Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

Three Months Ended October 31, 2017

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)
Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended October 31, 2017

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 three months ended October 31, 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 October 31, 2017	As at July 31, 2017
Assets		
Current		
Cash	**$ 303,149**	$ 456,742
Amounts receivable (Note 4)	**84,579**	70,374
Investment (Note 5)	**128,236**	135,370
Goods and services tax recoverable	**34,481**	30,678
Due from related parties (Note 10)	**85,148**	56,000
Prepaid expenses	**38,074**	7,833
	673,667	756,997
Exploration and evaluation assets (Note 6)	**805,953**	788,624
	$ 1,479,620	$ 1,545,621
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 10)	**$ 166,493**	$ 216,591
Loans payable (Note 11)	**63,371**	81,818
Due to related parties (Note 10)	**4,200**	1,050
Subscriptions received in advance	**65,000**	50,000
	299,064	349,459
Shareholders' Equity (Deficiency)		
Share capital (Note 7)	**7,578,186**	7,475,686
Subscriptions receivable	**-**	(3,100)
Contributed surplus	**672,064**	672,064
Deficit	**(7,069,694)**	(6,948,488)
	1,180,556	1,196,162
	$ 1,479,620	$ 1,545,621

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 October 31,		**2017**		2016
Administrative expenses				
Accounting and audit	**$**	**400**	$	-
Bank charges and interest		**123**		1,013
Consulting (Note 10)		**79,064**		119,650
Legal		**296**		1,645
Listing and filing fees		**4,849**		28,810
Management fees (Note 10)		**25,500**		31,000
Office and sundry		**25,686**		25,613
Promotion and travel		**7,692**		52,224
		143,610		259,955
Interest income		**198**		-
Recovery of write-downs		**29,340**		-
Unrealized gain (loss) on investment (Note 5)		**(7,134)**		24,364
Net loss and comprehensive loss	**$**	**(121,206)**	$	(235,591)
Basic and diluted loss per share	**$**	**(0.00)**	$	(0.00)
Basic and diluted weighted average shares outstanding		**88,558,032**		72,835,884

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, 2016	**66,281,536**	**$ 5,722,026**	**$ (32,440)**	**$ 640,612**	**$ (6,119,473)**	**$ 210,725**
Issued for cash	5,000,000	500,000	-	-	-	500,000
Exercise of warrants	3,200,000	170,000	-	-	-	170,000
Net loss	-	-	-	-	(235,591)	(235,591)
October 31, 2016	**74,481,536**	**6,392,026**	**(32,440)**	**640,612**	**(6,355,064)**	**645,134**
Issued for cash	10,536,800	1,053,680	-	-	-	1,053,680
Share issue costs	-	(162,820)	-	31,452	-	(131,368)
Issued for property	1,000,000	110,000	-	-	-	110,000
Exercise of warrants	1,656,000	82,800	-	-	-	82,800
Write-off of subscriptions receivable	-	-	29,340	-	-	29,340
Net loss	-	-	-	-	(593,424)	(593,424)
July 31, 2017	**87,674,336**	**7,475,686**	**(3,100)**	**672,064**	**(6,948,488)**	**1,196,162**
Exercise of warrants	2,050,000	102,500	-	-	-	102,500
Recovery of subscriptions receivable	-	-	(29,340)	-	-	(29,340)
Settlement of debt	-	-	32,440	-	-	32,440
Net loss	-	-	-	-	(121,206)	(121,206)
October 31, 2017	**89,724,336**	**$ 7,578,186**	**$ -**	**$ 672,064**	**$ (7,069,694)**	**$ 1,180,556**

Zadar Ventures Ltd.
(an Exploration Stage Enterprise)
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

For the Three Months Ended October 31,	**2017**	2016
Cash flows from operating activities		
Net loss	**$ (121,206)**	$ (235,591)
Adjustments for:		
Recovery of write-downs	**(29,340)**	-
Unrealized gain (loss) on investment (Note 5)	**7,134**	(24,364)
Changes in non-cash working capital		
Amounts receivable	**(14,205)**	(12,349)
Goods and services tax recoverable	**(3,803)**	(1,773)
Prepaid expenses	**(30,241)**	-
Accounts payable and accrued liabilities	**(17,658)**	(75,189)
	(209,319)	(349,266)
Cash flows from investing activities		
Exploration and evaluation expenditures	**(17,329)**	(30,364)
	(17,329)	(30,364)
Cash flows from financing activities		
Proceeds from issuance of common stock, net of issue costs	**102,500**	325,000
Advances (to) from related parties	**(25,998)**	-
Subscriptions received in advance	**15,000**	-
Loans repaid	**(18,447)**	(458)
	73,055	324,542
Decrease in cash	**(153,593)**	(55,088)
Cash at beginning of the period	**456,742**	315,392
Cash at end of the period	**$ 303,149**	$ 260,304
Supplemental disclosure with respect to cash flows		
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -
Non cash investing and financing activities		
Settlement of debt with subscriptions receivable	**$ 32,440**	$ -

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 financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred $7,069,694 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, 2017, 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 December 27, 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 the 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.

3. Significant Accounting Policies

(b) New standards and interpretations not yet adopted

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 deals with revenue recognition and establishes principles of reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Standard replaces IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations. It is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Standard is not expected to have an impact on the Company in its present form.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 Leases which specifies how a lease will be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged for its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. The Standard is not expected to have a material impact on the Company in its present form.

4. Amounts receivable

Amounts receivable as at October 31, 2017 are due from former officers and/or former directors of the Company and companies controlled by them. The balance as at October 31, 2017 are non-interest bearing, unsecured and due on demand.

(Expressed in Canadian Dollars)

5. Investment

	October 31, 2017	July 31, 2017
Cost	**$ 1,248,000**	$ 1,248,000
Fair value adjustment	**(1,119,764)**	(1,112,630)
Total	**$ 128,236**	$ 135,370

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 October 31, 2017, the fair value of the GRIT shares is $128,236.

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.

6. 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, November 19, 2014, November 28, 2015 and November 23, 2017 to acquire up to a 100% interest in certain mineral interests located in Alberta, known as the Whiskey Gap Project.

5. Exploration and Evaluation Assets (continued)

Whiskey Gap (continued)

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, which was extended by the Optionor until December 31, 2017, and by issuing the Optionor an additional 1,000,000 shares (issued, fair value of $250,000).

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.

6. Exploration and Evaluation Assets (continued)

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.

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. The Riverlake claims were allowed to lapse during the year ended July 31, 2017 and the balance of $10,000 was written off.

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. During fiscal 2017, the balance of $10,000 was written down.

6. 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 7);
- 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 7);
- 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 (US$100,000 paid), 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)

6. Exploration and Evaluation Assets (continued)

Exploration and Evaluation Expenditures

Details of exploration and evaluation expenditures for the three months ended October 31, 2017 and for the year ended July 31, 2017 are as follows:

	Acquisition Costs October 31, 2017	Exploration Costs October 31, 2017	Total October 31, 2017	Total July 31, 2017
Whisky Gap				
Balance, beginning of period	18,000	-	18,000	18,000
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
Write-down	-	-	-	(10,000)
Balance, end of peiod	-	-	-	-
West Carswell				
Balance, beginning of period	-	-	-	10,000
Write-down	-	-	-	(10,000)
Balance, end of peiod	-	-	-	-
WSP/CR Claims				
Acquisition costs - cash	17,329	-	17,329	100,928
Acquisition costs - shares	-	-	-	110,000
Disbursements	-	-	-	-
Geological consulting	-	-	-	3,190
Geophysics	-	-	-	127,030
Gravity survey	-	-	-	-
Permit	-	-	-	27,173
Mineral property costs for the year	17,329	-	17,329	368,321
Balance, beginning of year	448,997	311,627	760,624	392,303
Balance, end of year	466,326	311,627	777,953	760,624
Total	$ 494,326	$ 311,627	$ 805,953	$ 788,624

7. Share Capital

(a) Authorized share capital

Unlimited common shares without par value

(b) Share issuances

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.

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).

Between September 19, 2017 to September 29, 2017, the Company issued a total of 2,050,000 common shares in the capital of the Company for gross proceeds of $102,500 upon exercise of share purchase warrants at a price of $0.05 per share.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(b) 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.

	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 at July 31, 2016	3,100,000	0.17
Expired	(600,000)	0.25
Options outstanding and exercisable at July 31, 2017 and October 31, 2017	2,500,000	0.15

Expiry date	Remaining contractual life (years)	Options outstanding and exercisable	Exercise Price $
April 19, 2018	0.47	2,500,000	0.15
		2,500,000	0.15

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

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(b) Share purchase options (continued)

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.

(c) Share purchase warrants

	Number of warrants	Weighted average exercise price $
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 July 31, 2017	26,734,779	0.13
Exercised	(2,050,000)	0.05
Expired	(2,760,000)	0.25
Warrants outstanding at October 31, 2017	21,924,779	0.12

Expiry date	Number of warrants	Exercise Price $
December 23, 2018	11,387,979	0.05
March 13, 2019	10,536,800	0.20
	21,924,779	0.12

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

7. Share Capital (continued)

(d) Subscriptions received in advance

As at October 31, 2017, the Company has $65,000 (July 31, 2017 - $50,000) of subscriptions received in advance related to common shares not yet issued.

8. 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.

8. 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 October 31, 2017, the Company had a cash balance of $303,149 (July 31, 2017 - $456,742) to settle current liabilities of $299,064 (July 31, 2017 - $349,459). 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 October 31, 2017, the Company has a held for trading investment with a fair value of $128,236. Each 10% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately $12,824.

(Expressed in Canadian Dollars)

8. 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 October 31, 2017, the Company owns 676,129 GRIT common shares with each common share valued at £0.115 or $0.19659. Management believes there is price risk related to this investment.

9. 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 October 31, 2017.

10. 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)

10. Related Party Transactions (continued)

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

Three Months Ended October 31,		2017		2016
Consulting fees	$	9,500	$	10,500
Management fees		10,500		16,000
	$	20,000	$	26,500

Amounts due from related parties comprise $85,148 (July 31, 2017 - $56,000) 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 $4,200 (July 31, 2017 - $1,050) in advances from companies with officers in common.

11. Loans payable

Loans payable as at October 31, 2017 are due to former officers and/or former directors of the Company and companies controlled by them. The balance as at October 31, 2017 are non-interest bearing, unsecured and due on demand.

12. Memorandum of understanding

Petrobrine MOU

In February 2017, the Company entered into a memorandum of understanding ("MOU") with a private Alberta company to purchase certain claims in Manitoba ("Petrobrine MOU"). In May 2017, the Company paid an initial non-refundable $15,000 for the Petrobrine MOU. The Company will pay an additional $25,000 and 1,000,000 shares on TSX-V approval; $100,000 within 6 months of TSX-V approval; $100,000 and 1,000,000 shares on the first anniversary of the Petrobrine MOU; and $150,000 on the second anniversary of the Petrobrine MOU. The Company also has a $2,000,000 work commitment over 4 years. A purchase agreement has not yet been executed and accordingly, the $15,000 has been expensed during fiscal 2017.

12. Memorandum of understanding (continued)

FlowBack MOU

In March 2017, the Company entered into a MOU with 0984767 BC Ltd. (dba Flowback Solutionz, "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"). In May 2017, the Company paid an initial $26,750 for the FlowBack MOU.

Upon signing a purchase agreement and obtaining TSX-V approval, the Company will pay $50,000 and issue 750,000 common shares. Further commitments, dependent on successful completion of certain trials, tests and commercial operations and production, include funding of a larger scale commercial tests, include paying an additional $1,700,000 and issuing an additional 2,500,000 shares. The Company will have an option to purchase a royalty from FlowBack for $1,000,000 at any time. A purchase agreement has not yet been executed and accordingly, the $26,750 has been expensed during fiscal 2017.

13. Subsequent event

In December 2017, the Company issued a total of 2,550,000 common shares in the capital of the Company for gross proceeds of $127,500 upon exercise of share purchase warrants at a price of $0.05 per share.

On December 20, 2017, the Company issued 1,317,100 common shares of the Company to settled $105,368 in debt.