

# **GORILLA MINERALS CORP.**

Financial Statements

For the Year Ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

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**Adam Kim**

ADAM SUNG KIM LTD.

CHARTERED PROFESSIONAL ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of  
Gorilla Minerals Corp.

I have audited the accompanying financial statements of Gorilla Minerals Corp. (the "Company"), which comprise the statements of financial position as at July 31, 2015 and July 31, 2014, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended July 31, 2015 and July 31, 2014 and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2015 and July 31, 2014, and its financial performance and its cash flows for the years ended July 31, 2015 and July 31, 2014 in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying my opinion, I draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

*"Adam Sung Kim Ltd."*  
Chartered Professional Accountant

Burnaby, British Columbia  
November 18, 2015

**GORILLA MINERALS CORP.**

Statements of Financial Position

As at July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

	July 31, 2015 \$	July 31, 2014 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	24,000	7,281
GST and other receivables	13,306	3,427
	37,306	10,708
Mineral properties (Note 5)	145,410	63,910
	182,716	74,618
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	124,121	28,558
Due to related parties (Note 9)	32,169	54,259
Notes payable (Note 6)	12,434	24,052
	168,724	106,869
Notes payable (Note 6)	43,122	49,058
Convertible promissory notes payable (Note 7)	136,814	-
	348,660	155,927
<b>Shareholders' Equity</b>		
Share capital (Note 8)	944,260	577,930
Contributed surplus	34,561	10,560
Deficit	(1,144,765)	(669,799)
	(165,944)	(81,309)
	182,716	74,618

Nature of operations and continuance of business (Note 1)

Subsequent event (Note 13)

Approved by the Board of Directors on November 18, 2015:

*"Scott Sheldon"*

Scott Sheldon, Director

*"Donald Sheldon"*

Donald Sheldon, Director

(The accompanying notes are an integral part of these financial statements)

**GORILLA MINERALS CORP.**

Statements of Loss and Comprehensive Loss  
For the Years Ended July 31, 2015 and July 31, 2014  
(Expressed in Canadian dollars)

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Exploration Expenses</b>	325,657	17,396
<b>Administrative Expenses</b>		
Audit and accounting	23,250	20,500
Consulting fees	6,000	4,000
Interest expense	10,786	8,052
Legal	34,154	26,528
Management fees	39,500	36,000
General and administrative	35,353	3,937
Transfer agent, filing and stock exchange fees	18,670	11,604
Travel	8,596	15,000
	501,966	143,017
<b>Other (Income) Expenses</b>		
Plan of arrangement (Note 4)	(27,000)	(65,500)
Write off of accounts payable	-	(5,000)
Loss on settlement of debts	-	422,500
<b>Net loss and comprehensive loss for the year</b>	<b>(474,966)</b>	<b>(495,017)</b>
<b>Loss per share, basic and diluted</b>	<b>(0.09)</b>	<b>(0.31)</b>
<b>Weighted average shares outstanding</b>	<b>5,338,583</b>	<b>1,586,514</b>

(The accompanying notes are an integral part of these financial statements)

**GORILLA MINERALS CORP.**Statement of Changes in Equity  
(Expressed in Canadian dollars)

	Share Capital				
	Common Shares	Amount \$	Contributed surplus \$	Deficit \$	Total \$
Balance, at July 31, 2013	1,267,248	84,410	6,260	(174,782)	(84,112)
Shares issued for property	12,000	6,000	-	-	6,000
Discount on notes payable	-	-	4,290	-	4,290
Shares issued related to Plans of Arrangements (Note 4)	-	20	10	-	30
Shares issued for debt	3,250,000	487,500	-	-	487,500
Net loss for the year	-	-	-	(495,017)	(495,017)
Balance, at July 31, 2014	4,529,241	577,930	10,560	(669,799)	(81,309)
Shares issued for property	276,666	41,500	-	-	41,500
Shares issued for cash	1,416,431	305,275	-	-	305,275
Shares issued for debt	100,312	19,555	-	-	19,555
Discount on notes payable	-	-	5,539	-	5,539
Equity portion of convertible promissory notes payable (Note 7)	-	-	18,462	-	18,462
Net loss for the year	-	-	-	(474,966)	(474,966)
Balance, at July 31, 2015	6,322,650	944,260	34,561	(1,144,765)	(165,944)

(The accompanying notes are an integral part of these financial statements)

**GORILLA MINERALS CORP.**

## Statements of Cash Flows

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

	2015	2014
	\$	\$
Cash provided by (used in):		
Operating activities		
Net loss for the year	(474,966)	(495,017)
Adjustments for non-cash items		
Interest accrual on promissory note	10,786	8,052
Write off of accounts payable	-	(5,000)
Loss on settlement of debts	-	422,500
Changes in non-cash operating working capital:		
GST recoverable	(9,879)	(2,769)
Accounts payable and accrued liabilities	113,441	(4,890)
Due to related parties	39,562	25,630
	(321,056)	(51,494)
Investing activities		
Payment of property option	(40,000)	(20,000)
Proceeds on property option	-	45,530
	(40,000)	25,530
Financing activities		
Issue of shares, net of share issue costs	305,275	-
Proceeds from promissory note	72,500	40,365
Repayment of promissory note	-	(7,567)
	377,775	32,798
Increase/(decrease) in cash	16,719	6,834
Cash, beginning of year	7,281	447
Cash, end of year	24,000	7,281
<b>Supplemental information</b>		
Interest paid	-	-
Taxes paid	-	-
<b>Significant non-cash financing and investing activities</b>		
Shares issued for mineral property option payment	41,500	6,000
Shares issued under the plan of arrangement	-	30
Shares issued for debt	19,555	487,500

(The accompanying notes are an integral part of these financial statements)

# **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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## **1. Nature of Operations and Continuance of Business**

Gorilla Minerals Corp. (“Gorilla” or the “Company”) was incorporated on April 27, 2012 in Canada with limited liability under the legislation of the Province of British Columbia. Gorilla’s registered office is located at Suite 2000 – 1177 West Hastings Street, Vancouver, BC, V6E 2K3, Canada.

Gorilla is an exploration stage company and is in the process of exploring its mineral properties in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its property, and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at July 31, 2015, the Company has not generated any revenues from operations and has an accumulated deficit of \$1,144,765. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

## **2. Basis of Presentation**

### **(a) Statement of Compliance**

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

## GORILLA MINERALS CORP.

Notes to the Financial Statements  
For the Years Ended July 31, 2015 and July 31, 2014  
(Expressed in Canadian dollars)

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### 2. Basis of Presentation (continued)

#### (b) Basis of Measurement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

#### (c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements. These financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency.

#### (d) Subsidiaries

The following subsidiaries were spun out pursuant Plans of Arrangements (Note 4) and are no longer subsidiaries of the Company as at July 31, 2015:

Name	Ownership %	Incorporation Date	Disposition Date
Orca Touchscreen Technologies Ltd.	100%	December 31, 2013	March 6, 2014
European Ferro Metals Ltd.	100%	December 31, 2013	March 6, 2014
Enfield Exploration Corp.	100%	November 1, 2013	November 21, 2013
Big Rock Labs Inc.	100%	April 4, 2014	May 8, 2014
Highmark Acquisitions Ltd.	100%	April 2, 2014	April 17, 2014
Grenadier Resources Corp.	100%	June 2, 2014	June 18, 2014
Salient Corporate Services Inc.	100%	July 8, 2014	July 29, 2014
Whole New Home Technologies Inc.	100%	November 17, 2014	January 5, 2015



## **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### **3. Significant Accounting Policies**

#### (a) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments that are readily convertible into known amounts of cash within three months.

#### (b) Mineral Properties

##### *Recognition and Measurement*

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. These costs would also include periodic fees such as license and maintenance fees and advance royalty payments.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company may occasionally enter into option-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would otherwise be undertaken by the Company.

The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted as a gain on disposal.

#### (c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

## **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### **3. Significant Accounting Policies (continued)**

#### (c) Provisions (continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

#### (d) Income Taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

## **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### **3. Significant Accounting Policies (continued)**

#### (e) Financial Instruments

##### *Financial Assets*

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

##### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting periods, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs.

Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

##### *Financial Assets at Fair Value Through Profit or Loss*

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

The Company has classified cash as fair value through profit or loss.

##### *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

## **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### **3. Significant Accounting Policies (continued)**

#### (e) Financial Instruments (continued)

##### *Financial Liabilities*

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. These liabilities include accounts payable and accrued liabilities, other liabilities and loans. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred.

##### *Impairment of Financial Assets*

The Company assesses at the end of each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in the income statement.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. Impairment losses recognized for equity securities are not reversed.

## **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### **3. Significant Accounting Policies (continued)**

#### (f) Loss Per Share

Basic earnings or loss per share is computed by dividing the earnings or loss for the period by the weighted average number of common shares outstanding during the relevant period. The treasury stock method is used for the calculation of diluted earnings or loss per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. When a loss has been incurred, basic and diluted loss per share is the same because the exercise of options and warrants would be anti-dilutive.

#### (g) Comprehensive Income

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources, and comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the balance sheet.

#### (h) Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

#### (i) Related Parties

Parties are considered to be 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 to be 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.

#### (j) Critical Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

## **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### **3. Significant Accounting Policies (continued)**

#### (j) Critical Accounting Judgments and Estimates (continued)

The most significant accounts that require estimates as the basis for determining the stated amounts include recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

#### Economic recoverability and probability of future economic benefits of mineral properties

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

#### Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

#### Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

### **4. Plan of Arrangement**

On September 18, 2013, the Company received \$15,000, pursuant to the Company having entered into an Arrangement Agreement dated August 22, 2013 with ChitrChatr Communications Inc. and 0978557 BC Ltd. Under the Arrangement Agreement, the Company disposed of all the issued and outstanding shares of 0978557 BC Ltd. for consideration of \$15,000 in cash and the receipt of 1,000 warrants of ChitrChatr Communications Inc. at a price of \$0.10 per share for a period of three months after the effective date of the Arrangement, September 11, 2013. The Company will also issue 10,000 warrants (pre-consolidation) to ChitrChatr Communications Inc. on the same terms as those issued by the ChitrChatr Communications Inc. to the Company.

## **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### **4. Plan of Arrangement (continued)**

On October 25, 2013, the Company entered into another plan of arrangement (the "Plan of Arrangement with Enfield") and an arrangement agreement (the "Arrangement Agreement with Enfield") with Enfield Exploration Corp. ("Enfield Exploration") and Enfield Resources Corp. ("Enfield Resources"). Enfield Exploration was incorporated in British Columbia on November 1, 2013 as a wholly-owned subsidiary of the Company. Enfield Exploration was created solely for the purposes of affecting the Plan of Arrangement with Enfield. Pursuant to the Plan of Arrangement with Enfield: (1) Enfield Resources proposes to acquire from the Company the option to acquire certain Yukon nickel mineral rights known as the Wels Nickel Property, (2) the Company shall issue 4 (pre-consolidation) of its common shares to Enfield Exploration and receive 4,000 common shares of Enfield Exploration in return, (3) Enfield Resources shall purchase all the outstanding and issued shares of Enfield Exploration from the Company, and the Company shall cancel the 4 (pre-consolidation) shares it issued to Enfield Exploration, (4) Enfield Exploration shall acquire all the outstanding shares of Enfield Resources from all the Enfield Resources shareholders through a 1-for-1 share exchange, and (5) Enfield Exploration shall apply for a listing on the Canadian Securities Exchange (the "CSE"). The Supreme Court of British Columbia granted a Final Order approving the Plan of Arrangement with Enfield on November 21, 2013.

On January 6, 2014, the Company entered into another plan of arrangement which includes a statutory plan of arrangement (the "Plan of Arrangement") with Orca Touchscreen Technologies Ltd. ("Orca Touchscreen") and Orca Mobile Solutions Ltd. ("Orca Mobile"). Orca Touchscreen was incorporated in British Columbia on December 31, 2013 as a wholly-owned subsidiary of the Company for the sole purpose of affecting the Plan of Arrangement. Pursuant to the Plan of Arrangement: (1) Orca Mobile shall purchase all the issued and outstanding shares of Orca Touchscreen from the Company, (2) The Company shall issue 4 (pre-consolidation) of its common shares to Orca Touchscreen and receive in exchange 4,000 common shares of Orca Touchscreen, and then the Company shall cancel the 4 (pre-consolidation) shares it issued to Orca Touchscreen, (3) Orca Touchscreen shall acquire all the outstanding shares of Orca Mobile from all the Orca Mobile shareholders through a 1-for-1 share exchange, and (4) Orca Touchscreen shall apply for a listing on the CSE. The Supreme Court of British Columbia granted a Final Order approving the Plan of Arrangement with Orca Touchscreen and Orca Mobile on March 6, 2014.

On January 7, 2014, the Company entered into another plan of arrangement (the "Arrangement Agreement") which includes a statutory plan of arrangement (the "Plan of Arrangement") with European Ferro Metals Ltd. ("European Ferro") and First Ferro Mining Ltd. ("First Ferro"). European Ferro was incorporated in British Columbia on December 31, 2013 as a wholly-owned subsidiary of the Company for the sole purpose of effecting the Plan of Arrangement. Pursuant to the Plan of Arrangement: (1) First Ferro shall acquire from the Company the right to earn a 40% interest in the Yukon mineral claims in consideration of \$18,000, payable as to \$7,500 on execution of the Arrangement Agreement, and the balance within five days of the listing of European Ferro on the Canadian Securities Exchange (the "CSE") (2) First Ferro shall purchase all the issued and outstanding shares of European Ferro from the Company, (3) The Company shall issue 4 (pre-consolidation) of its common shares to European Ferro and receive in exchange 4,000 common shares of European Ferro, and then the Company shall cancel the 4 (pre-consolidation) shares it issued to European Ferro, (4) European Ferro shall acquire all the outstanding shares of First Ferro from all the First Ferro shareholders through a 1-for-1 share exchange, and (4) European Ferro shall apply for a CSE listing.

## **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### **4. Plan of Arrangement (continued)**

The Supreme Court of British Columbia granted a Final Order approving the Plan of Arrangement with European Ferro and First Ferro on March 6, 2014.

On February 25, 2014, the Company entered into another plan of arrangement (the "Arrangement Agreement with Eilat") which includes a statutory plan of arrangement with Eilat Minerals Inc. ("Eilat Minerals") and Eilat Resources Inc. ("Eilat Resources"). Eilat Minerals will be incorporated in British Columbia as a wholly-owned subsidiary of the Company for the sole purpose of effecting the plan of arrangement. Purpose to the Plan of Arrangement: (1) Eilat Resources Inc. shall purchase all the issued and outstanding shares of Eilat Minerals from the Company for a Purchase Price of \$8,000 (payable as to \$2,000 deposit on execution of the agreement and the balance on closing the plan of arrangement); (2) Eilat Minerals shall acquire all the outstanding shares of Eilat Resources from all the Eilat Resources shareholders through a 1-for-1 share exchange; (3) the Company shall issue 4 (pre-consolidation) of its common shares to Eilat Minerals and receive in exchange 4,000 common shares of Eilat Minerals, and then the Company shall cancel the 4 (pre-consolidation) shares it issued to Eilat Minerals; and (4) Eilat Minerals shall apply for a listing on the CSE. The proposed Plan of Arrangement was terminated as both parties decided not to proceed with the arrangement.

On April 4, 2014, the Company entered into another plan of arrangement (the "Arrangement Agreement with Big Rock") which includes a statutory plan of arrangement with Big Rock Labs Inc. ("Big Rock Labs") and Big Rock Technologies Inc. ("Big Rock Technologies"). Big Rock Labs was incorporated in British Columbia on April 4, 2014 as a wholly-owned subsidiary of the Company for the sole purpose of effecting the plan of arrangement. Pursuant to the plan of arrangement: (1) Big Rock Technologies shall purchase all the issued and outstanding shares of Big Rock Labs from the Company, (2) Big Rock Labs shall acquire all the outstanding shares of Big Rock Technologies from all the Big Rock Technologies shareholders through a 1-for-1 share exchange, (3) the Company shall issue 4 (pre-consolidation) of its common shares to Big Rock Labs and receive in exchange 4,000 common shares of Big Rock Labs, and then the Company shall cancel the 4 (pre-consolidation) shares it issued to Big Rock Labs, and (4) Big Rock Labs shall apply for a listing on the CSE. The Supreme Court of British Columbia granted Final Order approving the Plan of Arrangement with Bog Rock Labs and Big Rock Technologies on May 8, 2014.

On April 4, 2014, the Company entered into another plan of arrangement (the "Arrangement Agreement with Highmark") which includes a statutory plan of arrangement with Highmark Acquisitions Ltd. ("Highmark Acquisitions") and Highmark Marketing Corp. ("Highmark Marketing"). Highmark Acquisitions was incorporated in British Columbia on April 2, 2014 as a wholly-owned subsidiary of the Company for the sole purpose of effecting the plan of arrangement. Pursuant to the plan of arrangement: (1) Highmark Marketing shall purchase all the issued and outstanding shares of Highmark Acquisitions from the Company, (2) Highmark Acquisitions shall acquire all the outstanding shares of Highmark Marketing from all the Highmark Marketing shareholders through a 1-for-1 share exchange, (3) the Company shall issue 4 (pre-consolidation) of its common shares to Highmark Acquisitions and receive in exchange 4,000 common shares of Highmark Acquisitions, and then the Company shall cancel the 4 (pre-consolidation) shares it issued to Highmark Acquisitions, and (4) Highmark Acquisitions shall apply for a listing on the CSE. The Supreme Court of British Columbia granted a Final Order approving the Plan of Arrangement with Highmark Acquisitions and Highmark Marketing on April 17, 2014.



## **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### **4. Plan of Arrangement (continued)**

On May 15, 2014, the Company entered into another plan of arrangement (the "Arrangement Agreement with Grenadier") which includes a statutory plan of arrangement with Grenadier Resources Corp. ("Grenadier Resources") and Grenadier Exploration Corp. ("Grenadier Exploration"). Grenadier Resources was incorporated in British Columbia on June 2, 2014 as a wholly-owned subsidiary of the Company for the sole purpose of effecting the plan of arrangement. Pursuant to the plan of arrangement: (1) Grenadier Exploration shall purchase all the issued and outstanding shares of Grenadier Resources from the Company, (2) Grenadier Resources shall acquire all the outstanding shares of Grenadier Exploration from all the Grenadier Exploration shareholders through a 1-for-1 share exchange, (3) the Company shall issue 4 (pre-consolidation) of its common shares to Grenadier Resources and receive in exchange 4,000 common shares of Grenadier Resources, and then the Company shall cancel the 4 (pre-consolidation) shares it issued to Grenadier Resources, and (4) Grenadier Resources shall apply for a listing on the CSE. The Supreme Court of British Columbia granted a Final Order approving the Plan of Arrangement with Grenadier Resources and Grenadier Exploration on June 18, 2014.

On July 21, 2014, the Company entered into another plan of arrangement (the "Arrangement Agreement with Salient") which includes a statutory plan of arrangement with Salient Corporate Services Inc. ("Salient Corporate") and Salient Standard Holdings Inc. ("Salient Standard"). Pursuant to the plan of arrangement: (1) Salient Standard shall purchase all the issued and outstanding shares of Salient Corporate from the Company, (2) Salient Corporate shall acquire all the outstanding shares of Salient Standard from all the Salient Standard shareholders through a 1-for-1 share exchange, (3) the Company shall issue 4 (pre-consolidation) of its common shares to Salient Corporate and receive in exchange 4,000 common shares of Salient Corporate, and then the Company shall cancel the 4 (pre-consolidation) shares it issued to Salient Corporate, and (4) Salient Corporate shall apply for a listing on the CSE. The Supreme Court of British Columbia granted a Final Order approving the Plan of Arrangement with Salient Corporate and Salient Standard on July 29, 2014.

On September 26, 2014, the Company entered into another arrangement agreement (the "Arrangement Agreement") which includes a statutory plan of arrangement with Whole New Home Technologies Inc. ("Whole New Home") and PDT Technologies Inc. ("PDT"). Pursuant to the Plan of Arrangement: (1) PDT shall purchase all the issued and outstanding shares of Whole New Home from the Company (the "Purchase Shares"), (2) Whole New Home shall acquire all the outstanding shares of PDT from all the PDT shareholders through a 1-for-1 share exchange, (3) the Company shall issue 1,000 of its Common Shares to Whole New Home (the "Exchange Shares") and receive in exchange 500,000 Common Shares of Whole New Home (the "Distribution Shares"), (4) the Distribution Shares shall be distributed to the shareholders of the Company as of its record date on a pro-rated basis as a stock dividend, with certain shareholders of the Company agreeing to exclude the number of the Company's shares required from the calculation of the portion of the Distribution Shares to which they would otherwise be entitled so as to effect a 1:1 distribution with the Distribution Shares; (5) the Exchange Shares and the Purchase Shares shall then be cancelled, and (6) Whole New Home shall apply for listing on the Canadian Securities Exchange. The Supreme Court of British Columbia granted a Final Order approving the Plan of Arrangement with PDT and Whole New Home on January 5, 2015.

## GORILLA MINERALS CORP.

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### 5. Mineral Properties

#### *Whitehorse, Yukon Territory, Canada*

Pursuant to an option agreement dated June 6, 2011, Gorilla Resources Corp. was granted an option to acquire a 100% interest in the Wels property located in Whitehorse, Yukon Territory, Canada. On April 23, 2012, Gorilla Resources Corp. assigned all the benefits, rights and obligations under the option agreement to the Company. The property consists of 136 unpatented mining claims and is subject to a 3% Net Smelter Returns ("NSR") in favour of the optionor. The Company has the right to buy back the NSR for a cash payment of \$750,000 for each 1%, to a maximum of \$1,500,000, at any time. To maintain and exercise the option, the Company must:

- Make cash payments of \$15,900 upon signing (paid by Gorilla Resources Corp.);
- Make cash payments of \$15,450 upon the completion of a National Instrument 43-101 technical report (paid by Gorilla Resources Corp.);
- Issue 15,000 common shares on the sixth month anniversary (issued by Gorilla Resources Corp.);
- Make cash payments of \$25,000 and issue 10,000 common shares on or before September 30, 2012 (subsequently extended to make a cash payment of \$10,000 by October 31, 2012 and \$15,000 by January 31, 2013) (paid/issued by the Company);
- Make payments of \$40,000 on or before September 30, 2013, payable in cash, common shares, or a combination of cash and common shares (subsequently amended to payment of \$20,000 in cash on or before February 28, 2014 pursuant to a payment extension agreement dated November 19, 2013) (paid by the Company);
- Issue 10,000 common shares on or before 14 days from the date of a payment extension agreement dated November 19, 2013 pursuant to a payment extension agreement dated November 19, 2013 (issued on November 21, 2013);
- Make payments of \$80,000 on or before September 30, 2014, payable in cash, common shares, or a combination of cash and common shares (amended to payment of \$40,000 in cash on October 16, 2014 and \$40,000 issued in shares on October 24, 2014). (Paid/issued by the Company).

On November 12, 2013, the Company granted to Enfield Resources an option to acquire a 100% undivided right, title and interest in certain mineral claims of the Wels property ("Wels Nickel Project"). The Company was entitled to receive a royalty interest equal to 5% of NSR. Enfield Resources was entitled to redeem the entitlement of the Company to its share of NSR by paying \$1,500,000 to the Company for each 1% so redeemed, to a maximum of \$7,500,000. In order to the option and to earn the interests in the Wels Nickel Project, Enfield was to make the following payments in cash to the Company:

- \$10,000 on or before November 12, 2013 (received);
- \$15,000 within 5 days of CSE Listing (received);
- \$2,500 on or before May 1, 2014 (received);
- \$80,000 on or before September 30, 2014 (Enfield defaulted on payment. The option agreement was terminated on October 30, 2014); and
- \$80,000 on or before September 30, 2015.

## GORILLA MINERALS CORP.

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

### 5. Mineral Properties (continued)

On January 7, 2014, the Company entered into an Option and Joint Venture Agreement with First Ferro whereby the Company granted First Ferro an option to acquire a 40% undivided beneficial interest in certain mineral claims of the Wels property ("Wels Gold Project") by making the following payments:

- \$7,500 on execution of the Arrangement Agreement (received);
- \$10,500 within 5 days of the CSE Listing (received);
- \$100,000 on or before June 30, 2014 (First Ferro defaulted on payment, Option Agreement was terminated on August 31, 2014);
- \$100,000 on or before December 31, 2014;
- \$100,000 on or before June 30, 2015; and
- \$100,000 on or before December 31, 2015.

During the year ended July 31, 2015, the Company made cash payments of \$40,000 (2014: \$20,000) and issued 276,666 common shares (2014: 12,000 common shares) of the Company at a fair value of \$41,500 (2014: \$6,000) (Note 8).

During the year ended July 31, 2015, the Company received \$50,000 (2014: \$4,374) from the Government of Yukon in contribution funds for mining exploration.

During the years ended July 31, 2015 and 2014, the Company incurred exploration expenditures on the Wels Property as follows:

	<u>July 31, 2015</u>	<u>July 31, 2014</u>
<b>Exploration and related expenditures (Wels)</b>		
Assays	\$ 147,142	\$ 2,567
Drilling	82,195	
Geological	34,602	15,293
Geophysical survey	10,000	-
Land administration	7,500	-
Travel and transportation	94,218	3,910
Government of Yukon Contribution Funds	(50,000)	(4,374)
<b>Total mineral property expenditures</b>	<u>\$ 325,657</u>	<u>\$ 17,396</u>

## **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### **6. Notes Payable**

During the year ended July 31, 2014, the Company received loan proceeds of \$40,365 from directors and companies owned by directors of the Company. During the year ended July 31, 2014, the Company repaid \$7,567. The notes payable was accounted for at amortized cost using the effective interest rate method with the effective interest rate of 12% per annum. During the year ended July 31, 2014, the debt discount of \$4,290 was credited to contributed surplus, debited to notes payable and amortized over the term of the notes.

During the year ended July 31, 2015, the Company received additional loan proceeds of \$22,500 from directors and companies owned by directors of the Company. On March 31, 2015, the Company entered into two loan agreements with companies owned by directors of the Company in the amounts of \$35,000 and \$10,000, respectively (the "Loans"). The Loans replaced the notes payable, in the same amounts, that were previous owed to related parties. The Loans bears 5% interest, are unsecured, and are due on March 31, 2017. The Loans were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 12% per annum. During the year ended July 31, 2015, the debt discount of \$5,539 was credited to contributed surplus, debited to notes payable and amortized over the term of the notes.

On March 31, 2015, the Company entered into a convertible promissory note agreement with a company controlled by a director of the Company to convert \$50,000 of the note into a convertible promissory note (Note 7).

During the year ended July 31, 2015, the Company accrued an interest and accretion expense of \$5,510 related to the Loans.

### **7. Convertible Promissory Notes Payable**

On March 31, 2015, the Company entered into various convertible promissory note agreements for a total principal amount of \$150,000 (the "Convertible Notes"). Total proceeds of \$50,000 was received from a third party, \$50,000 note payable was converted by a company controlled by a director of the Company (Note 6), and \$50,000 amount due to related party was converted by a company controlled owned by the President of the Company (Note 9).

The Convertible Notes bear 5% interest, are unsecured, and are due on March 31, 2017. At any time prior to the maturity date, the lenders may convert all or any part of the principal amount into shares of the Company at a price of \$0.15 per share. At the date of issue, the debt portion of the convertible Notes was recorded at its fair value of \$131,538, assuming a fair value of interest rate for comparable debt of 12% per annum. The equity component, which is the fair value attributed to the conversion feature, had a carrying value of \$18,462, being the difference between the face amount and the fair value of the debt. The carrying value of the equity component was recorded as a separate component of shareholders' equity. Subsequent to initial recognition, the debt has been amortized over the term of the debt using the effective interest rate method at discount rate of 12%. During the year ended July 31, 2015, the Company accrued an interest and accretion expense of \$5,276 related to the Convertible Notes.

## **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### **8. Share Capital**

(a) Authorized

Unlimited number of common shares without par value

(b) Share transactions for the year ended July 31, 2015:

On March 31, 2015, the Company issued 880,000 units for \$220,000 cash from various private placements. Each unit is comprised of one common share in the capital of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share of the Company at a price of \$0.30 on or before March 31, 2017. The Company paid a finder's fee of \$2,500 on subscriptions from purchasers introduced by the finder.

On March 11, 2015, the Company issued 89,512 common shares to settle accounts payable of \$17,903.

On January 29, 2015, the Company issued 73,100 common shares for \$18,275 cash from various private placements.

On October 24, 2014, the Company issued 463,331 common shares for \$69,500 cash from various private placements.

On October 24, 2014, the Company issued 10,800 common shares to settle \$1,652 in debt due to a former director (Note 9).

On October 24, 2014, the Company issued 276,666 common shares with a fair value of \$41,500 pursuant to the Company's Wels Property (Note 5).

(c) Share transactions for the year ended July 31, 2014:

On June 27, 2014, the Company issued 3,250,000 common shares at a fair value of \$0.15 per share to settle \$65,000 of debt due to various directors of the company. Loss of \$422,500 on settlement of debt was booked to statement of loss.

On April 29, 2014, the Company consolidated its authorized, issued and outstanding common shares at a consolidation ratio of 1:10 (1 new share for every 10 current shares). All figures have been updated in these financial statements unless otherwise noted.

On March 28, 2014, the Company issued 2,000 common shares with a fair value of \$1,000 pursuant to the Company's Wels Property (Note 5).

On November 21, 2013, the Company issued 10,000 common shares with a fair value of \$5,000 pursuant to the Company's Wels Property (Note 5).

(d) Warrants

During the year ended July 31, 2015, the Company issued a total of 880,000 warrants. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.30 on or before March 31, 2017.

## GORILLA MINERALS CORP.

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

### 9. Related Party Transactions

During the year ended July 31, 2015, the Company incurred \$24,000 (2014: \$24,000) in management fees from a company owned by the President of the Company. At July 31, 2015, the Company owed \$32,169 to directors and their companies and had \$55,556 of notes payable (Note 6) and \$89,538 of convertible promissory notes payable (Note 7) to directors and their companies.

Refer to Notes 6, 7 and 8 for related party transactions.

### 10. Financial Instruments

#### (a) Classification of Financial Instruments

The Company has classified its financial instruments as follows:

	2015 \$
<hr/>	
Financial assets:	
Held for trading, measured at fair value:	
Cash	24,000
	<hr/>
	24,000
<hr/>	
Financial liabilities, measured at amortized cost:	
Accounts payable	124,121
Due to related parties	32,169
Notes payable	55,556
Convertible promissory notes payable	136,814
	<hr/>
	348,660
	<hr/>

#### (b) Fair Values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

## **GORILLA MINERALS CORP.**

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### **10. Financial Instruments (continued)**

As at July 31, 2015, the fair values of financial instruments measured on a recurring basis include cash, determined based on level one inputs and consisting of quoted prices in active markets for identical assets. The fair values of other financial instruments, which include accounts payable, due to related parties and current portion of notes payable, approximate their carrying values due to the relatively short-term maturity of these instruments. The long term portion of notes payable and the Convertible Notes, bearing 5% interest, unsecured, and due on March 31, 2017, are booked at amortized costs.

#### **(c) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at July 31, 2015, the Company does not have sufficient cash to settle current liabilities of \$168,724.

#### **(d) 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 is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST/HST receivable due from the Federal Government of Canada. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

#### **(e) Price Risk**

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

#### **(f) Interest rate risk**

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates other than notes and convertible notes payables (Note 6 and 7). The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

#### **(g) Foreign currency exchange rate risk**

The Company currently has no significant operations denominated in foreign currencies. Management believes there is no significant foreign currency exchange rate risk.

## GORILLA MINERALS CORP.

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

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### 11. Capital Management

The Company defines its capital as cash and equity comprised of issued share capital and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements as at July 31, 2015.

### 12. Segmented Information

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

### 13. Income Taxes

The income taxes shown in the Statements of Loss and Comprehensive Loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	<u>2015</u>	<u>2014</u>
Statutory tax rate	26.0%	26.0%
Loss before income taxes	<u>\$ (474,966)</u>	<u>\$ (495,017)</u>
Expected income tax recovery	(123,491)	(128,704)
Increase (decrease) in income tax recovery resulting from:		
Items deductible and not deductible for income tax purposes	2,630	110,289
Current and prior tax attributes not recognized	120,861	18,415
Deferred income tax recovery	<u>\$ -</u>	<u>\$ -</u>



## GORILLA MINERALS CORP.

Notes to the Financial Statements

For the Years Ended July 31, 2015 and July 31, 2014

(Expressed in Canadian dollars)

### 13. Income Taxes (continued)

Details of deferred tax assets are as follows:

	<u>2015</u>	<u>2014</u>
Non-capital losses	\$ 81,317	\$ 45,100
Resource expenditures	94,302	10,178
Share issuance costs and others	520	-
	<u>176,139</u>	<u>55,278</u>
Less: Unrecognized deferred tax assets	<u>(176,139)</u>	<u>(55,278)</u>
	<u>\$ -</u>	<u>\$ -</u>

The Company has approximately \$313,000 of non-capital losses available, which begin to expire in 2032 through to 2035 and may be applied against future taxable income. The Company also has approximately \$508,000 of exploration and development costs which are available for deduction against future income for tax purposes. At July 31, 2015, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

### 14. Subsequent Event

On August 18, 2015, the Company issued 172,608 units to a consultant pursuant to a consulting agreement. Each unit comprises of one common share of the Company and a warrant to purchase one additional common share of the Company for a period of 12 months from the date of issuance at an exercise price of \$0.30 per common share.