement, with each warrant entitling the holder to purchase a common share of the Company at a price of $0.15 for a period of one year.

In April 2016 and May 2016, the Company issued a total of 4,800,000 common shares in the capital of the Company for gross proceeds of $240,000 upon exercise of share purchase warrants at a price of $0.05 per share.

In May 2016, the Company issued a total of 125,000 common shares in the capital of the Company for gross proceeds of $18,750 upon exercise of share purchase warrants at a price of $0.15 per share.

In May 2016 and July 2017, the Company issued a total of 506,021 common shares in the capital of the Company upon exercise of share purchase warrants at a price of $0.05 per share. The proceeds of $ 25,301 settled accounts payable to a vendor of the Company.

On August 5, 2016, the Company completed a private placement of 5,000,000 units with each unit comprising one common share in the capital of the Company and one half of one common share purchase warrant, at a price of $0.10 per unit for gross proceeds of $500,000. Each whole warrant entitles the holder to purchase a common share of the Company at a price of $0.25 for a period of one year. The Company issued 260,000 finders' warrants, with a fair value of $31,452, were issued in connection with the placement, with each warrant entitling the holder to purchase a common share of the Company at a price of $0.25 for a period of one year. All the gross proceeds were allocated to the fair value of the shares issued.

6. Share Capital (continued)

(b) Share issuances (continued)

On August 18, 2016, the Company issued a total of 100,000 common shares in the capital of the Company for gross proceeds of $15,000 upon exercise of share purchase warrants at a price of $0.15 per share.

Between August 18, 2016 and October 25, 2016, the Company issued a total of 3,100,000 common shares in the capital of the Company for gross proceeds of $155,000 upon exercise of share purchase warrants at a price of $0.05 per share.

On November 30, 2016, the Company issued a total of 300,000 common shares in the capital of the Company for gross proceeds of $15,000 upon exercise of share purchase warrants at a price of $0.05 per share.

Between February 16, 2017 to March 20, 2017, the Company issued a total of 1,356,000 common shares in the capital of the Company for gross proceeds of $67,800 upon exercise of share purchase warrants at a price of $0.05 per share.

On March 13, 2017, the Company completed a private placement of 10,536,800 units with On March 13, 2017, the Company closed the first tranche of its non-brokered private placement for gross proceeds of $1,053,680 by issuing an aggregate of 10,536,800 units at $0.10 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at $0.20 per share for a period of two years from the date of issuance. In connection with this financing, the Company paid finder's fees of $105,368. All the gross proceeds were allocated to the fair value of the shares issued.

On March 14, 2017, the Company issued 1,000,000 common shares in the capital of the Company valued at $110,000 in connection with the WSP/CR Claims (Note 5).

(c) Share purchase options

The Company has an incentive stock option plan (the "Plan"), whereby the Company may grant stock options to directors, officers, employees or consultants. Under the Plan, options are exercisable up to a maximum of 10 years and vest as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Company's shares on the trading day immediately preceeding the day on which the Company announces the grant of options. The Plan provides for the issuance of up to 10% of the Company's issued common shares at the date of the grant. Options awarded under the Plan are equity settled.

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(c) Share purchase options (continued)

	Number of options	**Weighted average exercise price $**
Options outstanding at July 31, 2015	1,300,000	0.25
Granted	2,500,000	0.15
Expired	(700,000)	0.25
Options outstanding and exercisable at July 31, 2016 and April 30, 2017	3,100,000	0.17

Expiry date	**Remaining contractual life (years)**	**Options outstanding and exercisable**	**Exercise Price $**
May-30-17	0.08	600,000	0.25
April 19, 2018	0.97	2,500,000	0.15
		3,100,000	0.17

The Company has granted options to employees, consultants, directors and officers of the Company as follows:

Grant Date	April 19, 2016
Exercise price	$ 0.15
Expected dividend yield	0%
Expected stock price volatility	100%
Risk-free interest rate	60.00%
Expected life of options	2 years
Fair value	$ 265,025

Option pricing models require the input of highly subjective assumptions, particularly the expected stock price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(d) Share purchase warrants

	Number of warrants	**Weighted average exercise price $**
Warrants outstanding at July 31, 2015	-	-
Issued in private placement	33,498,215	0.08
Finders' warrants issued	246,857	0.15
Exercised	(5,431,021)	0.05
Warrants outstanding at July 31, 2016	28,314,051	0.08
Issued in private placement	13,036,800	0.21
Finders' warrants issued	260,000	0.25
Exercised	(4,856,000)	0.05
Expired	(10,020,072)	0.15
Warrants outstanding at April 30, 2017	26,734,779	0.13

Expiry date	**Number of warrants**	**Exercise Price $**
December 23, 2018	13,437,979	0.05
August 5, 2017	2,760,000	0.25
March-13-19	10,536,800	0.20
	26,734,779	0.13

On April 22, 2016, 246,857 finders' warrants were issued with an estimated fair value of $46,903, which was determined using the Black Scholes option pricing model, with the following assumptions:

Expected dividend yield	0.00%
Exected stock price volatility	268%
Risk-free interest rate	0.59%
Expected life	1 year

On August 5, 2016, 260,000 finders' warrants were issued with an estimated fair value of $31,452, which was determined using the Black Scholes option pricing model, with the following assumptions:

Expected dividend yield	0.00%
Exected stock price volatility	258%
Risk-free interest rate	0.54%
Expected life	1 year

6. Share Capital (continued)

(d) Subscriptions received in advance

As at April 30, 2017, the Company has $50,000 (July 31, 2016 - $295,000) of subscriptions received in advance related to common shares not yet issued.

(e) Subscriptions receivable

As at April 30, 2017, the Company has $32,440 (July 31, 2016 - $32,440) of subscriptions receivable related to shares issued.

7. Financial Instruments and Risk Management

Fair Values

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 and liabilities

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

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

Investments are carried at level 1 fair value measurement.

The carrying values of cash, amounts receivable, due from/to related parties, accounts payable and accrued liabilities and loans payable approximate their fair value due to the short-term nature of these instruments.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash, amounts receivable and due from related parties are subject to credit risk. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's exposure to credit risk from amounts due from related parties is limited as management determines the parties to be financially sound. Management believes that credit risk related to these amounts is nominal.

7. Financial Instruments and Risk Management (continued)

Liquidity risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's approach to managing liquidity risk is to try to have sufficient liquidity to meet liabilities when due. As at April 30, 2017, the Company had a cash balance of $840,750 (July 31, 2016 - $315,392) to settle current liabilities of $442,118 (July 31, 2016 - $677,315). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. To maintain liquidity, the Company is currently investigating financing opportunities. Management intends to continue to finance its activities by raising funds by private equity investments. While the Company has been successful in obtaining its required funding in the past there is no assurance that this financing will be extended or that any additional future financing will be available. The Company is exposed to risk that it will encounter difficulty in satisfying its liabilities. The Company may mitigate this risk by selling its investment to cover its current liabilities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

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 not material.

Foreign currency risk

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate.

The functional currency of the Company is the Canadian dollar. The Company holds an investment that is denominated in British Pounds. As such, it is subject to fluctuations in the exchange rates for the Canadian dollar and British Pound. As at April 30, 2017, the Company has a held for trading investment with a fair value of $142,858. Each 10% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately $14,286.

7. Financial Instruments and Risk Management (continued)

Market risk (continued)

Other price risk

Other price risk is the risk that changes in market prices including commodity or equity prices will have an effect on the fair value or future cash flows associated with financial instruments. The equity price risk associated with the Company's current held for trading investment primarily relates to the change in the market prices of the investments in GRIT common shares. As at April 30, 2017, the Company owns 676,129 GRIT common shares with each common share valued at £0.124 or $0.219. Management believes there is price risk related to this investment.

8. Capital Management

The Company includes cash and equity, comprising issued common shares, contributed surplus and deficit in the definition of capital.

The Company manages its capital to ensure it will be able to continue as a going concern largely through equity financing. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record, and the experience of management. The Company is not exposed to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended April 30, 2017.

9. Related Party Transactions

Certain of the Company's officers and directors render services to the Company through companies in which they are an officer or director.

Party	Transactions
622738 BC Ltd.	Management fees
0868143 BC Ltd.	Consulting fees
Paul Gray Geological Consultants Ltd.	Consulting fees
GRW Inc.	Management fees

(Expressed in Canadian Dollars)

9. Related Party Transactions (continued)

The Company incurred the following fees and expenses in the normal course of operations with related parties.

Nine Months Ended April 30,		**2017**		2016
Consulting fees	**$**	**35,000**	$	-
Management fees		**42,000**		29,500
Office and administration fees		**-**		36,900
	$	**77,000**	$	66,400

Accounts payable and accrued liabilities as of April 30, 2017 include $Nil (July 31, 2016 - $33,441) owing to companies controlled by officers of the Company for services rendered.

Amounts due from related parties comprise $12,738 (July 31, 2016 - $139) in advances to companies controlled by officers and directors. Such amounts are unsecured, non-interest bearing and without specific repayment terms.

Amounts due to related parties comprise $Nil (July 31, 2016 - $14,000) in advances from companies with officers in common.

10. Amounts receivable

Amounts receivable as at April 30, 2017 are due from former officers and/or former directors of the Company and companies controlled by them. The balance as at April 30, 2017 are non-interest bearing, unsecured and due on demand.

11. Loans payable

Loans payable as at April 30, 2017 are due to former officers and/or former directors of the Company and companies controlled by them. The balance as at April 30, 2017 are non-interest bearing, unsecured and due on demand.

12. Memorandum of understanding

In February 2017, the Company entered into a memorandum of understanding ("MOU") with a private Alberta Company to purchase up to 38,000 hectares of land prospective for lithium bearing petrobrines in Manitoba ("Petrobrine MOU"). The Company will pay $50,000 cash (Note 13) and one million shares on TSX-V approval and $100,000 cash and one million shares on the first and second anniversary of this agreement. In March 2017, the Company increased its interests in lands prospective for lithium bearing petrobrines in Manitoba from 38,000 hectares to 51,000 hectares by way of newly filed claims applications.

In April 2017, the Company entered into a MOU with FlowBack Solutionz Canada Inc ("FlowBack"), a Canadian oil well waste and water treatment company, to test FlowBack's innovative and proprietary waste water treatment technology for the purpose of lithium extraction from Petrobrines from the Company's Manitoba Petrobrine projects ("FlowBack MOU"). The Company intends to complete its due diligence and enter into a definitive agreement within the next 45 days (Note 13).

13. Subsequent event

A total of 600,000 stock options expired unexercised.

In May 2017, the Company paid $15,000 and $25,000 for the Petrobrine MOU and the FlowBack MOU, respectively (Note 12).