GORILLA MINERALS CORP.

Consolidated Financial Statements

For the Year Ended July 31, 2016 and 2015

(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 consolidated financial statements of Gorilla Minerals Corp. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2016 and July 31, 2015, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended July 31, 2016 and July 31, 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2016 and July 31, 2015, and its financial performance and its cash flows for the years ended July 31, 2016 and July 31, 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying my opinion, I draw attention to Note 1 in the consolidated 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 24, 2016

GORILLA MINERALS CORP.
Consolidated Statements of Financial Position
As at July 31, 2016 and July 31, 2015
(Expressed in Canadian dollars)

	July 31, 2016 $	July 31, 2015 $
Assets		
Current Assets		
Cash and cash equivalents	70	24,000
GST and other receivables	813	13,306
	883	37,306
Mineral properties (Note 4)	145,410	145,410
	146,293	182,716
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	56,706	124,121
Due to related parties (Note 8)	35,933	32,169
Notes payable (Note 5)	53,008	12,434
Convertible promissory notes payable (Note 6)	153,372	-
	299,019	168,724
Notes payable (Note 5)	-	43,122
Convertible promissory notes payable (Note 6)		136,814
	299,019	348,660
Shareholders' Equity		
Share capital (Note 7)	1,069,412	944,260
Contributed surplus	165,554	34,561
Deficit	(1,387,692)	(1,144,765)
	(152,726)	(165,944)
	146,293	182,716

Nature of operations and continuance of business (Note 1)

Subsequent event (Note 13)

Approved by the Board of Directors on November 24, 2016:

"Scott Sheldon"
Scott Sheldon, Director

"Donald Sheldon"
Donald Sheldon, Director

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

GORILLA MINERALS CORP.

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended July 31, 2016 and July 31, 2015
(Expressed in Canadian dollars)

	2016 $	2015 $
Exploration Expenses (recovery)	(13,930)	325,657
Administrative Expenses		
Audit and accounting	25,000	23,250
Consulting fees	995	6,000
Interest expense	22,030	10,786
Legal	26,498	34,154
Management fees	42,000	39,500
General and administrative	5,223	35,353
Stock-based compensation	116,803	-
Transfer agent, filing and stock exchange fees	8,170	18,670
Travel	1,615	8,596
	234,404	501,966
Other (Income) Expenses		
Plan of arrangement	-	(27,000)
Write off of accounts payable	(5,667)	-
Loss on settlement of debts	14,190	-
Net loss and comprehensive loss for the year	(242,927)	(474,966)
Loss per share, basic and diluted	(0.03)	(0.09)
Weighted average shares outstanding	8,643,931	5,338,583

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

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

	Share Capital				
	Common Shares	Amount $	Contributed surplus* $	Deficit $	Total $
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 6)	-	-	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)
Shares issued for cash	4,100,000	82,000	-	-	82,000
Shares issued for debt	172,608	43,152	-	-	43,152
Stock-based compensation	-	-	116,803	-	116,803
Warrants issued for debt	-	-	14,190	-	14,190
Net loss for the year	-	-	-	(242,927)	(242,927)
Balance, at July 31, 2016	10,595,258	1,069,412	165,554	(1,387,692)	(152,726)

*Contributed surplus consists of fair values of stock options and warrants

GORILLA MINERALS CORP.
Consolidated Statements of Cash Flows
For the Years Ended July 31, 2016 and July 31, 2015
(Expressed in Canadian dollars)

	2016 $	2015 $
Cash provided by (used in):		
Operating activities		
Net loss for the year	(242,927)	(474,966)
Adjustments for non-cash items		
Interest accrual on promissory note	22,030	10,786
Write off of accounts payable	(5,667)	-
Loss on settlement of debts	14,190	-
Stock-based compensation	116,803	-
Changes in non-cash operating working capital:		
GST recoverable	12,493	(9,879)
Accounts payable and accrued liabilities	(18,596)	113,441
Due to related parties	3,764	39,562
	(97,910)	(321,056)
Investing activities		
Payment of property option	-	(40,000)
	-	(40,000)
Financing activities		
Issue of shares, net of share issue costs	82,000	305,275
Proceeds from promissory note	6,980	72,500
Repayment of promissory note	(15,000)	-
	73,980	377,775
Increase/(decrease) in cash	(23,930)	16,719
Cash, beginning of year	24,000	7,281
Cash, end of year	70	24,000
Supplemental information		
Interest paid	–	–
Taxes paid	–	–
Significant non-cash financing and investing activities		
Shares issued for mineral property option payment	-	41,500
Shares issued under the plan of arrangement	-	-
Shares issued for debt	43,152	19,555
Warrants issued for debt	14,190	-

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

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 consolidated 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, 2016, the Company has not generated any revenues from operations and has an accumulated deficit of $1,387,692. 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 consolidated 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").

2. Basis of Presentation (continued)

(b) Basis of Measurement

These consolidated 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 consolidated financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency.

(d) Subsidiaries

These consolidated financial statements include the financial statements of the Company and the wholly-owned subsidiary, Shiraz Petroleum Corporation (formerly Hella Resources Corp.) from the date of incorporation on November 17, 2014. Shiraz Petroleum Corporation is a dormant/inactive company (Note 9).

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.

3. Significant Accounting Policies (continued)

(b) Mineral Properties (continued)

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.

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.

3. Significant Accounting Policies (continued)

(d) Income Taxes (continued)

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.

(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.

3. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

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.

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.

3. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

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.

(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.

3. Significant Accounting Policies (continued)

(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.

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:

<u>Economic recoverability and probability of future economic benefits of mineral properties</u>
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.

<u>Determination of functional currency</u>
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.

<u>Income taxes</u>
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.

<u>Site decommissioning obligations</u>
The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

4. 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.

(Expressed in Canadian dollars)

4. 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, 2016, the Company made cash payments of $Nil (2015: $40,000) and issued Nil common shares (2015: 276,666 common shares) of the Company at a fair value of $Nil (2015: $41,500).

During the year ended July 31, 2016, the Company received $40,000 (2015: $50,000) from the Government of Yukon in contribution funds for mining exploration.

During the years ended July 31, 2016 and 2015, the Company incurred exploration expenditures on the Wels Property as follows:

	July 31, 2016	July 31, 2015
Exploration and related expenditures (Wels)		
Assays	$ 473	$ 147,142
Drilling	-	82,195
Geological	4,337	34,602
Geophysical survey	-	10,000
Land administration	1,260	7,500
Royalties	20,000	-
Travel and transportation	-	94,218
Government of Yukon Contribution Funds	(40,000)	(50,000)
Total mineral property expenditures (recovery)	$ (13,930)	$ 325,657

5. 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 6).

During the year ended July 31, 2016, the Company received additional loan proceeds of $6,980, repaid $15,000 and accrued an interest expense of $5,472 related to the Loans.

6. 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 5), and $50,000 amount due to related party was converted by a company controlled owned by the President of the Company (Note 8).

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, 2016, the Company accrued an interest and accretion expense of $16,558 (2015 - $5,276) related to the Convertible Notes.

(Expressed in Canadian dollars)

7. Share Capital

(a) Authorized

Unlimited number of common shares without par value

(b) Share transactions for the year ended July 31, 2016:

On January 21, 2016, the Company issued 4,100,000 common shares for $82,000 cash from various private placements.

On August 18, 2015, the Company issued 172,608 common shares to settle accounts payable of $43,152 and also issued 172,608 warrants at an exercised price of $0.30 with an expiry date of August 18, 2016. The fair value of the warrants was estimated at $14,190 based on the Black-Scholes option pricing model using the following assumptions: risk-free interest rate – 0.41%; expected life – 1 year; expected volatility – 100%; and expected dividends – nil.

(c) 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 8).

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 4).

(d) Warrants

As at July 31, 2016, outstanding warrants to purchase common shares were as follows:

Number of warrants	Date of Grant	Expiration Date	Exercise Price
880,000	March 31, 2015	March 31, 2017	$0.30
172,608	August 18, 2015	August 18, 2016	$0.30
1,052,608			

(Expressed in Canadian dollars)

7. Share Capital (continued)

(d) Warrants (continued)

	Year ended July 31, 2016		Year ended July 31, 2015	
Warrants	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Opening	**880,000**	**$ 0.30**	-	-
Granted	**172,608**	**$ 0.30**	880,000	$ 0.30
Ending	**1,052,608**	**$ 0.30**	880,000	$ 0.30

(e) Stock options

The table below lists the outstanding and exercisable options to purchase common shares as at July 31, 2016:

Options Outstanding	Date of Grant	Expiration Date	Exercise Price
630,000	August 10, 2015	August 10, 2020	$0.25
630,000			

	Year ended July 31, 2016		Year Ended July 31, 2015	
Options	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening	**-**	**-**	-	-
Granted	**630,000**	**$ 0.25**	-	-
Ending	**630,000**	**$ 0.25**	-	-
Exercisable	**630,000**	**$ 0.25**	-	-

The stock options granted during the year ended July 31, 2016 were valued at $116,803 using the Black-Scholes Option Pricing Model, using the following assumptions:

Grant date	Expected life	Volatility	Dividend yield	Risk-free interest rate
August 10, 2015	5 years	100%	0%	0.79%

8. Related Party Transactions

During the year ended July 31, 2016, the Company incurred $24,000 (2015: $24,000) in management fees from a company owned by the President of the Company. At July 31, 2016, the Company owed $35,933 (July 31, 2015: $32,169) to directors and their companies and had $53,008 (July 31, 2015: $55,556) of notes payable (Note 5) and $102,248 (July 31, 2015: $89,538) of convertible promissory notes payable (Note 6) to directors and their companies.

Refer to Notes 5, 6 and 7 for related party transactions.

9. Plan of Arrangement

On September 26, 2014, the Company entered into an 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 Arrangement Agreement: (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 form 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. On April 14, 2015, the Arrangement Agreement was terminated.

On July 13, 2015, Whole New Home changed its name to Hella Resources Corp.

On April 29, 2016, Hella Resources Corp. changed its name to Shiraz Petroleum Corporation.

(Expressed in Canadian dollars)

10. Financial Instruments

(a) Classification of Financial Instruments

The Company has classified its financial instruments as follows:

	2016 $
Financial assets:	
Held for trading, measured at fair value:	
Cash	70
	70
Financial liabilities, measured at amortized cost:	
Trade payable	41,806
Due to related parties	35,933
Notes payable	53,008
Convertible promissory notes payable	153,372
	284,119

(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.

As at July 31, 2016, 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 Convertible Notes, bearing 5% interest, unsecured, and due on March 31, 2017, are booked at amortized costs.

10. Financial Instruments (continued)

(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, 2016, the Company does not have sufficient cash to settle current liabilities of $299,019.

(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 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 5 and 6). 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.

(Expressed in Canadian dollars)

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, 2016.

11. 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.

12. 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:

	2016	2015
Statutory tax rate	26.0%	26.0%
Loss before income taxes	$ (242,927)	$ (474,966)
Expected income tax recovery	(63,161)	(123,491)
Increase (decrease) in income tax recovery resulting from:		
Items deductible and not deductible for income tax purposes	33,291	2,630
Current and prior tax attributes not recognized	29,870	120,861
Deferred income tax recovery	$ -	$ -

(Expressed in Canadian dollars)

12. Income Taxes (continued)

Details of deferred tax assets are as follows:

	2016	2015
Non-capital losses	$ 114,939	$ 81,317
Resource expenditures	90,680	94,302
Share issuance costs and others	390	520
	206,009	176,139
Less: Unrecognized deferred tax assets	(206,009)	(176,139)
	$ -	$ -

The Company has approximately $442,000 of non-capital losses available, which begin to expire in 2032 through to 2036 and may be applied against future taxable income. The Company also has approximately $494,000 of exploration and development costs which are available for deduction against future income for tax purposes. At July 31, 2016, 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.

13. Subsequent Event

On August 11, 2016, the Company entered into an Option to Joint Venture Agreement (the "Option Agreement") with West Melville Metals Inc. ("WMM", later changed its name to K2 Gold Corporation). Pursuant to the Option Agreement, the Company agreed to grant to WMM the sole and exclusive right and option to acquire an undivided 90% interest in the Wels property and other assets, as defined in the Option Agreement, subject to 3% NSR royalty on the minerals produced from the property, and upon the exercise of such option, the parties have agreed to form a joint venture (the "Option").

In order to exercise the Option, WMM must:

(a) pay to the Company:

- (i) $50,000, within five Business Days after the date of TSX Venture Exchange ("TSX-V")'s acceptance of the Option Agreement (received subsequent to July 31, 2016);
- (ii) an additional $100,000 on or before the date that is 30 days after the date of the Option Agreement (received subsequent to July 31, 2016);
- (iii) an additional $100,000 on or before the date that is 12 months after the date of the Option Agreement; and
- (iv) an additional $100,000 on or before the date that is 24 months after the date of the Option Agreement;

for total cash payments in aggregate of $350,000;

13. Subsequent Event (continued)

(b) issue and deliver to Gorilla:

(i) 500,000 WMM shares within five Business Days after the date of TSX-V's acceptance of the Option Agreement (received subsequent to July 31, 2016);
(ii) an additional 500,000 WMM shares on or before the date that is 6 months after the date of the Option Agreement;
(iii) an additional 500,000 WMM shares on or before the date that is 12 months after the date of the Option Agreement;
(iv) an additional 500,000 WMM shares on or before the date that is 18 months after the date of the Option Agreement;
(v) an additional 500,000 WMM shares on or before the date that is 24 months after the date of the Option Agreement;
(vi) an additional 500,000 WMM shares on or before the date that is 30 months after the date of the Option Agreement;

for a total issuance in aggregate of 3,000,000 WMM shares.

Subsequent to July 31, 2016, 172,608 warrants at an exercise price of $.30 expired unexercised.