

**CSE FORM 2A**

**LISTING STATEMENT**

**Gorilla Minerals Corp.**

This listing statement (“Listing Statement”), in the form prescribed by the Canadian Securities Exchange (“CSE”), has been prepared and filed by Gorilla Minerals Corp. (the “Issuer”) in connection with an application to have the Issuer’s common shares listed on the CSE.

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## **B. 2. Corporate Structure & SEDAR Disclosure**

- 2.1 The name of the issuer is Gorilla Minerals Corp. (the “Issuer” or the “Company”). The registered office of the Issuer is 1128 – 789 West Pender Street, Vancouver, BC V6C 1H2. The corporate head office is 2000 – 1177 West Hastings Street, Vancouver, BC V6E 2K3.
- 2.2 The Issuer was incorporated on April 27, 2012, and duly exists, under the *Business Corporations Act* (British Columbia). The Issuer’s capitalization is an unlimited number of common shares without par value and an unlimited number of preferred shares with a par value of \$0.0001. The Issuer has been a reporting issuer in British Columbia and Alberta since April, 2012 and readers are referred to the Issuer’s filings and disclosure found at [www.sedar.com](http://www.sedar.com) (“SEDAR”) for comprehensive records regarding the Issuer.
- 2.3 The Issuer does not have any subsidiaries or intercorporate relationships.
- 2.4 The Issuer is not requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement.
- 2.5 The Issuer is not a non-corporate issuer or issuer incorporated outside of Canada.

## **C. 3. General Development of the Business**

- 3.1 The Issuer has been a reporting issuer since April, 2012, and acquired its initial significant property interest, the Wels property (“Wels Property”) in the Yukon Territory, in April 2012 by way of an option assignment (in exchange for 1,197,248 shares of the Issuer). The Wels Property consists of 136 unpatented mining claims and is subject to a 3% net smelter returns (“Wels NSR”), with an option to buy back part of the Wels NSR for \$750,000 for each 1% to a maximum of \$1,500,000. Subsequent to the acquisition of the Wels Property, the Issuer covered the following obligations:

Cash payments of \$85,000 completed by October 2014, and issuance of 200,000 common shares by November 2013 and issued 276,666 shares at a deemed value of \$41,500 in 2014.

The Issuer conducted exploration activities on the Wels Property from 2013 to 2016 which focused on prospective gold showings. The Issuer spent an aggregate of approximately \$450,000 on exploration of the Wels Property, before recovery of certain costs paid by the Yukon government.

In the interim period, the Issuer also entered into a series of arrangement agreements providing the Issuer’s shareholders with investment opportunities and garnering the Issuer some cash payments.

On August 11, 2016, the Issuer entered into an Option Joint Venture Agreement (the “Wels Option Agreement”) with West Melville Metals Inc., which later changed its name to K2 Gold Corporation (“K2”), a TSX Venture Exchange Tier 2 listed company. Pursuant to the Wels Option Agreement, the Issuer agreed to grant to K2 the sole and exclusive right and option (“Option”) to acquire an undivided 90% interest in the Wels

Property and other assets, as defined in the Option Agreement, subject to the Wels NSR, and upon the exercise of such option, the parties have agreed to form a joint venture wherein the Issuer will hold a minority 10% undivided interest in the Wels Property.

During the twelve months ended July 31, 2017, the Issuer received \$150,000 cash and 1,000,000 K2 shares ("K2 Shares") valued at \$410,000 pursuant to the Wels Option Agreement. On August 11, 2017, the Issuer received another \$100,000 cash, and 500,000 K2 Shares pursuant to the Wels Option Agreement. All K2 Shares are subject to a 4 month restricted trading period from their date of issue, in accordance with British Columbia regulatory requirements.

Pursuant to the Wels Option Agreement, the Issuer is to receive from K2 another 500,000 K2 Shares on February 11, 2018, 500,000 K2 Shares and \$100,000 cash on August 11, 2018, and 500,000 K2 Shares on February 11, 2019 in order for K2 to exercise the Option and acquire a 90% undivided interest in the Wels Property.

On May 4, 2017, the Issuer entered into an acquisition agreement (the "Acquisition Agreement"), as amended on June 2, 2017, with three (3) individual vendors (collectively, the "Vendors") to acquire a 100% undivided interest in the 10,010 hectare New Brenda Property (the "New Brenda Property") located in-between the past producing Brenda copper porphyry open pit mine, and the high grade open pit Elk gold mine in south, central British Columbia.

The Acquisition Agreement was closed on August 14, 2017 by way of the issuance to the Vendors of 2,610,000 common shares of the Issuer at a deemed price of \$0.10 per share of which 1,010,000 shares were issued to a non-arm's length party as discussed immediately below. A subsequent payment of \$65,000 is due to the Vendors twelve months following the listing of the common shares of the Issuer on a public exchange. The Vendors have acknowledged that some or all of the shares received may need to be escrowed pursuant to BCSC Form 46-201F1 under the three (3) year "emerging issuer" escrow provisions in connection with any such listing.

Under Multilateral Instrument 61-101 ("MI 61-101") (Protection of Minority Security Holders in Special Transactions), the Acquisition Agreement did constitute a "Related Party" transaction since one of the Vendors, Adrian Smith, was, at the time the Acquisition Agreement was entered into (and still is), a director of the Issuer. Pursuant to Part 5 of MI 61-101, the Issuer struck a special committee of independent directors to assess the fair value of the New Brenda Property and to match that assessment to the appropriate consideration payable to the Vendors in connection with the Acquisition Agreement. After thorough examination of the terms of the Acquisition Agreement and the New Brenda Property, the members of the special committee unanimously approved the Acquisition Agreement and the consideration payable, without reservations. The Acquisition Agreement was exempt from the formal valuation and minority approval requirements of MI 61-101 on the basis that the fair market value of the the consideration payable to the related party did not exceed 25% of market capitalization of the Issuer.

A 43-101 technical report ("Technical Report") on the New Brenda Property dated August 1, 2017 has been prepared and has been filed on SEDAR under the Issuer's profile. Readers are directed to review the Technical Report for more particulars on the New

Brenda Property and see Section 4.3 below for a summary thereof. Section 9 of the Technical Report details the results of a soil sampling and prospecting program carried out in June, 2017. A minimum of \$75,000 in exploration expenditures have been incurred on the New Brenda Property in the past 3 years.

In connection with the Acquisition Agreement, the Issuer closed a private placement (the "Pre-Acquisition Private Placement") of 2,980,000 units ("Units") at \$0.10 per Unit for gross proceeds of \$298,000. Each Unit consisted of a common share ("Share") in the capital of the Issuer and a share purchase warrant ("Warrant"), each Warrant entitling the holder to purchase an additional Share for \$0.15 per Share. The proceeds are allocated for exploration of the New Brenda Property and for working capital.

On October 30, 2017, the Issuer announced a non-brokered private placement of up to one million (1,000,000) Units at \$0.10 per Unit, each Unit consisting of a common share and a share purchase Warrant, each Warrant entitling the holder to purchase an additional share at \$0.15 per common share for proceeds of up to \$100,000 with the proceeds to be added to working capital. This placement is not expected to close, at the earliest, until December, 2017.

- 3.2 Other than as disclosed in item 3.1 herein, the Issuer has not completed an acquisition or proposed any significant probable acquisition, or completed a disposition for which *pro forma* financial statements would be required under National Instrument 41-101 if this document were a prospectus.
- 3.3 As a mining exploration company without revenues, the Issuer typically needs to raise more capital to meet ongoing operational, and administrative financial requirements. In the past, the Issuer has had to raise, by way of equity financing, considerable funds to meet such needs. There is no guarantee that the Issuer will be able to continue to raise funds needed for its business. Failure to raise the necessary funds in a timely fashion, or at all, will limit the Issuer's growth and impact its success and survival.

The acquisition of additional properties, and the exploration and development of the Issuer's existing properties are subject to a number of factors, including laws and regulations in the areas of the environment, first nations consent requirements, governmental permits & licensing, taxation, and others including hiring qualified people and obtaining necessary services in jurisdictions where the Issuer operates.

The Issuer will be applying for the necessary licenses and permits under applicable laws and regulations to carry out exploration activities currently planned and management intends on complying with the terms of such licenses and permits.

Mineral exploration involves numerous risks including unexpected or unusual geological conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to insure against such risks.

Strategic and operational risks may arise if the Issuer fails to raise sufficient monies through proposed equity or debt financings in order to fund proposed mineral exploration and business development. Strategic risks may arise from a range of factors, which



might include changing economic and political circumstances and regulatory approvals and competitor actions.

## D. 4 Narrative Description of the Business

### 4.1 General

(1) The Issuer has only one operating segment, which is the exploration and development of the New Brenda Property.

(a) The Issuer expects to undertake phase one (“Phase One”) as described below with an estimated budget of \$100,200 in the next 12-month period:

(b) Phase two (“Phase Two”) is dependent on the results from Phase One.

Item	Rate	Multiple	Day (s)	Item Cost	Combined Totals	Comments
<b>PHASE 1</b>						
<b>Project Planning</b>						
Geologist	\$ 450.00	1	5	\$ 2,250.00	\$ 2,250.00	
Permitting	\$ 450.00	1	5	\$ 2,250.00	\$ 4,500.00	
Totals				\$ 4,500.00	\$ 4,500.00	
<b>Geophysics</b>						
Induced Polarization	\$ 2,000.00	20	1	\$ 40,000.00	\$ 44,500.00	Total for 5 lines at 4 kilometres each
Mob/Demob	\$ 10,000.00	1	1	\$ 10,000.00	\$ 54,500.00	Based on previous contract rates
Totals				\$ 50,000.00	\$ 54,500.00	
<b>Sampling / Mapping / Prospecting</b>						
Crew	\$ 400.00	2	10	\$ 8,000.00	\$ 62,500.00	
Geologist	\$ 650.00	1	10	\$ 6,500.00	\$ 69,000.00	
Camp Costs	\$ 200.00	3	10	\$ 6,000.00	\$ 75,000.00	Room and board staying at local fishing cabins.
Sample Analysis	\$ 20.00	500	1	\$ 10,000.00	\$ 85,000.00	
Totals				\$ 30,500.00	\$ 85,000.00	
<b>Trenching</b>						
Geologist	\$ 650.00	1	8	\$ 5,200.00	\$ 90,200.00	
Crew	\$ 400.00	1	8	\$ 3,200.00	\$ 93,400.00	
Small Excavator	\$ 450.00	1	8	\$ 3,600.00	\$ 97,000.00	
Camp Costs	\$ 200.00	2	8	\$ 3,200.00	\$ 100,200.00	Room and board staying at local fishing cabins.
Totals				\$ 15,200.00	\$ 100,200.00	

PHASE 1 PROGRAM TOTAL					\$ 100,200.00	
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Item	Rate	Multiple	Days	Cost	Combined Totals	Comments
<b>PHASE 2</b>						
<b>Project Planning</b>						
Geologist	\$ 450.00	1	10	\$ 4,500.00	\$ 4,500.00	Office Rate
Permitting	\$ 450.00	1	5	\$ 2,250.00	\$ 6,750.00	Office Rate
Totals				\$ 6,750.00	\$ 6,750.00	
<b>Drilling Program</b>						
Geologist	\$ 650.00	2	30	\$ 39,000.00	\$ 45,750.00	
Drilling Costs	\$ 275.00	400	1	\$110,000.00	\$ 155,750.00	400m program in 4 - 6 shallow holes (cost per m)
Camp Costs	\$ 200.00	6	30	\$ 36,000.00	\$ 191,750.00	Room and board staying at local fishing cabins.
Mob/Demob	\$ 10,000.00	1	1	\$ 10,000.00	\$ 201,750.00	
Totals				\$195,000.00	\$ 201,750.00	
<b>PHASE 2 PROGRAM TOTAL</b>					<b>\$ 201,750.00</b>	

- (c) The timing for commencement and completion of Phase One is reliant upon the hiring of key personnel, the acquisition of key equipment, obtaining the necessary permits & licenses, including potentially consents from first nations, and other mining related regulatory approvals.
- (d) The total funds available to the Issuer are set out below:
- (i) the estimated consolidated working capital as of the most recent month end prior to filing the Listing Statement is \$432,600 in cash or equivalents, and
  - (ii) there is no immediate other source of funds, however the Issuer has a history of carrying out financings supported by the insiders of the Issuer;

Working Capital Allocations Over next 12 Months	Amount
Working Capital as at Oct. 31, 2017	\$ 393,643
Allocation	
Phase One Expenditures	\$100,200
Out of Pocket Administrative Expenses	125,000
Regulatory Expenses <sup>2</sup>	25,000
Unallocated Working Capital	143,443

<sup>1</sup> Management fees, professional fees, transfer agent, bookkeeping and interest expense

<sup>2</sup> Listing fees, ongoing regulatory including Securities Commission fees

In addition to exploration of the Issuer's New Brenda Property and the potential joint venture of the Issuer's Wels Property, the Issuer intends to engage in the identification, evaluation and, as resources are available, acquisition of mineral properties that are prospective for the development of reserves towards mineral production or sale to a senior mining company.

- (2) As the Issuer is at an early stage of mineral exploration, the Issuer currently has no products or services.
- (3) As the Issuer is at an early stage of mineral exploration, the Issuer currently has no production or sales.
- (4) Significant and increasing competition exists for mineral opportunities in the jurisdictions in which the Issuer has mineral properties. There are a number of large established mineral exploration companies with substantial capabilities and greater financial and technical resources than the Issuer. The Issuer may be unable to acquire additional mineral properties or acquire such properties on terms it considers acceptable. There can be no assurance that the Issuer's exploration programs will be successful or result in either commercial mineral operations or a sale to a more established mining company.
- (5) The Issuer does not have any lending operations, or investment policies, except as described above, and it has not devised any lending and investment restriction policies.
- (6) There are no bankruptcy, receivership or similar proceedings against the Issuer or any voluntary bankruptcy, receivership or similar proceedings by the Issuer, within the three most recently completed financial years or the current financial year.
- (7) With respect to capital restructuring of the Issuer in the last three years, on April 29, 2014, the Issuer consolidated its 12,892,480 issued and outstanding common shares at a ratio of 1:10 (1 new share for every 10 current shares) thereby reducing its issued and outstanding capital to 1,289,248 common shares approximately. The restructuring was carried out without shareholder approval and was for the purposes of facilitating future financings towards carrying out further exploration of the Issuer's properties, potential acquisitions, and for working capital.

At the Issuer's most recent annual (and special) shareholder meeting held on May 29, 2017, shareholder approval by way of special resolution was obtained for the alteration of the Issuer's Notice of Articles by way of creating an unlimited number of Class A Preferred shares ("Preferred Shares") with a par value of \$0.001 each.

On May 30, 2017, the directors resolved that 10,595,258 Preferred Shares be issued to the common shareholders of the Company on a 1:1 basis (pro rata in proportion to their common shareholdings). The directors then declared a dividend, in specie, on the outstanding Preferred Shares, effective immediately, totaling one million (1,000,000) K2 Shares rounded down, wherein each Preferred shareholder ("Preferred Shareholder") entitled to receive a Board Lot of 500 K2 Shares or more

would receive the nearest whole number of K2 Shares, rounded down, that each such shareholder is entitled to receive (with fractions of a K2 Share retained by the Company), and each Preferred shareholder that would otherwise receive less than a Board Lot of K2 Shares would receive a cash dividend equal to the number of K2 Shares to which the Preferred shareholder is entitled multiplied by \$0.50.

- (8) The Issuer has not implemented social or environmental policies that are fundamental to the Issuer's operations.

4.2 The Issuer does not have any outstanding asset-backed securities.

4.3 The following information regarding the New Brenda Property has been extracted from a "43-101 Technical Report on the New Brenda Property prepared by Dan Meldrum, M.Sc. P.Geo dated August 1, 2017. The Technical Report has been prepared in accordance with National Instrument 43-101 and the report writer is an independent "Qualified Person" (as defined under the Instrument).

#### (1) Property Description and Location

The New Brenda Property is comprised of 15 contiguous mineral claims covering an area of 10,010 Hectares approximately 40 kilometers west of Kelowna with the following claim information:

Name	Tenure	Registered Owner	Area in Hectares	In Good Standing Until
Brenda	1047268	The Issuer	83.27	10-Oct-2019
Brenda Perim	1047267	The Issuer	166.56	10-Oct-2018
	1047264	The Issuer	83.3	14-Oct-2017
	1039137	The Issuer	20.83	29-Oct-2020
	1039143	The Issuer	83.33	29-Oct-2020
Crest West	1048666	The Issuer	83.33	29-Dec-2017
CGM_11	1051645	The Issuer	1811.81	29-Dec-2017
CGM#2	1049752	The Issuer	749.78	2-Feb-2018
CGM#3	1049993	The Issuer	187.51	13-Feb-2018
CGM#4	1050002	The Issuer	166.64	14-Feb-2018
CGM#5	1050421	The Issuer	666.77	28-Feb-2018
Elkhorn 1	1052325	The Issuer	1917.34	3-Jun-2018
Elkhorn 2	1052326	The Issuer	708.55	3-Jun-2018
Elkhorn 3	1052327	The Issuer	1772.22	3-Jun-2018
Elkhorn 4	1052328	The Issuer	1542.09	3-Jun-2018

The Issuer is the 100% beneficial owner of the New Brenda Property having fully paid all required purchase consideration. Claims 1047268, 1047267, 1047264, 1039137, 1039143 and 1048666 are subject to a one and one-half percent (1.5%) net smelter return royalty (the "NSR") in favour of Bernard Kreft of Whitehorse, Yukon. The Issuer may purchase half of such NSR (0.75%) at any time prior to commencement of commercial production from such claims for a purchase price of one million Canadian dollars (\$1,000,000). The Issuer also holds a first right of refusal should Kreft receive an offer to purchase the NSR.

There are no known environmental liabilities to which the New Brenda Property is subject. There are no other significant factors or risks that might affect access, title or the ability of the Issuer to perform mineral exploration and development of the New Brenda Property.

No mineral exploration permits pertaining to the New Brenda Property have been acquired. Permits, to be approved by the British Columbia Ministry of Energy and Mines, would be necessary if the Issuer were to proceed with any ground geophysical surveys, drilling activities, or if the Issuer were to establish a temporary or semi-permanent camp on any portion of the mineral claims making up the New Brenda Property.

**[Figure 1 Location Map]**



**(2) Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The New Brenda Property is located 42 kilometres west of Kelowna in south-central British Columbia and 65 km SE of Merritt, BC. It is centered on a latitude of 49.85° North and a longitude of 120.055° West within NTS map areas 92H/16 and 082E/13. The Okanagan connector Highway (97c) extends across the northern claims and a number of gravel logging roads and trails provide excellent access to most parts of the New Brenda Property.

Annual temperatures range from -30°C to 30°C with moderate precipitation. The area is generally snow-free from early June through mid-October and snowfall accumulations up to 6.6 meters exist at higher elevations on the New Brenda Property in the winter months. The summer/fall exploration period is considered to be between mid-June and late October. Year round diamond drilling is possible given a suitable supply of water and a winterized camp. As a result of a well-developed network of all-weather logging roads on the New Brenda Property, the Issuer's proposed Phase 1 exploration could likely be completed at any time of year, given the appropriate equipment is supplied to field personnel and snow accumulations are not excess as to hinder its safe and efficient use.

The community of Peachland is the nearest community. It is a small recreational community approximately 25 km southeast of the New Brenda Property and located on the west bank of Okanagan Lake with a population of approximately 4698 people in 2016. Peachland can supply basic supplies and gas.

Kelowna (population approximately 151,957 in 2016) is the nearest city located approximately 42 km to the east of the New Brenda Property and straddles east and west bank of Okanagan Lake. Driving from Kelowna to the New Brenda Property along the Highway 97c and the Sunset Lake FSR takes approximately one hour. Historically, the main industries have been forestry and mining, including the Brenda Cu-Mo Open Pit Mine, which operated from 1970 to 1990. Princeton is located approximately 100km south of the New Brenda Property. Princeton has a long history of mining and would be home to numerous persons with mining skills. Logan Lake is located approximately 110 km west of the New Brenda Property.

Labour for exploration and mining is likely available from numerous nearby communities. Cabins on Headwaters Lake, just a few km south of the New Brenda Property, are available for a reasonable fee. The owner of the cabins has a large backhoe, dump truck, skid steer and other equipment available to contract out.

Highway 97C runs just north (<1km) of the New Brenda Property. There are numerous active logging roads that provide direct access onto the New Brenda Property, which at the time of this report are open year-round. A northwest trending BC Hydro 500 kV (BC Hydro website) transmission line cuts diagonally through the middle of the New Brenda Property and the past producing Brenda Cu-Mo open pit abuts the northeast corner of the New Brenda Property. A new hydro line that takes power from a 15 Megawatt (MW), 5 turbine wind power generation project located just north of the New Brenda Property now parallels the 500kv line.

The New Brenda Property is located within the Thompson Plateau area of southern British Columbia with elevations ranging from 1300m near the south-east edge of the New Brenda Property, to nearly 2,000 metres on the northern edge of the New Brenda Property. Slopes are generally moderate with some local, steeper sections. The New Brenda Property is blanketed by glacial till, varying in depth from less than 1 to as much as 10 metres or more, the presence of which restricts bedrock exposures to local windows and patches. The area is densely forested primarily with pine and slight thinning of vegetation at higher elevations and in steeper areas. Clear cut logging plots of varying ages are scattered throughout the area, many of which are covered with dense second growth.

### **(3) History**

Mineral exploration and production in the local area surrounding the New Brenda Property has been historically dominated by copper-molybdenum porphyry and quartz vein hosted gold projects, namely the Brenda Mine and Elk/Siwash Mine respectively. Just outside of the claim boundary on the northeastern edge of the Brenda Property is the historic Brenda Mine.

The Elk/Siwash open pit and underground gold mine lies approximately 18 km to the southwest. The current claim boundary of the New Brenda Property encompasses many historical claims that have been held by varying past exploration companies and individuals. The following description below pieces together their exploration histories.

During the late 1960's exploration for copper-molybdenum mineralization similar to the nearby Brenda Mine was predominant on the New Brenda Property. Fairfield Metals completed reconnaissance soil sampling and prospecting on the Crest claims from 1986-1989. The field work highlighted 8 rock samples with greater than 1g/t gold up to 8650 ppb. Based on the highly anomalous rock samples and previously defined (but not reported on) soil anomalies, further work on the New Brenda Property was recommended and the Crest claims were staked in 1989. Prospecting by Fairfield from 1986 to 1990 in the area subsequently staked as the Pen claims revealed gold mineralization in three localities, hosted by quartz veins or sulphide skarn pods. Grab samples returned values up to 0.18oz/ton gold. Stream sediment samples gave anomalous values for Au, Ag, Cu, Zn, Mo and As.

#### **Fairfield Metals 1990-1996**

The New Brenda Property sits within the larger historical Crest and Pen claim package. In 1990, 4792 soil samples were collected in a 200m x 50m grid over the vast majority of the historical Crest claims. Anomalous results from the initial sampling program prompted a further 957 infill soil samples in a 50m x 50m grid around >50 ppb gold sample sites. The eastern portion of the sampled area yielded 7 moderate to strongly anomalous gold trends with values up to 580 ppb gold. 23 rock and 5 stream sediment samples were also collected during the 1990 field program. A highly anomalous rock sample assay came back with 8.534 oz/ton gold and 35.72 oz/ton silver. This sample, C90-R13, was taken from surficial angular rubble consisting of selected quartz vein fragments up to 7cm with sparse pyrite and galena. Rock samples C90-R11 and C90-R22 also had anomalous results of 2480 ppb gold and 3520 ppb gold, respectively. C90-R11, C90-R13 and C90-R22 are all located within the northern portion of the historical Crest 10 claim which is now located on the south-central portion of the New Brenda Property south of Brenda Lake.

The Pen claims were staked in 1990 by Fairfield. 401 soil samples were taken on the southeastern portion of the Pen property in 1990 to test for continuation of gold anomalies that were defined on the adjoining Crest property. Several anomalous values were returned, up to 590 ppb gold.

The 1991 field program on the Pen property consisted of 2549 soil samples collected predominately on a 400m x 50m spacing. 50m x 50m follow up sampling around some of the anomalous sites added another 337 samples. The soil sampling up to 1991 covered 75% of the Pen property (which covered all of the historical Pen claims that are now included in the New Brenda Property). Four large areas (1 to 2.5 km long) of gold



enrichment were defined by soil geochemistry. All contain many values greater than 50 ppb gold up to a high of 590 ppb gold. Gold-bearing quartz veins have been discovered in three of the anomalous areas on the historic Pen property. Vague northeast trending gold highs are evident, which may represent narrow gold bearing structures. 35 rock samples were taken across the Pen property in 1991. Anomalous samples that lie within the New Brenda Property boundaries are located on the historical Pen 13 claim which was directly to the north of the previously mentioned Crest 10 claim (current south-central portion of the New Brenda Property). The two samples, Pen91- R22 and Pen91-R32 came back with 0.08 oz/ton gold, 6.2 ppm silver and 4280 ppb gold, 38.1 ppm silver, respectively.

Further sampling of the Pen property in 1993 completed reconnaissance-grid (400m x 50m) coverage on three areas (Northwest, Southwest and East grids) of the property not previously tested, and minor fill-in was conducted. This work generated 1157 soil samples. Scattered weak to moderate gold anomalies in the 21 to >50 ppb range were defined in each area. Follow up work focused mainly on the Eastern grid zone. 11 rock samples and 3 stream sediment samples were collected. Anomalous results of 0.912 oz/ton (35800 ppb) gold and 5025 ppb gold from Pen93-R1 and Pen93-R11, respectively, were collected from quartz vein rich float. An outcrop grab sample of limonitic quartz lenses (up to 10cm wide) in silicified, bleached, pyritic tuff (Pen93-R3) returned 1485 ppb gold, 1.0 ppm silver and 365 ppm bismuth. These three rock samples are all located to the southeast of Brenda Lake within an approximate area of 150m. The sample locations reside within the northeastern area of the New Brenda Property.

Within the East Grid area, near Brenda Lake, several occurrences of significant gold-bearing limonitic quartz were located in shallow overburden and in altered volcanic bedrock cut by granodiorite dykes. Several large float fragments were found, indicating local veins having appreciable widths of 10 to 30 cm. Five of ten rock samples collected from this area returned anomalous gold values of 110 to 35,800 ppb (Assay - 0.912 oz/ton, PEN 93-R1). Two of the samples also yielded very strong bismuth (365 and 441 ppm) and anomalous silver (2.5 and 5.3 ppm).

Infill soil geochemistry around the main concentration of these occurrences located five gold anomalies (22-66 ppb Au), the relative positions of which suggest an easterly trending linear gold vein source.

In 1994, initial trenching was undertaken to test some of the mineral occurrences and coincident strong soil anomalies on the historic Crest 10 and Pen 13 claims. Six trenches totaling 594 m in length were excavated in two areas. Extensive shearing with local quartz veining in silicified volcanics and hornfels skarn alteration zones were encountered. Gold values of >300 ppb were determined in 35 (15%) of the 230 trench bedrock samples collected. The best averaged results included 0.145 oz/T gold over 4.0 m in Area A and 0.258 Oz/T Au over 1.0 m in Area B. In 1995 prospecting continued, and two trenches totaling 111 m were excavated in a northern extension of Area B to test additional soil anomalies and mineral occurrences. Several quartz veins and sheared intervals with alteration were exposed, and assays up to 0.056 oz/T Au were returned from bedrock chip samples.

The 1994 field program also focused on trenching along the northeast PEN 10 claim near Brenda Lake and was successful in locating a potential bedrock source for high grade gold-quartz float found previously (sample Pen93- R1 with 35800 ppb or 1.0 oz/ton gold). A

quartz vein approximately 25 to 30 cm thick was intersected striking southwest with shallow dips ranging from 10 to 30 degrees. The footwall and hanging wall diorite showed argillic to phyllic alteration with disseminated pyrite, and contained several 1 cm quartz stringers. Nineteen continuous chip samples and two grab samples of the vein and the adjacent altered zone returned values ranging from 0.12 to 43 g/t Au (Balon and Conroy, 1994). In 1995, five short diamond drill holes totaling 124.05 m (407 ft.) were completed in the trench area by Brenda Lake. Several quartz-calcite veins up to 35 cm wide were intersected, but no significant gold values greater than 0.65 g/ton were returned. Reclamation of all trench and drill sites was carried out.

The 1996 field program consisted of soil anomaly follow up, prospecting and trenching. Infill soil sampling was completed on the Pen 10 claim near the 1994 trenching and 1995 drill sites, with 21 samples collected. 45 rock samples and 6 stream sediment samples were collected over the eastern portion of the historic Crest and Pen property. Further trenching in 1996 on the northwestern quadrant of the historic Crest 10 claim (central southeastern New Brenda Property) totaled 243 linear metres and yielded 100 total samples. Best results were 1687 ppb gold over a 3.0 meter section of veins and shears with silicified and skarnified volcanics. The overall results from the program were thought to be encouraging, with bedrock sources for some of the strongest gold soil anomalies and best-grade float occurrences remaining to be determined, and continuity of mineralization remaining to be fully defined.

#### **Terrace Ventures 2004 (Peach Claim)**

Follow up to geological fieldwork completed by Fairfield Metals from 1990-1996. Objective was to identify gold bearing quartz vein system similar to Elk/Siwash deposit located to the west. Sampling, prospecting and mapping was carried out over 4 areas of anomalous samples located on the historic Crest 10 and Pen 13 claims. 24 rock samples and 10 soil samples were collected. Samples from brecciated limonite hornfels unit with local quartz veins returned up to 145.1 ppb gold and a chip sample from a 1.15-1.85m wide quartz vein cutting granodiorite returned 364.3 ppb gold, while the granodiorite returned 58.1 ppb gold.

#### **Ravencrest Resources 2006-2012 (Siwash Property)**

Ravencrest Resources acquired 91 claims of the Siwash Property from International Tower Hills Mines Ltd in 2006. In 2010 Ravencrest optioned the remaining 26 mineral claims that make up the Siwash Property from River Wild Exploration Inc. The current Brenda Property encompasses portions of the previously mentioned Siwash Property claims. The Siwash Property did not include the Crest claims, which were held by Bernie Kreft (see below). APEX Geoscience compiled historic data in 2012 for the Siwash Property.

#### **Bernie Kreft 2009-2015 (Crest Claims)**

During the period 2009-2012 geochemical sampling and prospecting was conducted on the Crest Claims (which are now part of the southern portion of the New Brenda Property) in an effort to verify and further define historical results. 31 rock samples and 62 soil samples were collected. Rock samples returned up to 32.6 ppm Au (along with weakly anomalous bismuth, silver and tungsten) from a grab sample of narrow east-northeast trending quartz vein, while soil sampling returned values of up to 1.125 ppm gold. The 2015 program focused on further soil sampling and Prospecting in the vicinity of the 2012 soil sample that

returned 1.125 ppm gold. 24 soil samples and 5 rock samples were collected. A strong east-northeast trending open-ended soil anomaly with soil results up to 2.57 ppm gold proximal to the 1.125 ppm sample from 2012 located approximately 10-15 metres north of the nearest historical trench was defined

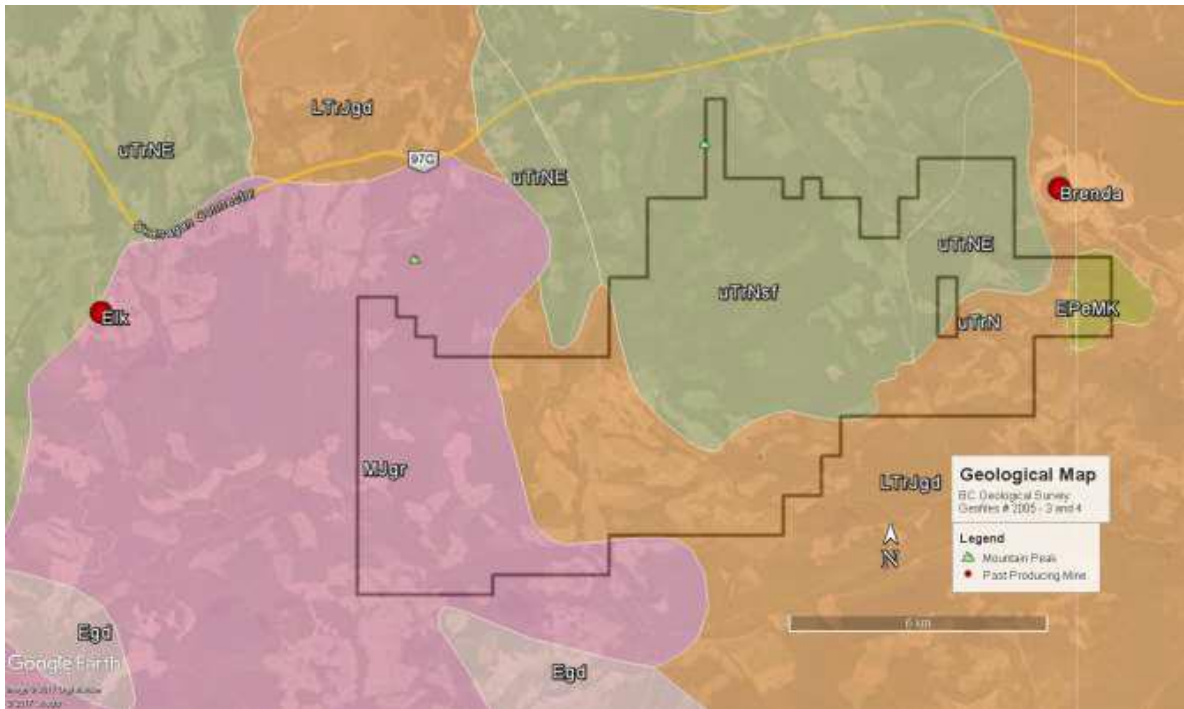
The Issuer acquired the New Brenda Property on closing the Acquisition Agreement with the three (3) Vendors by way of the issuance to the Vendors of 2,610,000 common shares of the Issuer of which 1,010,000 common shares were issued to a director of the Issuer.

The Issuer complied with the requirements of MI 61-101 as the Acquisition Agreement did constitute a “Related Party” transaction since one of the Vendors was, at the date the Acquisition Agreement was entered into and on closing, a director of the Issuer. With respect to the other two (2) Vendors, the Issuer issued 1,300,000 common shares to Kostantinos Tsoutsis of Vancouver, and 300,000 common shares to Brian Morrison of North Vancouver.

#### **(4) Geological Setting**

The New Brenda Property is situated on the eastern edge of the Intermontane tectonic belt of south-central British Columbia within the North American Cordillera. The Intermontane belt is composed of the Quesnellia, Stikinia and Cache Creek terranes. The New Brenda Property is located within the Quesnellia Terrane, an interwoven layer of Paleozoic and Mesozoic arcs and back-arcs. Arc growth was sporadic with a significant pulse in the Late Triassic– Early Jurassic (212-192 Ma) associated with multiple well-mineralized porphyry systems. In southern British Columbia these mineralizing events produced significant deposits including Highland Valley and Gibraltar; Copper Mountain, Afton and Mountain Polley; and Brenda.

Local geology in the area of the New Brenda Project is shown on the northeast part of GSC Map 4I-1989, Hope, by J.W.H. Monger, 1989 and the northwest part of GSC Map 1736A, Penticton, by D.J. Templeman-Kluit, 1989 Figure 3 (MapPlace). It is underlain predominantly by a large pendant consisting of volcanic and sedimentary rocks of the Upper Triassic Nicola Group in contact to the east with granodiorite of the Late Triassic to Early Jurassic Pennask Batholith. Nicola Group lithologies consist of felsic to mafic flows and tuffs interspersed with argillite, siltstone and limestone units. The batholith is comprised of white to grey, medium to fine grained granodiorite. Widespread silicification and bleaching of argillite and volcanic rocks is present near intrusive contacts. Quartz veining is locally abundant, and is generally concentrated near the edges of the batholith and within the adjacent silicified volcanics and to a lesser extent the sediments. Early Tertiary feldspar porphyry stocks and dykes of the Otter Intrusives occur throughout the area.



Geological Map of New Brenda Property (BC Geological Survey Geofiles 2005-3 and 4)

**Legend (see map)**

<b>Layered / Volcanic Rocks</b>			
<b>Unit</b>	<b>Group</b>	<b>Terrane</b>	<b>Description</b>
uTrN	Nicola	Quesnel	Undifferentiated mafic to felsic volcanic and volcanoclastic rocks, including augite-phyric flows, tuffs and breccias; lesser argillite, greywacke and limestone
uTrNE	Nicola	Quesnel	Eastern Volcanic Facies basaltic volcanics
uTrNsf	Nicola	Quesnel	mudstone, siltstone, shale fine clastic sediments
EPeMK	Pentiction	Overlap	Marron, Kettle River, Springbrook, Marama and Skaha Formations undivided volcanic rocks
<b>Intrusive Rocks</b>			
<b>Unit</b>		<b>Terrane</b>	<b>Description</b>
LTrJgd		Quesnel	Unnamed granodioritic intrusive rocks
Egd		Post Accretionary	Unnamed granodioritic intrusive rocks
MJgr		Post Accretionary	Unnamed granite, alkali feldspar granite intrusive rocks

Porphyry style copper-molybdenum mineralization has been mined from the Pennask Batholith intrusive rocks at the Brenda Deposit near the east contact of the Nicola pendant, immediately east of the Project claim boundary.

The geology of the Pennask Mountain area, which covers the western portion of the property, was mapped at 1:25,000 scale by G.L. Dawson and G.E. Ray of the B.C. Ministry of Energy, Mines & Petroleum Resources (BCMEMP open file map 1988-7). Dawson and

Ray (1988) subdivided the Nicola Group underlying most of the property into three northeast-striking, northwest-younging formations. The easternmost part, the Peachland Creek Formation, consists of basaltic to dacitic flows and tuffs and a siliceous feldspar porphyry unit. The central Stemwinder Mountain Formation consists predominantly of black argillite locally overlying thin sections of conglomerate, limestone and limy siltstone. The youngest rocks, to the west, are bedded to massive andesitic tuffs with minor interbedded argillite.

Large blocks of schistose rocks occur in the south central portion of the property near the Nicola contact. These may be xenoliths of volcanic and sedimentary rocks which have been partially melted and recrystallized during intrusive events, or they may be screens of basement rocks which were brought up by the magma body.

Jurassic intrusive rocks underlying the southeastern half and northeastern extremity of the property area consist mainly of granodiorite with minor coarse reddish granite. Aplite dykes are also present and may represent a late stage of the intrusions. Locally, batholithic rocks are cut and altered by younger, porphyritic intrusions of probable Late Cretaceous or Early Tertiary Age Otter Intrusions.

The Property is predominantly underlain by Nicola group volcanics and lesser sediments which are variably silicified, with occasionally abundant disseminated pyrite and pyrrhotite and local calc-silicate or skarn development (Kreft, 2015, AR#35691). Within the project locally abundant quartz veins and stringers have been found cutting siliceous volcanics and argillite. The quartz is glassy grey to opaque white or dark rosy with generally sparse disseminated pyrite and minor fine black grains, possibly specular hematite. Veins located to date appear to be irregular and discontinuous, with variable attitudes, and widths generally less than 10 centimeters. Limonite and hematite are common vein constituents. Overall sulphide contents are generally low, but local concentrations of pyrite, pyrrhotite, chalcopyrite, molybdenite, arsenopyrite, galena, sphalerite and other minerals have been noted. (Balon, 1996, AR#25043). Some of the larger veins are pegmatitic and contain coarse intergrown micas and feldspar. Grab and chip samples from individual veins and from altered rock with quartz stringers has returned numerous gold analyses of greater than 1000 ppb gold, up to 32.6 ppm gold. Also, a sample of hematitic quartz chips in overburden yielded assays of 8.534 oz/ton gold, 35.72 oz/ton silver (sample C90-RI3/1990). The style and distribution of mineral showings found to date suggests the presence of a substantial mineralized system, with significant gold grades returned from samples of low-sulphide quartz veins, sheeted vein sets and stockworks. The overall geological environment at is similar to that which occurs on the Elk/Siwash property 18 km to the west where high-grade gold quartz vein structures are hosted by granitic batholith and adjacent Nicola volcanic rocks. Although most of the veins at Elk/siwash contain abundant sulphides (mainly pyrite), extensive ore sampling results also show a significant gold-bismuth correlation similar to the gold bearing showings found on the Brenda Property.

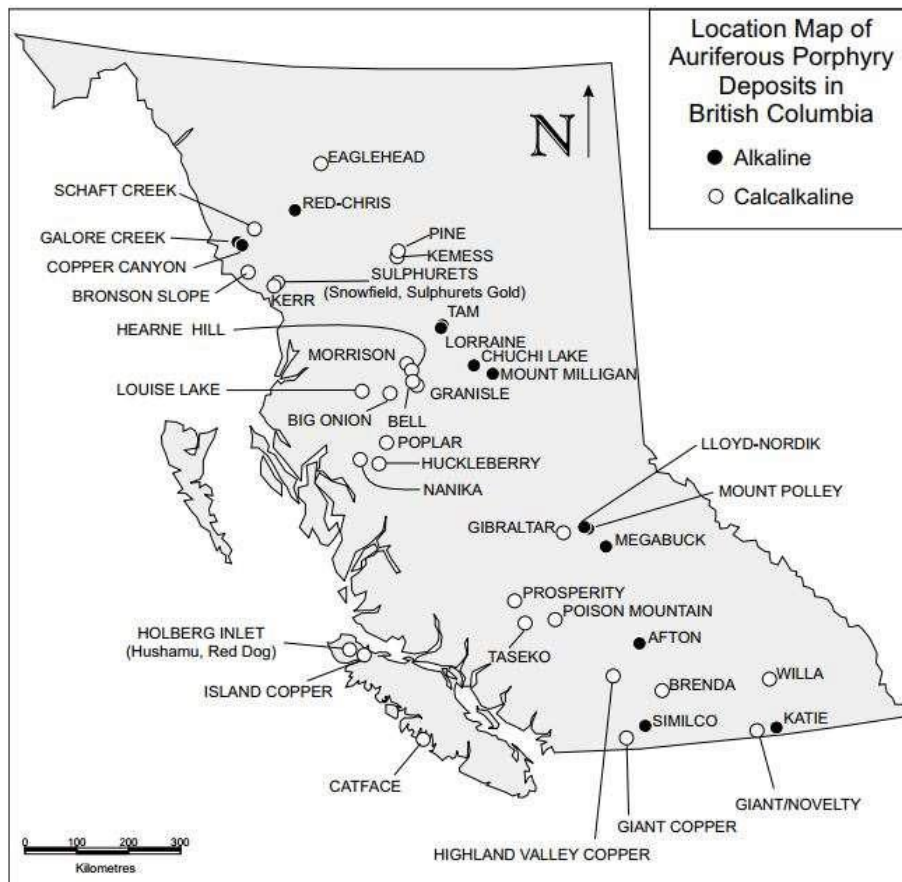
Porphyry copper systems are defined as large volumes of hydrothermally altered rock centered on porphyry copper stocks. Metal content is low- to medium-grade the distribution of primary ore minerals are dominantly structurally controlled and that may also contain skarn, carbonate-replacement, sediment-hosted, and high- and intermediate-sulphidation epithermal base and precious metal mineralization (Sinclair, 2007. Sillitoe, 2010). Their formation is related to felsic to intermediate magma emplacement at relatively high levels in

the crust, where the circulation of hydrothermal fluids facilitates scavenging, mobilizing and deposition of metals.

The metal content of this class of deposits is diverse, but within the scope of this report can be narrowed down to those grouped as Copper ± Molybdenum ± Gold (Cu ± Mo ± Au).

Porphyry copper deposits account for approximately two-thirds of global copper production and more than 95% of world molybdenum production. Porphyry deposits are also major sources of gold, silver, and tin; Porphyry deposits occur throughout the world in a series of extensive, relatively narrow, linear metallogenic provinces. They are predominantly associated with Mesozoic to Cenozoic orogenic belts in western North and South America, around the western margin of the Pacific Basin, and in the Tethyan orogenic belt in eastern Europe and southern Asia. However, major deposits also occur within Paleozoic orogens in Central Asia and eastern North America and, to a lesser extent, within Precambrian terranes.

Late Triassic to Early Jurassic Cu-Au and Cu-Mo porphyry deposits of the Stikine and Quesnel terranes are collectively the most important group of deposits in British Columbia (Nelson and Colpron, 2007). They include such producers as Highland Valley, Gibraltar, Copper Mountain, Mt. Milligan, Red Chris, Brenda, and New Afton; projects such as Schaft Creek, Brucejack, and Kerr-Sulphurets-Mitchell (KSM) are also moving towards production (Figure 6). Host intrusions range in age from 210 Ma (Galore, Highland Valley) to 183 Ma (Mt. Milligan). The abundance of porphyry and other deposits marks Stikinia and Quesnelia as remarkably rich metalotects, comparable to the modern arc setting of Papua New Guinea.



Porphyry deposits occur in close association with porphyritic intrusions. There is a close temporal relationship between magmatic activity and hydrothermal mineralization. Commonly located in volcanic or sub-volcanic environments, host rocks typically include volcanics, intrusives (which may or may not be coeval with country rock) and volcano-sedimentary, epiclastic and pyroclastic rocks. The composition of intrusions associated with porphyry deposits varies widely and appears to exert a fundamental control on the metal content of the deposits. Intrusive rocks associated with porphyry Cu-Au and porphyry Au deposits tend to be low-silica, relatively mafic and primitive in composition, ranging from calc-alkaline dioritic and granodioritic plutons to alkalic monzonitic rocks. In general, the majority of large porphyry deposits are associated with calc-alkaline intrusions – although, some of the largest gold-rich deposits are associated with high K calcalkaline magma compositions.

Hydrothermal alteration is extensive and typically zoned on a deposit scale as well as around individual veins and fractures. Alteration zones on a deposit scale commonly consist of an inner potassic  $\pm$  sodic core characterized by K-feldspar and/or biotite ( $\pm$  amphibole  $\pm$  magnetite  $\pm$  anhydrite), and an outer, more extensive zone of propylitic alteration that consists of quartz, chlorite, epidote, calcite and, locally, albite associated with pyrite. Zones of phyllic (quartz + sericite + pyrite) and argillic alteration (quartz + illite + pyrite  $\pm$  kaolinite  $\pm$  montmorillonite  $\pm$  calcite) may be part of the zonal pattern between the potassic and propylitic zones, or can be irregular or tabular, younger zones superimposed on older alteration and sulphide assemblages. Alteration mineralogy is controlled in part by the

composition of the host rocks, and by the composition of the mineralizing system. In mafic host rocks with significant iron and magnesium, biotite is the dominant alteration mineral in the potassic alteration zone, whereas K-feldspar dominates in more felsic rocks. In more oxidized environments, minerals such as pyrite, magnetite ( $\pm$  hematite), and anhydrite are common, whereas pyrrhotite is present in more reduced environments.

## **(5) Exploration Information**

### **Soils**

A soil sampling and prospecting program was carried out June 28 – 30, 2017. The areas that were sampled are within Twilight Zone and Silverback Zones (Figure 8). B-horizon soils were collected where available every 50m along lines spaced mostly at 200m. Locally some lines were spaced at 100m. Handheld GPS units were used to locate sample sites. These units are accurate to within  $\pm$  5m. The samples were placed in brown Kraft bags and sent to MS Analytical Labs in Langley BC for analysis. Samples were dried and then screened to -80 mesh, 1:1 Aqua regia solution was used. Then analyzed using ICP-AES/MS process for ultra trace levels.

Three contiguous samples are highly anomalous in gold occur in the central portion of the target area. There is also an E-W trending line of moderately anomalous samples extending from the central highly anomalous area to the west of the target area.

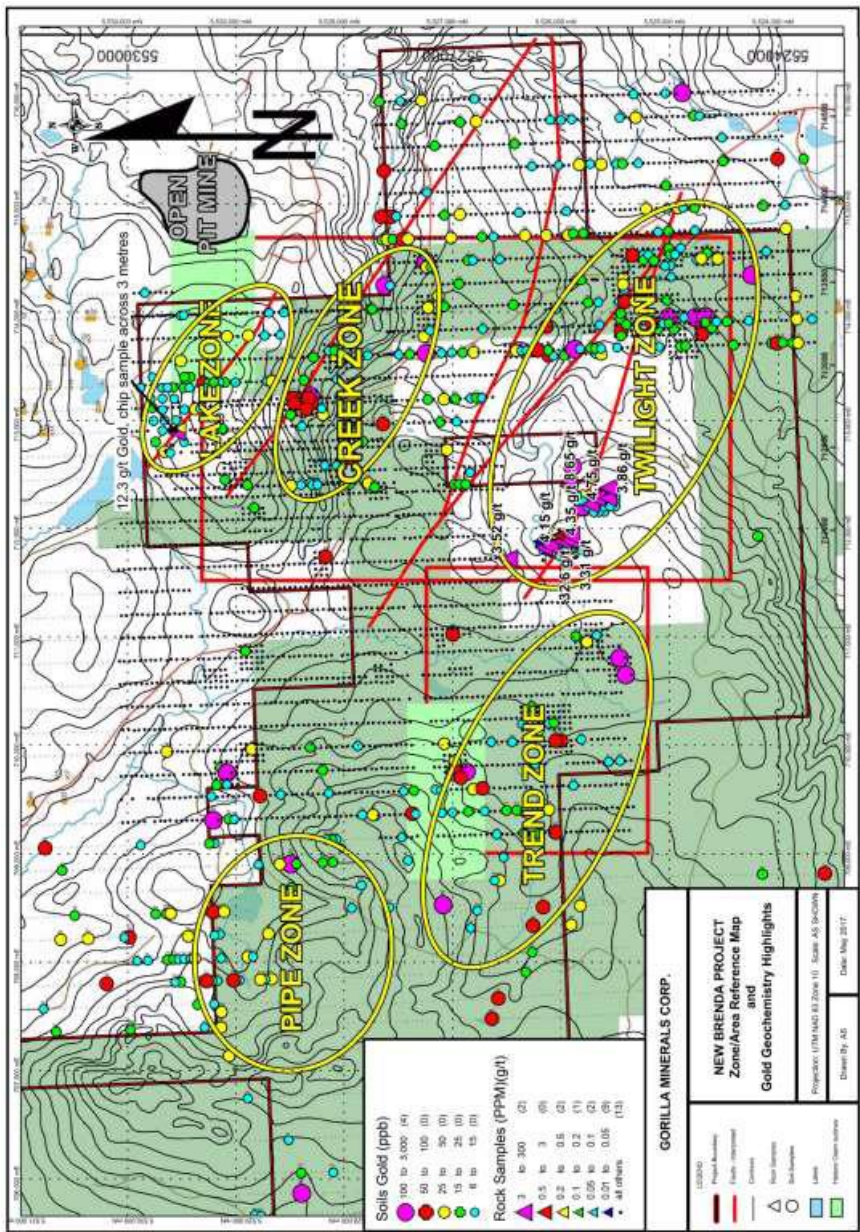
Three contiguous samples are highly anomalous in silver occur in the central portion of the target area. There is also a E-W trending line of moderately anomalous samples extending from the central highly anomalous area to the west of the target area. This is very similar to the Au in soils.

At the south end of the target is an inverted “U” shaped series of highly anomalous soil samples. This is quite a large target, 600m X 500m and is open to the south.

At the south end of the target is a series of highly anomalous soil samples. This line is coincident with the Ag anomaly discussed above.

There is a cluster of anomalous soil samples in the NW quadrant of the target. The exact shape is unclear. The anomalous Mo samples seem to rim the soils anomalous in Au. At the south end of the target is a series of highly anomalous soil samples. The shape of the anomalous Mo samples seems to be geographically coincident with the Ag anomaly discussed above. There is no strong clustering of soils anomalous in Au.





There is a line of soils anomalous (>0.2 ppm) in Ag in a NW-SE line at the eastern edge of the target. Portions of this area is also anomalous in Cu and Mo. This line does seem to be spatially associated with the wooded area which corresponds to a creek. Also note that the 0.62g/t Ag sample is also anomalous in Cu and Mo.

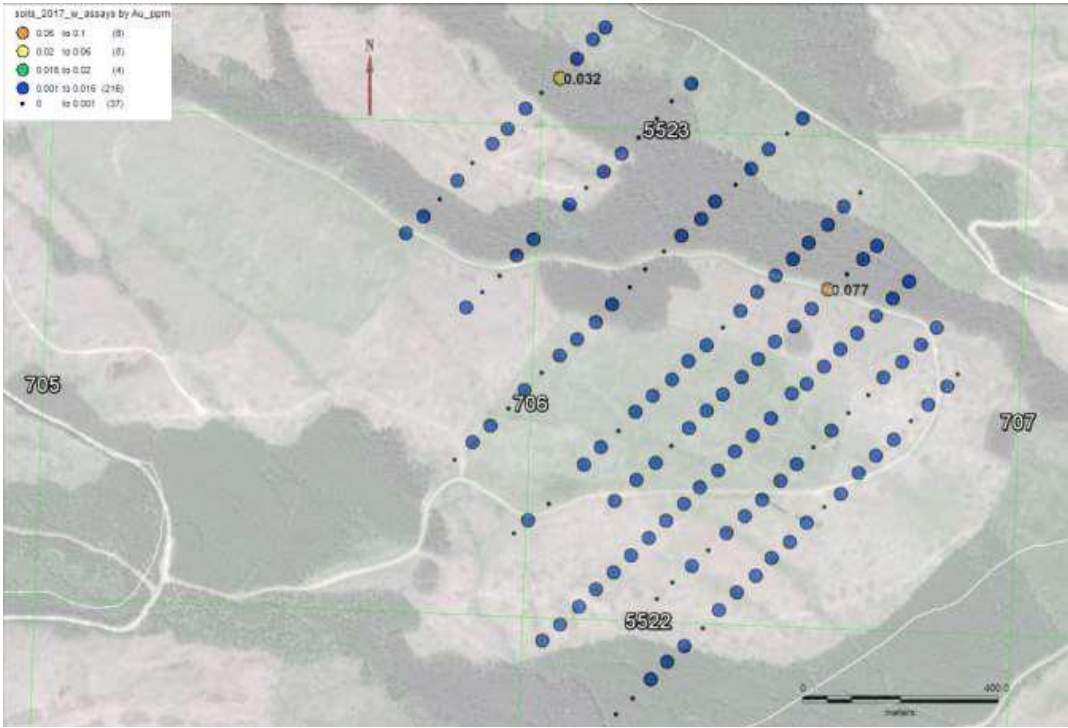
There is broken line of soils anomalous (>49 ppm) in Cu in a NW-SE line at the eastern edge of the target.

There is broken line of soils anomalous (>2 ppm) in Mo in a NW-SE line at the eastern edge of the target.

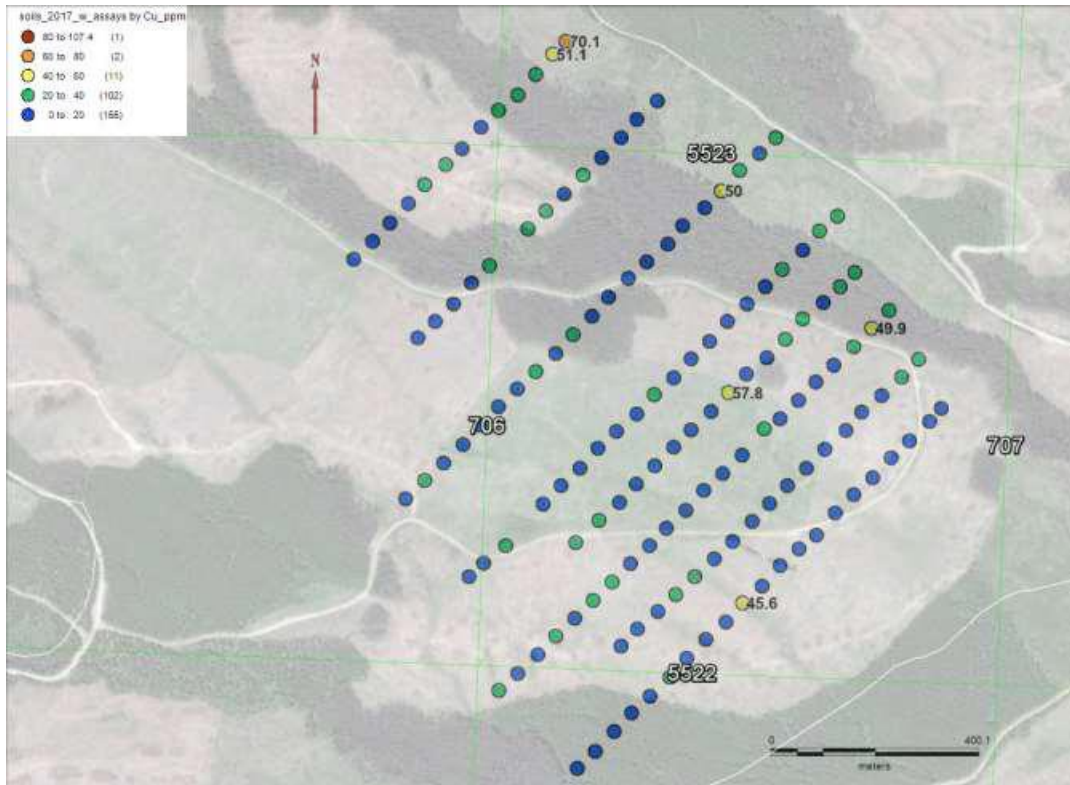
Rocks

A prospecting program was carried out at the same time as the soil sampling program. 15 rock samples were taken. The location of the samples was determined using hand held GPS units, accurate to within +/- 5m. The samples were sent to MS Analytical Labs in Langley BC for analysis. The samples are dried, crushed to 70% passing 2mm, Split to 250g, Pulverized to 85% passing 75µm. Au content was determined by Fire Assay (30g fusion, AAS). Concentration of other elements were determined using 0.5g, dissolved in 3:1 Aqua Regia, using ICP-AES. See appendix for detection levels of each element analyzed for.

Maps showing the location and concentrations of Au, Ag, Cu and Mo are included below. Most samples were taken in the “trenches” area discussed in the soils section above. Each element has two maps, one a detailed map showing the trench samples only and a second map showing all samples taken on the property.



Au in soils in Silverback zone the legend for gold concentration is in upper left of map. (green lines are 1km UTM lines, large white #'s are UTM (1,000m), white lines are claim lines black #'s are Au ppm)



Cu in soils in Silverback zone the legend for copper concentration is in upper left of map. (green lines are 1km UTM lines, large white #'s are UTM (1,000m), white lines are claim lines black #'s are Cu ppm)

## (6) Mineralization

As mentioned above, faults and fault intersections are invariably involved in determining the formation and geometry of porphyry Cu systems. At the scale of ore deposits, associated structures can result in a variety of mineralization styles, including veins, vein sets, stockworks, fractures, "crackled zones", and breccia pipes. Orientations of mineralized structures can be related to local stress environments around the tops of plutons or can reflect regional stress conditions.

The mineralogy of porphyry deposits is highly varied, although pyrite is typically the dominant sulphide mineral in porphyry Cu  $\pm$  Mo  $\pm$  Au deposits. Principal ore minerals are chalcopyrite, bornite, chalcocite, tennantite, enargite, other Cu sulphides and sulphosalts, molybdenite, and electrum; associated minerals include pyrite, magnetite, quartz, biotite, K-feldspar, anhydrite, muscovite, clay minerals, epidote and chlorite. The overall geometry of individual porphyry deposits is highly varied and includes irregular, ovoid, pipe-like or cylindrical shapes, which may or may not be "hollow". Ore bodies are zoned, with often barren cores and crudely concentric metal zones, and may occur separately or overprint one another, vertically and laterally.

Complex, irregular ore and alteration patterns arise from overprinting episodes of zoned mineralization and alteration of different ages.

Porphyry Cu systems typically span the upper 4 km or so of the crust, with their centrally located stocks being connected downward to parental magma chambers at depths of perhaps 5 to 15 km. The water-rich parental magma chambers are the source of the heat and hydrothermal fluids throughout the development of the system. Large, poly-phase hydrothermal systems developed within and above genetically related intrusions are formed and are often long-lived (~5m.y.).

Convection of hydrothermal fluids throughout the country rock and intruding stocks results in a focusing of metals along conduits and within permeability networks where hydrofracturing has taken place. Effective scavenging of metals is facilitated by "organized" hydrothermal systems in a state of convection, while efficient metal deposition is enhanced by pore-fluid over-pressurization resulting in catastrophic failure and rapid remobilization and de-pressurization of metalliferous hydrothermal fluids.

A variety of deposit types are spatially, if not genetically, related to porphyry copper mineralization, including skarns, polymetallic veins and replacements, and epithermal veins.

Epithermal deposits form at shallow depth, <1.5 km, and are hosted mainly by volcanic rocks. Common alteration assemblages include sericitic, silicification, propylitic, advanced argillic, and alunitic. Although 3 types of epithermal deposits can be distinguished, the two most common end-member styles of epithermal gold deposits are high sulfidation (HS) and low sulfidation (LS).

LS deposits ore mineral include py, electrum, gold, sphalerite, galena with gangue minerals consisting of quartz, chalcedony, calcite, adularia, illite and carbonates. HS ore minerals include pyrite, enargite, chalcopryrite, tennanite, llurides with gangue minerals quartz, alunite, barite, kaolinite, pyrophyllite.

Exploration features or aspects of these deposits are summarized below:

- Most deposits have some form of veining or disseminated sulphides and/or alteration that extend significantly beyond economic mineralization.
- There may be mineralogical and litho-chemical signatures of productive magmas.
- Gold to silver ratios increase with increasing free silica content.
- Copper content appears to increase with depth.
- Basement architecture or plumbing is important.

#### (7) **Drilling**

In 1995, five short diamond drill holes totaling 124.05 m (407 ft.) were completed in the trench area by Brenda Lake on the Northeastern portion of the current Brenda Property. Several quartz-calcite veins up to 35 cm wide were intersected, but no significant gold values greater than 0.65 g/ton were returned. Reclamation of all trench and drill sites was carried out.

#### (8) **Sampling and Analysis**

MS Analytical Laboratory was selected to analyze the samples. MS Analytical is ISO 17025:2005 accredited lab. Sampling quality assurance/quality control (QA/QC) for the

2017 prospecting / soils program consisted of inserting 1 blank sample or field duplicate within each group of 20 samples. MS Analytical's QA/QC procedures consisted of introducing a variety of standards and blanks and completing normal run pulp and preparation duplicates. A discussion of lab procedures and field/lab standards documentation is located in Appendix B. The blank material used (for both soil and rock) was a concrete mix purchased from Home Depot. The high concentration of Ca made it easy to distinguish from other materials. It is unfortunate that the product, unexpectedly has elevated but consistent levels of Cu and Ag.

Soils: a total of 271 non QA/QC samples were taken.

Field QA/QC

3 duplicates

11 blanks

Lab

6 duplicates

6 blanks

6 standards

Total QA/QC

9 duplicates

17 blanks

6 standards

32 total

Rocks: a total of 15 non QA/QC samples were taken

Field QA/QC

1 blank

Lab

3 duplicates

4 blanks

3 standards

Total QA/QC

3 duplicates

4 blanks

3 standards

10 total

The QA/QC was generally good. Nearly all the assays returned with +/- 95% confidence levels. The duplicate samples were very good. The blanks were excellent except for the unexpected high copper and moderate Ag values in the cement purchased from Home Depot. The copper and silver values from the cement were consistent suggesting that the cement actually has elevated Cu / Ag values.

**Soils samples** were dried and then screened (80 mesh) to remove larger particles, rocks or vegetative matter. The 80 mesh was analyzed. The prepared homogeneous sample was weighed and digested under heat with a mixture of hydrochloric acid, nitric acid, and deionized water. Upon completion of the digestion step, the sample was made up to

volume. This sample solution was then analyzed by Inductively Coupled Plasma Emission Spectrometry and Inductively Coupled Plasma Mass Spectrometry.

**Rock samples** were crushed to 70% passing 2mm, then a representative split was taken and pulverized to 85% passing 75micron. Multi-Element analysis was performed using by Aqua Regia, ICP-AES (33 elements) Trace Level and a 30 gram Fire Assay and AAS finish.

#### (9) **Security of Samples**

Samples were taken from the field and locked in the cabin at base camp. Samples were transported in the Author's truck to his home then to the lab the first day it was open for business.

The primary author and Qualified Person has examined and verified the digital soil and rock geochemistry data provided by Gorilla. This was accomplished by plotting the digital data in a GIS workspace (MapInfo™/) and comparing the digital data to those presented in Assessment Reports found in the BC Ministry of Energy and Mines Assessment Report Indexing System (ARIS). Assessment reports for the property can be found at <http://aris.empr.gov.bc.ca/> (search term: "Pen", "Crest", "Siwash", "Ravencrest"). Data sets verified include soil geochemistry grid sample and trench locations, historical gold assays. The QP concluded that the data contained assay database obtained from Gorilla is reasonably accurate, and match the historical records publicly available. As such, the accuracy and precision of historical assays cannot be verified, but the QP is satisfied that historical lab results were reasonably accurate and precise for the time, and that assays were performed by accredited analytical laboratories (e.g. Min-En Labs). The QP has no reason to believe that any of the historical results are misleading or erroneous.

#### (10) **Mineral Resources and Mineral Reserves**

No known mineral resources or mineral reserves of any category exist on the New Brenda Property.

#### (11) **Exploration and Development**

The soil sampling program points to several areas that warrant follow up. There are several areas of multi-element multi-station anomalies. See "Exploration Information" above for details regarding location and strength of anomalies. These anomalies are expected to be followed up with more detailed soils and perhaps trenching where practical (riparian zones may not be amenable to trenching).

The rock sampling program has uncovered a couple of worthwhile targets to follow up. Detailed mapping and perhaps a limited trenching program should be undertaken to better understand the extent of this mineralization.

The New Brenda Property is situated between a past producing Cu mine and a high grade past producing Au mine. The rock units associated with both mines are well represented on the New Brenda Property. This alone qualifies the property as being prospective for both deposit types. The presence of high grade mineralization both in float (i.e. 8.534 oz/ton gold, 35.72 oz/ton silver) and in trenches increases the prospectivity of the property. The results from the analysis of soils and rocks sampled in 2017 indicate that potentially

economic mineralization is present on the property. Additional sampling, geological mapping and trenching are warranted.

The main components of the first phase proposed exploration program include soil sampling and Induced Polarization surveys followed by a second phase drilling exploration program. A \$100,000 first phase and a \$200,000 second phase is recommended by the author.

## E. 5. Selected Consolidated Financial Information

### 5.1 Annual Audited Information

#### PRESCRIBED ANNUAL INFORMATION

The following financial information is derived from the Issuer's audited financial statements for the years indicated. This summary is qualified by, and should be read in conjunction with, the Issuer's financial statements, including the notes thereto as filed on SEDAR, and the accompanying management's discussion and analysis, included below in this Listing Statement, and the Issuer's management discussion and analysis filed on SEDAR.

	<b>Year ended July 31, 2017 (Audited)</b>	<b>Year ended July 31, 2016 (Audited)</b>	<b>Year ended July 31, 2015 (Audited)</b>
Total Revenue (Arrangements)	414,590	Nil	27,000
Total Profit (Loss)	\$207,471	\$(242,927)	\$(474,966)
Basic and Diluted Profit (Loss) per Common Share	\$0.02	\$(0.03)	\$(0.09)
Total Assets	\$212,138	\$146,293	\$182,716
Total Long-Term Financial Liabilities	\$151,476	Nil	Nil
Cash Dividends per Common Share	Nil	Nil	Nil

Discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

During the year ended July 31, 2017, the Issuer recorded \$414,590 in revenue as compared to \$27,000 in revenue during the year ended July 31, 2016 as a result of a gain earned on the Option Agreement related to the Wels property which in turn substantially decreased the issuer's total loss and increased the total assets for the year ended July 31, 2017 as compared to the year ended July 31, 2016.

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (b) of Section 5.1.

	<b>Q4 July 31, 2017</b>	<b>Q3 April 30, 2017</b>	<b>Q2 January 31, 2017</b>	<b>Q1 October 31, 2016</b>	<b>Q4 July 31, 2016</b>	<b>Q3 April 30, 2016</b>	<b>Q2 January 31, 2016</b>	<b>Q1 October 31, 2015</b>

Total Revenue	Nil	\$260,000	\$154,590	Nil	Nil	Nil	Nil	Nil
Total Profit (Loss)	\$(85,955)	\$190,739	\$130,205	\$(27,518)	\$(22,487)	\$(42,747)	\$(30,182)	\$(147,511)
Basic and Diluted Profit (Loss) per Common Share	\$(0.01)	\$0.02	\$0.01	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.00)	\$(0.02)

### 5.3 Dividends:

- (a) there are no restriction that could prevent the Issuer from paying dividends; and
- (b) the Issuer has not paid dividends on its common shares in the past and does not anticipate paying dividends on the common shares in the near future. The Issuer expects to retain any cash earnings to finance future growth and pay down debt as and when appropriate.

However, the Issuer has paid a dividend in specie to its Preferred Shareholders (see Subsection 4.1(7) above) being a dividend of approximately one (1) million K2 common shares received by the Issuer pursuant to the Wels Property Option (see also Subsection 3.1 above). The Issuer may declare further dividends on the Preferred Shares in the discretion of the Board of Directors subject to the working capital needs of the Issuer.

- 5.4 Foreign GAAP —The Issuer has not presented the selected consolidated financial information required in this section on the basis of foreign GAAP.

## F. 6. Management's Discussion and Analysis

Annual MD&A

Introduction

### Basis of Discussion & Analysis

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the financial statements of the Company for the year ended July 31, 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undo reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

### I. Overview of the Year Ended July 31, 2017



On July 28, 2017, the Company closed a non-brokered financing of 2,980,000 units at \$0.10 per unit for gross proceeds of \$298,000. Each unit consists of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to acquire an additional common share of the Company at a price of \$0.15 per share for a period of two years.

On May 29, 2017, the Company held its annual and special shareholders' meeting and approved the creation of an unlimited number of Class A Preferred Shares with a par value of \$0.001.

On May 30, 2017, the Company issued 10,595,258 Preferred Shares to the existing common shareholders of the Company pro rata wherein for every common share held, a shareholder receives one Preferred Share.

On May 30, 2017, the Company formally declared a dividend in specie on the outstanding Preferred Shares totaling 1,000,000 K2 shares.

The Company will continue to develop its exploration strategies with a view to maximizing shareholder value and focusing on its long term goal of moving the Company into production.

## **J. Overall Performance and Description of Business**

The Company is an exploration stage company located at Suite 1128, 789 West Pender Street, Vancouver, British Columbia, Canada V6C 1H2, engaged in the acquisition, exploration and development of mineral resource properties located in Canada.

On April 30, 2012, Gorilla Resources Corp. signed an arrangement agreement (the "Arrangement Agreement") with Gorilla Minerals Corp. and Defiant Minerals Corp. Gorilla Minerals Corp. and Defiant Minerals Corp. became subsidiaries of Gorilla Resources Corp. on April 27, 2012. The purpose of the Arrangement Agreement was to reorganize Gorilla Resources Corp.'s business units and optimize shareholder value by separating its investments in gold mineral exploration property from its nickel exploration property.

The Arrangement Agreement provided that the shareholders of Gorilla Resources Corp. would receive one common share of Gorilla Minerals Corp. as well as one common share of Defiant Minerals Corp. for each common share of Gorilla Resources Corp. held by them (the "Arrangement"), with the result that the shareholders of Gorilla Resources Corp. would also become shareholders of Gorilla Minerals Corp. and Defiant Minerals Corp. for no cost to the shareholder. Following completion of the Arrangement, Gorilla Minerals Corp. and Defiant Minerals Corp. became reporting issuers in British Columbia and Alberta. Completion of the transactions contemplated by the Arrangement Agreement were subject to the approval of the shareholders of Gorilla Resources Corp. and the Supreme Court of British Columbia.

In accordance with the Plan of Arrangement, Gorilla Resources Corp. transferred the claims in the Wels property to Gorilla Minerals Corp. after approval by the shareholders of Gorilla Resources Corp. In terms of the Assignment Agreement; Gorilla Minerals Corp. were assigned 100% of the mineral claims and assumed all responsibilities and obligations, for the payment of 100,000 shares of Gorilla Minerals Corp. Gorilla Minerals Corp. then signed an option agreement with Defiant Minerals Corp. with respect to the nickel mining claims. Defiant Minerals Corp. has subsequently defaulted on an option payment and the option has subsequently terminated.

Upon the Arrangement becoming effective:

(a) Gorilla Minerals Corp. and Defiant Minerals Corp. would no longer be a wholly-owned subsidiaries of Gorilla Resources Corp. and the shareholders of Gorilla Resources Corp. would hold the same percentage of issued Gorilla Minerals Corp. and Defiant Minerals Corp. shares in the capital of the companies as such shareholders held in the capital of Gorilla Resources Corp.

(b) Gorilla Minerals Corp. and Defiant Minerals Corp. would focus their businesses primarily on the exploration and development of the gold prospective mining interests and the nickel prospect interests in the Wels property in the Yukon respectively.

On April 30, 2012, Gorilla Resources Corp. completed the Plan of Arrangement with Gorilla Minerals Corp. and Defiant Minerals Corp. The Plan of Arrangement was approved by Gorilla Resources Corp.'s sole shareholder by way of consent resolution dated May 26, 2012.

As a result, the carrying value of the Wels property of \$54,400 was transferred from Gorilla Resources Corp. to Gorilla Minerals Corp. in exchange for 1,197,248 shares of Gorilla Minerals Corp. Gorilla Minerals Corp. and Defiant Minerals Corp. are reporting issuers in British Columbia and Alberta.

The Company has been conducting exploration activities which have been focused on the Wels Property in the Yukon Territory (see "Project Summaries and Activities" in this MD&A for more information). Subsequent to July 31, 2016, in August 2016, the Company entered into an Option to Joint Venture Agreement (the "Option Agreement") with West Melville Metals Inc. ("WMM") pursuant to which the Company granted WMM the sole and exclusive right and option to acquire an undivided 90% interest in the Wels Property and other assets.

On September 18, 2013, the Company received \$15,000, pursuant to the Company having entered into an Arrangement Agreement dated August 22, 2013 with ChitrChat 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 ChitrChat 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 1,000 warrants to ChitrChat Communications Inc. on the same terms as those issued by the ChitrChat Communications Inc. to the Company.

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 affecting 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 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 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. The Supreme Court of British Columbia granted a Final Order approving the Plan of Arrangement with European Ferro Metals Ltd. and First Ferro Mining Ltd. 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. Pursuant 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.

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 proposed plan of arrangement is subject to approval by the Big Rock Technologies shareholders and the Supreme Court of British Columbia.

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.

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. 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.

See Section O “Project Summaries and Activities” below for current activities and performance.

## K. Results of Operations

### Selected Annual Information – For the year ended July 31, 2017

Year Ended:	July 31, 2017	July 31, 2016	July 31, 2015
<b>Financial</b>			
Exploration expenses (recovery)	\$ 63,442	\$ (13,930)	\$ 325,657
Net loss for the year	207,471	(242,927)	(474,966)
Basic and diluted loss per share	0.02	(0.03)	(0.09)
<b>Balance</b>			
Cash	\$ 207,672	\$ 70	\$ 24,000

Total assets	212,138	146,293	182,716
Accounts payable and accrued liabilities	39,886	56,706	124,121
Shareholders' equity (deficiency)	\$ (37,022)	\$ (152,726)	\$ (164,944)
<b>Cash Flow</b>			
Increase (decrease) in cash for the year	\$ 207,602	\$ (23,930)	\$ 16,719

The Company did not have any sales, discontinued operations, extraordinary items, and cash dividends during the year. Material factors affecting operations and mineral property expenditures are described elsewhere in the MD&A.

## L. Results of Operations – For the quarter ended July 31, 2017

For the quarter ended July 31, 2017, the Company incurred a loss of \$85,955 (2016: \$22,487). Significant expenses included exploration expenses of \$34,063 (2016: recovery of \$20,000); audit and accounting fees of \$16,500 (2016: \$11,000); and management fees of \$6,000 (2016: \$10,500). Interest expense for the quarter ended July 31, 2017 was \$4,430 which was slightly lower than \$5,239 for 2016 as a result of the Company paying back a loan during the quarter.

## M. Results of Operations – For the year ended July 31, 2017

For the year ended July 31, 2017, the Company reported a net income of \$207,471 (2016: net loss of \$242,927) as a result of \$414,590 gain on the Option Agreement. Significant expenses included legal fees of \$28,970 (2016: \$26,498); management fees of \$24,000 (2016: \$42,000); audit and accounting fees of \$43,630 (2016: \$25,000); and transfer agent, filing and stock exchange fees of \$15,547 (2016: \$8,170).

During the year ended July 31, 2016, the Company recorded a stock-based compensation of \$116,803 related to the stock options granted in August 2015 to directors and consultants of the Company.

## N. Summary of Quarterly Results:

<u>2017/16 Quarterly Results:</u>	<u>4<sup>th</sup> Quarter</u>	<u>3<sup>rd</sup> Quarter</u>	<u>2<sup>nd</sup> Quarter</u>	<u>1<sup>st</sup> Quarter</u>
Revenue	\$ -	\$ -	\$ -	\$ -
Income (loss) and comprehensive income (loss)	(85,955)	190,739	130,205	(27,518)
Basic and diluted loss per share	(0.01)	0.02	0.01	(0.00)
Total assets	212,138	4,667	24,273	146,278
Working capital	114,454	(249,067)	(200,039)	(325,654)
<u>2016/15 Quarterly Results:</u>	<u>4<sup>th</sup> Quarter</u>	<u>3<sup>rd</sup> Quarter</u>	<u>2<sup>nd</sup> Quarter</u>	<u>1<sup>st</sup> Quarter</u>
Revenue	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	(22,487)	(42,747)	(30,182)	(147,511)
Basic and diluted loss per share	(0.00)	(0.01)	(0.00)	(0.02)
Total assets	146,293	127,032	144,810	113,134
Working capital	(144,764)	(85,612)	(51,538)	(79,652)

\* No exercise or conversion is assumed during the quarters in which a net loss is incurred, as the effect is anti-dilutive.

## O. Project Summaries and Activities

### CANADA

#### *Wels Property (Yukon Territory)*

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 150,000 common shares on the sixth month anniversary (issued by Gorilla Resources Corp.);
- Make cash payments of \$25,000 and issue 100,000 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 100,000 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.

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.

The Company was to be the operator of the Wels Gold Project and as such shall be responsible in its reasonable discretion for carrying out and administering exploration, development and mining work on the Wels Gold Project.

On August 11, 2016, the Company entered into an Option to Joint Venture Agreement (the “Option Agreement”) with West Melville Metals Inc. (“WMM”). 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, which Option remains in good standing, WMM agreed to:

(a) pay to the Company:

- \$50,000, within five Business Days after the date of TSX Venture Exchange (“TSX-V”)’s acceptance of the Option Agreement (paid);
- an additional \$100,000 on or before the date that is 30 days after the date of the Option Agreement (paid);
- an additional \$100,000 on or before the date that is 12 months after the date of the Option Agreement (paid); and
- 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;

(b) issue and deliver to Gorilla:

- 500,000 WMM shares within five Business Days after the date of TSX-V’s acceptance of the Option Agreement (delivered);



- an additional 500,000 WMM shares on or before the date that is 6 months after the date of the Option Agreement (delivered);
- an additional 500,000 WMM shares on or before the date that is 12 months after the date of the Option Agreement (delivered);
- an additional 500,000 WMM shares on or before the date that is 18 months after the date of the Option Agreement;
- an additional 500,000 WMM shares on or before the date that is 24 months after the date of the Option Agreement;
- 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.

On May 4, 2017, the Issuer entered into an acquisition agreement (the “Acquisition Agreement”), as amended on June 2, 2017, with three (3) individual vendors (collectively, the “Vendors”) to acquire a 100% undivided interest in the 10,010 hectare New Brenda Property (the “New Brenda Property”) located in-between the past producing Brenda copper porphyry open pit mine, and the high grade open pit Elk gold mine in south, central British Columbia.

The Acquisition Agreement was closed on August 14, 2017 by way of the issuance to the Vendors of 2,610,000 common shares of the Issuer at a deemed price of \$0.10 per share of which 1,010,000 shares were issued to a non-arm’s length party as discussed immediately below. A subsequent payment of \$65,000 is due to the Vendors twelve months following the listing of the common shares of the Issuer on a public exchange. The Vendors have acknowledged that some or all of the shares received may need to be escrowed pursuant to BCSC Form 46-201F1 under the three (3) year “emerging issuer” escrow provisions in connection with any such listing.

A 43-101 technical report (“Technical Report”) on the New Brenda Property dated August 1, 2017 has been prepared and has been filed on SEDAR under the Issuer’s profile. Readers are directed to review the Technical Report for more particulars on the New Brenda Property and see Section 4.3 below for a summary thereof. Section 9 of the Technical Report details the results of a soil sampling and prospecting program carried out in June, 2017. A minimum of \$75,000 in exploration expenditures have been incurred on the New Brenda Property in the past 3 years.

In connection with the Acquisition Agreement, the Issuer closed a private placement (the “Pre-Acquisition Private Placement”) of 2,980,000 units (“Units”) at \$0.10 per Unit for gross proceeds of \$298,000. Each Unit consisted of a common share (“Share”) in the capital of the Issuer and a share purchase warrant (“Warrant”), each Warrant entitling the holder to purchase an additional Share for \$0.15 per Share. The proceeds are allocated for exploration of the New Brenda Property and for working capital.

On October 30, 2017, the Issuer announced a non-brokered private placement of up to one million (1,000,000) Units at \$0.10 per Unit, each Unit consisting of a common share and a share purchase Warrant, each Warrant entitling the holder to purchase an additional share at \$0.15 per common share for proceeds of up to \$100,000 with the proceeds to be added to working capital. This placement is not expected to close, at the earliest, until December, 2017.

## P. New Opportunities

The Company continues to evaluate mineral properties and is focused on deposits in Canada with economic merit and good logistics will be considered for acquisition.

## Q. Outstanding Share Data

The Company has an authorized share capital of an unlimited number of common shares, of which 13,575,258 were issued and outstanding as at July 31, 2017.

## R. Related Party Transactions

During the year ended July 31, 2017, the Company incurred \$24,000 (2016: \$24,000) in management fees from a company owned by the President of the Company. At July 31, 2017, the Company owed \$22,675 (2016: \$35,933) to directors and their companies and had \$35,123 (2016: \$53,008) of notes payable (Note 5) and \$100,984 (2016: \$102,248) of convertible promissory notes payable (Note 6) to directors and their companies.

## S. Liquidity and Solvency

The following table summarizes the Company's cash on hand, working capital and cash flow:

<b>As at</b>	<b>July 31, 2017</b>	<b>July 31, 2016</b>
	\$ 207,672	\$ 70
Cash		
Working capital	114,454	(298,136)

<b>Period Ended</b>	<b>July 31, 2017</b>	<b>July 31, 2016</b>
	\$ (219,685)	\$ (113,204)
Cash used in operating activities		
Cash provided by investing activities	150,000	20,000
Cash provided by financing activities	277,287	69,500
Change in cash	\$ 207,602	\$

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

## T. Capital Resources

The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that

are economically recoverable. The Company's primary capital asset is a resource property. Exploration expenditures are expensed as incurred.

The Company's resource property agreement is an option agreement and the exercise thereof is at the discretion of the Company. To earn its interest in the properties, the Company must incur certain expenditures in accordance with the agreements (see "Project Summaries and Activities" in this MD&A for more information).

The Company depends on equity sales to finance its exploration programs and to cover administrative expenses.

## **U. Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet transactions.

## **V. Proposed Transactions**

There are no proposed transactions that will materially affect the performance of the Company.

## **W. Accounting Policies**

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

### Critical Accounting Estimates

The Company prepares its financial statements in accordance with IFRS, which require management to estimate various matters that are inherently uncertain as of the date of the financial statements. Accounting estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period, and would materially impact the Company's financial statements. The Company's significant accounting policies are discussed in the unaudited consolidated interim financial statements. Critical estimates in these accounting policies are discussed below.

### Environmental Rehabilitation Provision

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate

that reflects the current market assessments of the time value of money and the risks specific to the obligation. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows.

#### Future Changes in Accounting Standards

There are no new IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

### **X. Financial Instruments**

#### Designation and Valuation of Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and due to/from related parties. Cash is designated as held for trading and carried at fair value, with any unrealized gain or loss recorded in the statement of operations. Interest income is recorded in the statement of operations. Receivables are classified as loans and receivables, and accounts payable and accrued liabilities are classified as other financial liabilities, and recorded at amortized cost using the effective interest rate method. The Company does not hold any derivative financial instruments.

The carrying value of receivables, accounts payable, accrued liabilities and due to/from related parties approximated their fair value because of the relatively short-term nature of these instruments. Cash, which is classified as held for trading and carried at fair value, has been determined using Level 1 inputs.

### **Y. Risks**

#### Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

#### Credit risk

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.

### 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. 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.

### Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

### Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

## **Z. Risks and Uncertainties**

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economical.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral property contains mineral reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments.

The property that the Company has an option to earn an interest in is in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines.

Exploration of the Company's mineral property may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

## **AA. Financial and Disclosure Controls and Procedures**

During the year ended July 31, 2017, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's consolidated financial statements of the Company for the year ended July 31, 2016.

## **INTERIM MD&A**

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of the Company for the year ended July 31, 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

## **AB. Overview of the Quarter Ended July 31, 2017**

On July 28, 2017, the Company closed a non-brokered financing of 2,980,000 units at \$0.10 per unit for gross proceeds of \$298,000. Each unit consists of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to acquire an additional common share of the Company at a price of \$0.15 per share for a period of two years.

On May 29, 2017, the Company held its annual and special shareholders' meeting and approved the creation of an unlimited number of Class A Preferred Shares with a par value of \$0.001.

On May 30, 2017, the Company issued 10,595,258 Preferred Shares to the existing common shareholders of the Company pro rata wherein for every common share held, a shareholder receives one Preferred Share.

On May 30, 2017, the Company formally declared a dividend in specie on the outstanding Preferred Shares totaling 1,000,000 K2 shares.

## **AC. Overall Performance and Description of Business**

The Company is an exploration stage company located at Suite 1128, 789 West Pender Street, Vancouver, British Columbia, Canada V6C 1H2, engaged in the acquisition, exploration and development of mineral resource properties located in Canada.

See Section J “Overall Performance and Description of Business” above for the history of the business of the Company.

### **AD. Results of Operations - For the three months ended July 31, 2017**

For the three months ended July 31, 2017, the Company incurred a loss of \$85,955 (2016: \$22,487).

Significant expenses included exploration expenses of \$34,063 (2016: recovery of \$20,000); audit and accounting fees of \$16,500 (2016: \$11,000); and management fees of \$6,000 (2016: \$10,500).

Interest expense for the quarter ended July 31, 2017 was \$4,430 which was slightly lower than \$5,239 for 2016 as a result of the Company paying back a loan during the quarter.

### **AE. Results of Operations – For the year ended July 31, 2017**

For the year ended July 31, 2017, the Company reported a net income of \$207,471 (2016: net loss of \$242,927) as a result of \$414,590 gain on the Option Agreement.

Significant expenses included legal fees of \$28,970 (2016: \$26,498); management fees of \$24,000 (2016: \$42,000); audit and accounting fees of \$43,630 (2016: \$25,000); and transfer agent, filing and stock exchange fees of \$15,547 (2016: \$8,170).

During the year ended July 31, 2016, the Company recorded a stock-based compensation of \$116,803 related to the stock options granted in August 2015 to directors and consultants of the Company.

## **AF. Summary of Quarterly Results:**

### **Summary of Quarterly Results:**

<b>2017/16 Quarterly Results:</b>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Quarter</b>
Revenue	\$ -	\$ -	\$ -	\$ -
Income (loss) and comprehensive income				

(loss)	(85,955)	190,739	130,205	(27,518)
Basic and diluted loss per share	(0.01)	0.02	0.01	(0.00)
Total assets	212,138	4,667	24,273	146,278
Working capital	114,454	(249,067)	(200,039)	(325,654)

<b>2016/15 Quarterly Results:</b>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Quarter</b>
Revenue	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	(22,487)	(42,747)	(30,182)	(147,511)
Basic and diluted loss per share	(0.00)	(0.01)	(0.00)	(0.02)
Total assets	146,293	127,032	144,810	113,134
Working capital	(144,764)	(85,612)	(51,538)	(79,652)

\*No exercise or conversion is assumed during the quarters in which a net loss is incurred, as the effect is anti-dilutive.

During the second quarter ended January 31, 2017, the Company received \$150,000 cash and 500,000 K2 shares pursuant to the Option Agreement related to the Wels property resulting in a decrease of both the capitalized mineral properties of \$145,410 on the Statement of Financial Position, and a gain of \$154,590 on the Statement of Income (Loss) and Comprehensive Income (Loss).

During the third quarter ended April 30, 2017, the Company received additional 500,000 K2 shares resulting in an additional gain of \$260,000 on the Statement of Income (Loss) and Comprehensive Income (Loss).

## **AG. Project Summaries and Activities**

### **CANADA**

#### ***Wels Property (Yukon Territory)***

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 Company exercised the option by the end of 2014.

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. The option agreement was terminated on October 30, 2014).

On January 7, 2014, the Company entered into an option agreement with First Ferro whereby the Company granted First Ferro an option to acquire a 40% undivided beneficial interest in the Wels property. The option agreement was terminated on August 31, 2014 prior to any earn-in by First Ferro.



On August 11, 2016, the Company entered into an Option Agreement with WMM. 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 ("Option").

In order to exercise the Option, WMM must:

(a) pay to the Company:

- \$50,000, within five Business Days after the date of TSX Venture Exchange ("TSX-V")'s acceptance of the Option Agreement (received);
- an additional \$100,000 on or before the date that is 30 days after the date of the Option Agreement (received);
- an additional \$100,000 on or before the date that is 12 months after the date of the Option Agreement; and
- 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;
- (b) issue and deliver to Gorilla:
  - 500,000 K2 shares within five Business Days after the date of TSX-V's acceptance of the Option Agreement (received);
  - an additional 500,000 K2 shares on or before the date that is 6 months after the date of the Option Agreement (received);
  - an additional 500,000 K2 shares on or before the date that is 12 months after the date of the Option Agreement;
  - an additional 500,000 K2 shares on or before the date that is 18 months after the date of the Option Agreement;
  - an additional 500,000 K2 shares on or before the date that is 24 months after the date of the Option Agreement;
  - an additional 500,000 K2 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 K2 shares. The Company intends to distribute its K2 shares to the Company's shareholders as soon as is reasonably practicable following the receipt of any such shares from K2.

On May 4, 2017, the Issuer entered into an acquisition agreement (the "Acquisition Agreement"), as amended on June 2, 2017, with three (3) individual vendors (collectively, the "Vendors") to acquire a 100% undivided interest in the 10,010 hectare New Brenda Property (the "New Brenda Property") located in-between the past producing Brenda copper porphyry open pit mine, and the high grade open pit Elk gold mine in south, central British Columbia.

The Acquisition Agreement was closed on August 14, 2017 by way of the issuance to the Vendors of 2,610,000 common shares of the Issuer at a deemed price of \$0.10 per share of which 1,010,000 shares were issued to a non-arm's length party as discussed immediately below. A subsequent payment of \$65,000 is due to the Vendors twelve months following the listing of the common shares of the Issuer on a public exchange. The Vendors have acknowledged that some or all of the shares received may need to be escrowed pursuant to BCSC Form 46-201F1 under the three (3) year "emerging issuer" escrow provisions in connection with any such listing.

A 43-101 technical report (“Technical Report”) on the New Brenda Property dated August 1, 2017 has been prepared and has been filed on SEDAR under the Issuer’s profile. Readers are directed to review the Technical Report for more particulars on the New Brenda Property and see Section 4.3 below for a summary thereof. Section 9 of the Technical Report details the results of a soil sampling and prospecting program carried out in June, 2017. A minimum of \$75,000 in exploration expenditures have been incurred on the New Brenda Property in the past 3 years.

In connection with the Acquisition Agreement, the Issuer closed a private placement (the “Pre-Acquisition Private Placement”) of 2,980,000 units (“Units”) at \$0.10 per Unit for gross proceeds of \$298,000. Each Unit consisted of a common share (“Share”) in the capital of the Issuer and a share purchase warrant (“Warrant”), each Warrant entitling the holder to purchase an additional Share for \$0.15 per Share. The proceeds are allocated for exploration of the New Brenda Property and for working capital.

On October 30, 2017, the Issuer announced a non-brokered private placement of up to one million (1,000,000) Units at \$0.10 per Unit, each Unit consisting of a common share and a share purchase Warrant, each Warrant entitling the holder to purchase an additional share at \$0.15 per common share for proceeds of up to \$100,000 with the proceeds to be added to working capital. This placement is not expected to close, at the earliest, until December, 2017.

## AH. New Opportunities

The Company continues to evaluate mineral properties and is focused on deposits in Canada with economic merit and good logistics will be considered for acquisition.

## AI. Outstanding Share Data

The Company has an authorized share capital of an unlimited number of common shares and an unlimited number of Class A Preferred Shares with a par value of \$0.001.

As at July 31, 2017, 13,575,258 common shares and 10,595,258 Class A preferred shares were issued and outstanding.

## AJ. Related Party Transactions

During the year ended July 31, 2017, the Company incurred \$24,000 (2016: \$24,000) in management fees from a company owned by the President of the Company. At July 31, 2017, the Company owed \$22,675 (2016: \$35,933) to directors and their companies and had \$35,123 (2016: \$53,008) of notes payable (Note 5) and \$100,984 (2016: \$102,248) of convertible promissory notes payable (Note 6) to directors and their companies.

## AK. Liquidity and Solvency

The following table summarizes the Company’s cash on hand, working capital and cash flow:

As at	July 31, 2017	July 31, 2016
Cash	\$ 207,672	\$ 70
Working capital	114,454	(298,136)

Period Ended	July 31, 2017	January 31, 2016
Cash used in operating activities	\$ (219,685)	\$ (92,858)
Cash provided by investing activities	150,000	20,000
Cash provided by financing activities	277,287	67,000
Change in cash	\$ 207,602	\$ (5,858)

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

### **AL. Capital Resources**

The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital asset is a resource property. Exploration expenditures are expensed as incurred.

The Company's resource property agreement is an option agreement and the exercise thereof is at the discretion of the Company. To earn its interest in the properties, the Company must incur certain expenditures in accordance with the agreements (see "Project Summaries and Activities" in this MD&A for more information).

The Company depends on equity sales to finance its exploration programs and to cover administrative expenses.

### **AM. Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet transactions.

### **AN. Proposed Transactions**

There are no proposed transactions that will materially affect the performance of the Company.

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

#### Critical Accounting Estimates

The Company prepares its financial statements in accordance with IFRS, which require management to estimate various matters that are inherently uncertain as of the date of the

financial statements. Accounting estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period, and would materially impact the Company's financial statements. The Company's significant accounting policies are discussed in the unaudited consolidated interim financial statements. Critical estimates in these accounting policies are discussed below.

### Environmental Rehabilitation Provision

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows.

### Future Changes in Accounting Standards

There are no new IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

## **AO. Financial Instruments**

### **Designation and Valuation of Financial Instruments**

The Company's financial instruments consist of receivables, accounts payable, due to related parties, notes payable and convertible promissory notes payable. Receivables are classified as loans and receivables, and accounts payable, due to related parties, notes payable, and convertible promissory notes payable are classified as other financial liabilities, and recorded at amortized cost using the effective interest rate method. The Company does not hold any derivative financial instruments.

As at April 30, 2017, the fair values of 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 Amended Convertible Notes, bearing 5% interest, unsecured, and due on February 28, 2019, are booked at amortized costs.

## **AP. Risks**

### Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

#### Credit risk

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.

#### 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. 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.

#### Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

#### Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

### **AQ. Risks and Uncertainties**

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economical.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend

on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral property contains mineral reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments.

The property that the Company has an option to earn an interest in is in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines.

Exploration of the Company's mineral property may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

## **AR. Financial and Disclosure Controls and Procedures**

During the nine months ended April 30, 2017, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's condensed consolidated interim financial statements of the Company for the nine months ended April 30, 2017.

## **AS. 7. Market for Securities**

7.1 Prior to listing on the CSE, the Issuer's securities have not been listed and posted for trading or quoted on any exchange or quotation and trade reporting system.

## **AT. 8. Consolidated Capitalization**

8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative

financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

Security	Outstanding as at July 31, 2017		Outstanding as at the date of this Listing Statement	
	Amount	Number	Amount	Number
Common Shares	\$1,367,412	13,575,258	\$1,393,512	16,185,258 <sup>1 2</sup>
Short Term Debt	\$97,684	n/a	\$253,734	n/a

<sup>1</sup> 2,980,000 units at \$0.10 per unit (cash), each unit consisting of a common share and a share purchase warrant were issued on July 28, 2017.

<sup>2</sup> 2,610,000 common shares at a deemed price of \$0.01 per share were issued on August 14, 2017 as consideration for the purchase of the New Brenda Property.

## AU. 9. Options to Purchase Securities

- 9.1 As of the date of this Listing Statement, there are no persons holding any stock options to purchase securities of the Issuer.

As recommended and approved by the Directors, at the Issuer's shareholder meeting held on May 29, 2017, the Issuer's shareholders approved a stock option plan (the "Stock Option Plan"). The Stock Option Plan provides that the Directors may, from time to time, authorize the issuance of options to Directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of the grant, with a maximum of 5% of the Company's issued and outstanding shares being reserved to any one person on a yearly basis. The exercise price of any Option when exercised may not be less than the greater of the closing market price of the Shares on: (a) the last trading day immediately preceding the date of grant of the Option; and (b) the date of grant of the Option. The term of any stock option cannot exceed five (5) years and will expire no later than one year following the cessation of a stock optionee's connection to the Issuer. The Stock Option Plan is also subject to the rules of any stock exchange that it has its shares listed and trading.

## AV. 10. Description of the Securities

- 10.1 The Issuer has two classes of shares outstanding, common shares without par value and Class A Preferred shares with a par value of \$0.001 per share. It is solely seeking to list the common shares.

The Issuer is authorized to issue an unlimited number of common shares without par value. See "Consolidated Capitalization" above for the number of common shares issued and outstanding. All of the common shares of the Issuer rank equally as to voting rights, participation in a distribution of the assets of the Issuer on a liquidation, dissolution or winding-up of the Issuer, and entitlement to dividends. The holders of the common shares are entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meetings. Each common share carries with it the right to one vote.

In the event of the liquidation, dissolution or winding-up of the Issuer or other distribution of its assets, the holders of the common shares will be entitled to receive, on a pro rata

basis, all of the assets remaining after the Issuer has paid out its liabilities. Distribution in the form of dividends, if any, is at the discretion of the Board of Directors provided any such dividend would not render the Issuer insolvent.

The special rights and restrictions attached to the Class A Preferred shares of the Issuer, of which there are 10,595,258 Class A Preferred shares issued and outstanding, are as follows:

- (1) The holders of the Class A Preferred shares shall not be entitled to vote at any meetings of the shareholders of the Issuer and shall not be entitled to receive any notice of or attend any meetings of the shareholders of the Issuer (except meetings of the holders of Class A Preferred shares);
- (2) The holders of Class A Preferred shares shall be entitled to non-cumulative dividends as and when declared by the Directors. The Class A Preferred shares have been initially created in order to dividend, on a pro rata basis, to Class A Preferred shareholders, the K2 Shares that the Issuer has and will receive from K2 in connection with the Wels Option Agreement, or the net proceeds from the sale by the Issuer of K2 Shares. The Directors retain absolute discretion with respect to all matters in connection with the declaration and the delivery of dividends on the Class A Preferred Shares, including the type thereof;
- (3) In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, or other distribution of the assets of the Issuer among its members for the purpose of winding up its affairs, the holders of the Class A Preferred shares shall not be entitled to have their shares redeemed nor be entitled to participate in any final distribution of assets;
- (4) Holders of Class A Preferred shares shall not be entitled to require the Issuer to redeem the holder's Class A Preferred shares, however holders may submit their shares to the Issuer for cancellation for no consideration; and
- (5) Upon K2 having completed the delivery of its shares to the Issuer pursuant to the Wels Option Agreement, or upon a valid and enforceable cancellation of the Wels Option Agreement, the Directors reserve the right to unilaterally buy back, for cancellation, all of the Class A Preferred shares against payment of their nominal par value to holders, as determined by the Directors.

## 10.2 Prior Sales in Past 12 Months

In the past twelve (12) months, the only cash issuance of common shares carried out by the Issuer was pursuant to a private placement of 2,980,000 units as at July 28, 2017 at \$0.10 per unit, each unit consisting of a common share and a share purchase warrant, each warrant entitling the holder to purchase an additional share at \$0.15 per share. The Issuer announced a private placement on October 30, 2017 of up to 1,000,000 units at \$0.10 per unit, each unit consisting of a common share and a share purchase warrant, each warrant entitling the holder to purchase an additional share at \$0.15 per share but no closing is imminent.



In the past twelve (12) months, the only other issuance of common shares carried out by the Issuer was the issuance of 2,610,000 common shares at a deemed price of \$0.10 per share in consideration for the acquisition of a 100% interest in the New Brenda Property. See “General Development of the Business”, Section 3.1 above.

## AW. 11. Escrowed Securities

- 11.1 The following common shares of the Issuer are subject to a prescribed escrow agreement pursuant to National Policy 46-201:

Designation of class held in escrow <sup>1</sup>	Number of securities held in escrow	Percentage of class
Common Shares	9,560,201	59%

<sup>1</sup> The escrow agent or depository for the escrowed securities is the Issuer’s transfer agent, National Issuer Services Ltd., and the securities are subject to an NP 46-201 escrow agreement with release provisions applicable to an emerging issuer wherein 10% of the escrowed securities are released on the date of listing of the Issuer’s common shares on the CSE, and 15% are released every 6 months thereafter with all shares having been release as at 3 years from the date of listing of the Issuer’s shares on the CSE.

## BA. 12. Principal Shareholders

- 12.1

Name, Province, Country of Residence & Position(s)	Registered and Beneficially Owned Number of Shares	Percentage of Shares Owned
<b>SCOTT SHELDON<sup>1</sup></b> Vancouver, BC	2,605,000 Common Shares 1,875,000 Class A Preferred Shares	16.1% of Common Shares 17.7% of Preferred Shares
<b>DONALD SHELDON<sup>2</sup></b> West Vancouver, BC	3,281,900 Common Shares 2,871,900 Class A Preferred Shares	20.3% of Common Shares 26.3% of Preferred Shares
<b>G. MARK CURRY</b> Toronto, Ontario	4,150,035 Common Shares 3,150,035 Class A Preferred Shares	25.6% of Common Shares 29.7% of Preferred Shares

<sup>1</sup> Fully Diluted, Scott Sheldon also holds 730,000 common share purchase warrants (exercisable at \$0.15 per warrant share until July 28, 2019) and a convertible promissory note in the amount of \$56,163.51 (including accrued interest) convertible at \$0.05 per common share (1,123,270 shares) until Feb. 28, 2019 so fully diluted he would hold 4,458,270 shares which, if he was the only shareholder to exercise warrants and convert his debenture, fully diluted is 24.7% (4,458,270/18,035,528).

<sup>2</sup>Fully Diluted, Don Sheldon also holds 500,000 common share purchase warrants (exercisable at \$0.15 per warrant share until July 28, 2019) and a convertible promissory note in the amount of \$56,163.51 (including accrued interest) convertible at \$0.05 per common share (1,123,270 shares) until Feb. 28, 2019 so fully diluted he would hold 4,995,170 shares which, if he was the only shareholder to exercise warrants and convert his promissory note, fully diluted is 27.5% (4,905,170/17,808,528).

<sup>3</sup>Fully Diluted, Mark Curry also holds 1,000,000 common share purchase warrants (exercisable at \$0.15 per warrant share until July 28, 2019) and a convertible promissory note in the amount of \$56,163.51 (including accrued interest) convertible at \$0.05 per common share (1,123,270 shares) until Feb. 28, 2019 so fully diluted he would hold 6,273,305 shares which, if he was the only shareholder to exercise warrants and convert his promissory note, fully diluted is 34.3% (6,273,305/18,308,528).

## BB. 13 Directors and Officers

### 13.1

Name, Province, Country of Residence & Position(s)	Principal Occupation Business or Employment for Last Five Years <sup>(1)</sup>	Periods during which Nominee has Served as a Director	Number & Percentage of Common Shares
<b>SCOTT SHELDON</b> British Columbia, Canada  <i>President, Chief Executive Officer, and Director</i>	CEO, President & Director of Gorilla Minerals; President & Director of Surgenia Productions Inc. (a private website marketing company)	April 27, 2012  To Present	2,605,000 Common Shares  16.1% of Common Shares
<b>DONALD SHELDON</b> <sup>(1)</sup> British Columbia, Canada  <i>Director</i>	Director of Gorilla Minerals; President of DS Management Ltd.; Director of Merus Labs International Inc., Nebu Resources Inc. and Shoal Point Energy Ltd.; CEO and President of Range Gold Corp.; President of Range Energy Resources	April 27, 2012  To Present	3,281,900 Common Shares  20.3% of Common Shares

Name, Province, Country of Residence & Position(s)	Principal Occupation Business or Employment for Last Five Years <sup>(1)</sup>	Periods during which Nominee has Served as a Director	Number & Percentage of Common Shares
<b>R. BRIAN MURRAY, CPA</b> <sup>(1)</sup> Ontario, Canada <i>Chief Financial Officer and Director</i>	President of Murcon Ltd., a private financial consulting entity; Director of Gorilla Minerals; President and Director of Cava Resources Inc. (TSXV), also in resource exploration; CEO and Director White Pine Resources Inc. (an OSC reporting issuer); Director of Braveheart Resources Inc.; Director of Stina Resources Ltd. (listed on CSE)	April 27, 2012 to Present	125,000 Common Shares 0.8% of Common Shares
<b>ADRIAN SMITH,</b> <sup>(1)</sup> <b>P.Geo</b> British Columbia, Canada <i>Director</i>	Director of Gorilla Minerals; President and Director of ML Gold Corporation (TSXV), also in resource exploration.; Founder, CEO and Director of Divitiae Resources Ltd., a private mineral property assessment and geological services company;	April 15, 2015 to Present	1,110,000 Common Shares 6.9% of Common Shares
<b>MICHAEL WOODS</b> British Columbia, Canada <i>Corporate Secretary</i>	Barrister and Solicitor since 1990 specializing in securities law as a sole practitioner at Woods & Company since 2000	May 29, 2017 to Present	Nil Nil
<b>Totals</b>			7,121,900 Common Shares 44% of Common Shares

(1) Member of the audit committee.

Brian Murray was a director of Antioquia Gold Inc. (formerly, High American Gold Inc.) when it had a cease trade order issued in August, 2002 for failure to file required financial statements. In December 2003 he resigned as a director. In June 2007, he agreed to rejoin as a director and Antioquia Gold Inc. brought its filings up to-date and had the cease trade order lifted in 2008.

Brian Murray was a director of Explorers Alliance Corp., an OTC company, in 2002 when it had a cease trade order issued by the Ontario Securities Commission ("OSC") for failure to file financial statements. He resigned as a director of this company in January 2008. The company continues to have a cease trade order outstanding against it.

Process Capital Corp. (OTC) had a cease trade order issued against it by the OSC on May 12, 2012 for failure to file required financial statements. The company had run out of funds and Mr. Murray was an outside director who agreed to remain as a director while efforts were made to re-capitalize the company. These efforts failed and he submitted his resignation as a director on June 21, 2017.

Some of the directors of the Issuer are also directors, or officers of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Issuer.

The following contains further information about each member of management:

Scott Sheldon, BA, age 42, is the CEO & President of the Issuer and its primary officer. He obtained a Bachelor of Arts from Dalhousie University. He devotes approximately 50% of his time to the Issuer. He has extensive experience with mineral exploration companies and has been a

senior officer and Director publicly listed mineral exploration companies in excess of five(5) years. He is also the President of Surgenia Productions Inc. having held this role since 2002. Surgenia provides website development, optimization, consulting and web related marketing services. He is an independent contractor to the Issuer. He has not entered into a non-competition or non-disclosure agreement with the Issuer.

Don Sheldon, BA, MBA, age 72, is a Director of the Issuer. Mr. Sheldon is a 1966 graduate from the University of Alberta with a Bachelor of Arts degree in Economics and Philosophy and a 1969 graduate from the University of Western Ontario with a Masters degree in Business Administration. He devotes about 10% of his time to the Issuer. He has served as President of DS Management Ltd. a corporate management and consulting company since 1983. He is an independent contractor to the Issuer. Mr. Sheldon served as the Chief Executive Officer and President of Range Metals, Inc. since May 11, 2005. He served as the President of Range Oil & Gas Inc. He served as the Chief Executive Officer of Range Energy Resources Inc. since May 11, 2005. Mr. Sheldon has had an extensive career spanning decades managing junior resource companies and in raising capital for these companies in both Canada and Europe. He is an independent contractor to the Issuer. He has not entered into a non-competition or non-disclosure agreement with the Issuer.

R. Brian Murray, MBA, CPA, age 68, is the Chief Financial Officer and a Director of the Issuer. He is a chartered public accountant and has an MBA from York University. He devotes about 10% of his time to the Issuer. He has been the Chief Executive Officer and President of Cava Resources Inc. (formerly, Sea Green Capital Corp.) (TSXV listed) since May 2013, which is active in both mineral exploration and oil & gas exploration. Mr. Murray has been the President of Murcon Ltd. since October 1990, a financial consulting and merchant banking firm specializing in starting and managing junior public companies in a wide range of industries. He has extensive experience in mineral exploration and environmental technology. He is an independent contractor to the Issuer. He has not entered into a non-competition or non-disclosure agreement with the Issuer.

Adrian Smith, P.Geo., B.Sc., age 30, is a Director of the Issuer. He obtained his Bachelor of Sciences degree from Simon Fraser University. He is a consulting geologist with ten (10) years' experience working in the mining and exploration industries. Mr. Smith began working for exploration companies in 2007, and worked as an underground mine geologist in the Shasta Gold-Silver Mine in Northern BC from 2008 until 2010. He then began work for North American Tungsten Corp. at the Cantung Mine where he was involved in successfully identifying, modeling, and producing ore in addition to known reserves. Since then Mr. Smith has taken his mining and exploration experience from underground and applied it to exploration projects across Canada. He is the founder, CEO and Director of Divitiae Resources Ltd. which acquires and sells mining prospects to mineral exploration companies after completing geological modelling that provides a measurement of the intrinsic value of a resource exploration property. Divitiae also provides comprehensive geological consulting services to the mining industry. He has been a member of APEG BC since 2008. He devotes about 10% of his time to the Issuer. He is also the President and a Director of ML Gold Corporation, a TSXV listed mineral exploration company. He also sits on the board of Natan Resources Ltd. He is an independent contractor to the Issuer. He has not entered into a non-competition or non-disclosure agreement with the Issuer.

Michael Woods, LLB, age 62, is the Corporate Secretary of the Issuer. He obtained his Bachelor of Laws from the University of British Columbia in 1989 and was called to the bar in British Columbia in 1990. He devotes about 5% of his time to the Issuer. Mr Woods specializes in

securities law and exclusively provides his services to junior listed companies on the TSX Venture Exchange and, latterly, the Canadian Securities Exchange. He has extensive experience with mineral exploration companies. He is an independent contractor to the Issuer. He has not entered into a non-competition or non-disclosure agreement with the Issuer.

## BC. 14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

A.

### Issued Capital

	<b>Number of Securities (non-diluted)</b>	<b>Number of Securities (fully-diluted)</b>	<b>% of Issued (non-diluted)</b>	<b>% of Issued (fully diluted)</b>
<u>Public Float</u>				
Total outstanding (A)	16,185,258	22,535,068	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	12,571,935	18,396,745	77.7%	81.6%
Total Public Float (A-B)	3,613,323	4,138,323	22.3%	18.4%
<u>B.</u>				
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	11,275,210	13,398,480	69.7%	59.5%
Total Tradeable Float (A-C)	4,910,048	9,136,588	30.3%	40.5%

Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	<u>235</u>	<u>6,083</u>
100 – 499 securities	<u>41</u>	<u>8,156</u>
500 – 999 securities	<u>82</u>	<u>30,476</u>
1,000 – 1,999 securities	<u>17</u>	<u>20,634</u>
2,000 – 2,999 securities	<u>3</u>	<u>6,918</u>
3,000 – 3,999 securities	<u>1</u>	<u>3,098</u>
4,000 – 4,999 securities	<u>4</u>	<u>13,878</u>
5,000 or more securities	<u>43</u>	<u>3,432,103</u>
	<u>426</u>	<u>3,521,346</u>

Public Securityholders (Beneficial)

**Instruction:** Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	235	6,083
100 – 499 securities	41	8,156
500 – 999 securities	82	30,476
1,000 – 1,999 securities	17	20,634
2,000 – 2,999 securities	3	6,918
3,000 – 3,999 securities	1	3,098
4,000 – 4,999 securities	4	13,878
5,000 or more securities	43	3,432,103
Unable to confirm		

Non-Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		

3,000 – 3,999 securities	_____	_____
4,000 – 4,999 securities	_____	_____
5,000 or more securities	<u>6</u>	<u>12,571,935</u>
	_____	_____

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Convertible Promissory Notes, each in the amount of \$56,163.51 (including accrued interest), convertible at \$0.05 per common share (1,123,270 shares) until Feb. 28, 2019.	3	3,368,810
Share purchase warrants exercisable at \$0.15 per common share until July 28, 2019	2,980,000	2,980,000

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

## BG. 15. Executive Compensation

### 15.1 Statement of Executive Compensation

#### Definitions

For the purposes of this section of the Listing Statement:

**“CEO”** means an individual who acted as chief executive officer of the Issuer, or acted in a similar capacity, for any part of the most recently completed financial year;

**“CFO”** means an individual who acted as chief financial officer of the Issuer, or acted in a similar capacity, for any part of the most recently completed financial year;

**“company”** includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

**“compensation securities”** includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and



restricted stock units granted or issued by the Issuer or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Issuer or any of its subsidiaries;

**“NEO”** or **“named executive officer”** means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) in respect of the Issuer and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of National Instrument 51-102, for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Issuer, nor acting in a similar capacity, at the end of that financial year;

**“NI 52-107”** means National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency;

**“non-equity incentive plan”** means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

**“option-based award”** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

**“plan”** includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

**“share-based award”** means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock;

**“underlying securities”** means any securities issuable on conversion, exchange or exercise of compensation securities.

## NAMED EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

The following table summarizes the compensation paid to the directors and named executive officers of Gorilla Minerals for the last two completed financial years:

Table of compensation excluding compensation securities							
Name and position	Year Ended July 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Scott Sheldon <sup>1</sup> President, CEO & Director	2017	24,000	Nil	Nil	Nil	Nil	24,000
Scott Sheldon <sup>1</sup> President, CEO & Director	2016	24,000	Nil	Nil	Nil	Nil	24,000
Scott Sheldon President & CEO	2015	24,000	Nil	Nil	Nil	Nil	24,000

Donald Sheldon Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Robert Brian Murray Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Adrian Smith Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil

<sup>1</sup> Effective April 1, 2017, Scott Sheldon's compensation was increased to \$5,000 per month pursuant to a one year management services agreement that is automatically renewable.

Other than as set forth in the foregoing, the named executive officers and directors have not received, during the most recently completed financial year, compensation pursuant to any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments, any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors, or any arrangement for the compensation of directors for services as consultants or expert.

### Stock Options and Other Compensation Securities

The following table sets forth the details of all compensation securities granted or issued to each named executive officer and director by Gorilla Minerals (or any subsidiary, as applicable) in the most recently completed financial year for services provided or to be provided, directly or indirectly, to Gorilla Minerals (or any subsidiary, as applicable):

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Scott Sheldon, President, CEO & Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Donald Sheldon, Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Robert Brian Murray, Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Adrian Smith Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Scott Sheldon, President, CEO & Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Donald Sheldon, Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Robert Brian	N/A	Nil	N/A	N/A	N/A	N/A	N/A

Murray, Director							
Adrian Smith Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

## Stock Option Plans and Other Incentive Plans

The Board has adopted a Stock Option Plan whereby a maximum of 10% of the issued and outstanding Shares, from time to time, may be reserved for issuance pursuant to the exercise of options. Under the terms of the Stock Option Plan, options may be granted only to: (i) our employees, officers, directors, and consultants; (ii) employees, officers, directors, and consultants of an affiliate of ours; and (iii) any other person deemed suitable by the Board to receive options to purchase Shares.

The exercise price of any option when exercised may not be less than the greater of the closing market price of the Shares on: (a) the last trading day immediately preceding the date of grant of the option; and (b) the date of grant of the option; provided however, that if the Shares are not listed on any securities exchange, the exercise price may not be less than the fair market value of the Shares as may be determined by the Board on the day immediately preceding the date of the grant of such option.

The options are non-assignable and non-transferable. Options granted under the Stock Option Plan have a maximum term of five years and can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Stock Option Plan or within 90 days (or as otherwise determined by the Board) after ceasing to be an eligible optionee, or, if the optionee dies, within one year from the date of the optionee's death.

Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time.

The decision to grant options is made by the Board of Directors of Gorilla Minerals as a whole, and a grant is approved by directors' resolutions or at a meeting of the directors. Decisions address vesting, maximum term, number of options, exercise price and method of exercise.

## Employment, Consulting and Management Agreements

Except as discussed above, there are no employment, consulting or management agreements that have been entered into by Gorilla Minerals. In addition, there were no management functions of Gorilla Minerals, which were, to any substantial degree, performed by a person other than the directors or the named executive officers of Gorilla Minerals. There are no compensation arrangements with respect to changes of control, severance, termination or constructive dismissal.

## Oversight and Description of Named Executive Officer and Director Compensation

The Board of Directors is responsible for determining, by way of discussions at board meetings, the compensation to be paid to the executive officers of Gorilla Minerals. Gorilla Minerals at this time does not have a formal compensation program with specific performance goals; however, the performance of each executive is considered along with Gorilla Minerals' ability to pay compensation and its results of operation for the period. Gorilla Minerals presently has one NEO,

Scott Sheldon. Mr. Sheldon has served as CEO, CFO, President and Director of Gorilla Minerals since April 27, 2012.

Gorilla Minerals' executive compensation is currently comprised of a base fee or salary. Base fees or salaries are intended to provide current compensation and a short-term incentive for the NEO to meet the Issuer's goals, as well as to remain competitive with the industry. Base fees or salaries are compensation for job responsibilities and reflect the level of skills, expertise and capabilities demonstrated by the NEO.

Compensation is designed to achieve the following key objectives:

- (a) to support our overall business strategy and objectives;
- (b) to provide market competitive compensation that is substantially performance-based;
- (c) to provide incentives that encourage superior corporate performance and retention of highly skilled and talented employees; and
- (d) to align executive compensation with corporate performance and therefore shareholders interests.

## **BH. 16. Indebtedness of Directors and Executive Officers**

16.1 None of the Directors and Officers of the Issuer are indebted to the Issuer.

## **BI. 17. Risk Factors**

17.1 The success of the Issuer is dependent upon certain factors that may be beyond the Issuer's control. Risk factors relating to the Issuer and its business likely to influence an investor's decision to purchase securities of the Issuer are as follows:

### **Early Stage of Mineral Exploration Business**

The common shares of the Issuer should be considered highly speculative due to the nature of the Issuer's business and the present stage of its development. In evaluating the Issuer and its business, investors should carefully consider, in addition to the other information contained in this Listing Statement, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Issuer or in connection with the Issuer's operations. There may be other risks and uncertainties that are not known to the Issuer or that the Issuer currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. In that case, the trading price of the common shares could decline substantially, and investors may lose all or part of the value of the common shares held by them.

### **No Ongoing Operations and No Production History**

As the Issuer is a mineral exploration company and has no operations or revenue, there are no ongoing operations and no production history.

### **Absence of Prior Public Market**

There has been no prior public market for the common shares, and an active trading market may not develop or, if it does develop, may not be sustained. The lack of an active market may impair shareholders' ability to sell their shares at the time they wish to sell them or at a price that they consider reasonable. The lack of an active market may also reduce the fair market value and increase the volatility of the shares. An inactive market may also impair the Issuer's ability to raise capital by selling shares and to acquire other exploration properties or interests by using its shares as consideration.

### **Potential Volatility of Share Prices**

Share prices are subject to changes because of numerous factors beyond the Issuer's control, including reports of new information, changes in its financial situation, the sale of its shares in the market, its failure to achieve financial results in line with the expectations of analysis, or announcements by the Issuer or any of its competitors concerning results. There is no guarantee that the market price of the shares will be protected from any such fluctuations in the future.

In the past, companies have experienced volatility in their share value and have been the subject of securities class action litigation. The Issuer might become involved in securities class action litigation in the future. Such litigation often results in substantial costs and diversion of management's attention and resources and could have a negative effect on the Issuer's business and results of operation.

### **Limited Operating History**

The Issuer has no history of business earnings. There are no known commercial quantities of mineral reserves on the Issuer's properties. There is no assurance that the Issuer will ever discover any economic quantities of mineral reserves.

### **Requirement for Further Financing**

The Issuer will likely need to raise additional funds to carry out additional exploration activities on its properties after completing phase one. There is no assurance the Issuer will be able to raise additional funds or will be able to raise additional funds on terms acceptable to the Issuer. If the Issuer's exploration programs are successful and favorable exploration results are obtained, the properties may be developed into commercial production. The Issuer will require additional funds to place the properties into production. The only sources of future funds presently available to the Issuer are the sale of equity capital, debt or offering of interests in its properties to be earned by another party or parties by carrying out development work. There is no assurance that any such funds will be available to the Issuer or be available on terms acceptable to the Issuer. If funds are available, there is no assurance that such funds will be sufficient to bring the properties to commercial production. Failure to obtain additional financing on a timely basis could have a material adverse effect on the Issuer, and could cause the Issuer to forfeit its interest in its properties and reduce or terminate its operations.

### **Exploration**

At present, there are no known bodies of commercially recoverable copper on the properties. There is no assurance that the Issuer's mineral exploration activities will result in any discoveries of commercial bodies of copper on the properties.

### **Development**

The business of exploration for precious metals involves a high degree of risk. Few exploration properties are ultimately developed into producing properties. The Issuer's properties are at the exploration stage.

### **Title to Properties**

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Issuer has investigated its title to the properties for which it holds an option to acquire concessions or other mineral leases or licenses and the Issuer is satisfied with its review of the title to the properties, the Issuer cannot give an assurance that title to the properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law often are complex. A successful claim that the Issuer does not have title could cause the Issuer to lose its rights to the properties, perhaps without compensation for its prior expenditures relating to the properties.

The Issuer's properties may now or in the future be the subject of First Nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Issuer's ownership interest in the properties cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the areas in which the properties are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Issuer's activities. Even in the absence of such recognition, the Issuer may at some point be required to negotiate with First Nations in order to facilitate exploration and development work on the properties.

### **Management**

The success of the Issuer is largely dependent upon the performance of its management. The loss of the services of one or more of these persons may have a material adverse effect on the Issuer's business and prospects. There is no assurance that the Issuer can maintain the service of its management or other qualified personnel required to operate its business.

### **Requirement for Permits and Licenses**

The Issuer will be applying for all necessary licenses and permits under applicable laws and regulations to carry on the exploration activities which it is currently planning in respect of the properties, and the Issuer believes it will comply in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to changes in regulations and in various operational circumstances. A substantial number of additional permits and licenses will be required should the Issuer proceed beyond exploration. There can be no guarantee that the Issuer will be able to obtain such licenses and permits.

## **Environmental Risks and other Regulatory Requirements**

The current or future operations of the Issuer, including the exploration activities and commencement of production on the properties, will require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. There can be no assurance that all permits which the Issuer may require for its facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulations would not have a material adverse effect on any exploration and development project which the Issuer might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the operations and activities of mineral companies, or more stringent enforcement thereof, could have a material adverse impact on the Issuer and cause increases in capital expenditure or exploration and development costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

## **Uninsurable Risks**

Exploration of mineral properties involves numerous risks, including unexpected or unusual geological conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Issuer may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Issuer. The Issuer does not maintain insurance against environmental risks.

## **Competition**

Significant and increasing competition exists for mineral opportunities in the jurisdictions in which the Issuer has mineral properties. There are a number of large established mineral exploration companies with substantial capabilities and greater financial and technical resources than the Issuer. The Issuer may be unable to acquire additional mineral properties or acquire such properties on terms it considers acceptable. Accordingly, there can be no assurance that the Issuer's exploration programs will yield any reserves or result in any commercial mineral operations.

## **Conflicts of Interest**

Directors of the Issuer may, from time to time, serve as directors of, or participate in ventures with other companies involved in natural resource development. As a result, there may be situations that involve a conflict of interest for such directors. Each director will attempt not only to avoid dealing with such other companies in situations where conflicts might arise but will also disclose all such conflicts in accordance with the BCBCA and will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

### **Litigation**

The Issuer and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit at any time following the date of this Listing Statement.

### **No Cash Dividends are Expected to be Paid in the Foreseeable Future**

The Issuer has not declared any cash dividends to date. The Issuer intends to retain any future earnings to finance its business operations and any future growth. Therefore, the Issuer does not anticipate declaring any cash dividends in the foreseeable future.

### **Reserves and Reserve Estimates**

The Issuer's business relies upon the ability to determine whether a given property has commercial quantities of recoverable minerals. No assurance can be given that any discovered mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience.

17.2 There are no risks that security holders of the Issuer may become liable to make an additional contribution beyond the price of the security.

17.3 There are no risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under sections 17.1 or 17.2.

## **BJ. 18. Promoters**

18.1 The Issuer does not have a promoter.

## **BK. 19. Legal Proceedings**

19.1 To management's knowledge, there are no legal proceedings material to the Issuer to which the Issuer is a party or of which any of its properties is the subject matter. There are no such proceedings known to the Issuer to be threatened or contemplated.

## **BL. 20. Interest of Management and Others in Material Transactions**



- 20.1 As discussed at section 3.1 above, on May 4, 2017, the Issuer entered into an Acquisition Agreement with three (3) Vendors to acquire the New Brenda Property wherein one (1) of the Vendors, who was issued 1,010,000 shares of the total 2,610,000 common shares issued for the New Brenda Property, was Adrian Smith, a Director of the Issuer.

## **BM. 21. Auditors, Transfer Agents and Registrars**

- 21.1 The auditor of the Issuer is Adam Sung Kim Ltd., suite 114B (2<sup>nd</sup> floor), 8988 Fraserton Court, Burnaby, BC V5J 5H8.
- 21.2 National Issuer Services Ltd. (the "Transfer Agent") has been appointed by the Issuer as the registrar and transfer agent of the Issuer. The Transfer Agent maintains the securities register and the register of transfers for the Common Shares and Class A Preferred shares of the Issuer. The office of the Transfer Agent (where the securities register and register of transfers are maintained) is suite 760 – 777 Hornby Street, Vancouver, BC V6Z 1S4.

## **BN. 22. Material Contracts**

- 22.1 Material contracts of the Issuer, other than contracts entered into in the ordinary course of business, that were entered into within the two years before the date of this Listing Statement are as follows:
1. Property Option and Joint Venture Agreement dated August 11, 2016 with K2 Gold Corporation (formerly, West Melville Metals Inc.) (see Section 3.1);
  2. Property Purchase & Sale Agreement dated May 4, 2017, as amended June 2, 2017, with Kostantinos Tsoutsis, Adrian Smith and Brian Morrison (see Section 3.1); and
  3. Three (3) Convertible Promissory Notes dated March 1, 2017 with G. Mark Curry, Sayonara Holdings Ltd. (Don Sheldon controlling shareholder), and Surgenia Productions Inc. (Scott Sheldon controlling shareholder), respectively, each in the principal amount of \$54,793.67 (see Section 12.1).

## **BO. 23. Interest of Experts**

- 23.1 No person or company who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described, included or incorporated by reference in the Listing Statement (whose profession or business provides expert authority) has received or will receive a direct or indirect interest in the property of the Issuer or of a Related Person to the Issuer.

## **BP. 24. Other Material Facts**

- 24.1 There are no other material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

## **BQ. 25. Financial Statements**

25.1 The following financial statement for the Issuer are attached to this Listing Statement:

1. copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years; and
2. a copy of financial statements for any completed interim period of the current fiscal year.

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, (full legal name of the Issuer), hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, BC

this 4th day of December, 2017.

“Scott Sheldon”

Chief Executive Officer

Scott Sheldon

“R. Brian Murray”

Chief Financial Officer

R. Brian Murray

“Don Sheldon”

Director

Don Sheldon

“Adrian Smith”

Director

Adrian Smith

# **GORILLA MINERALS CORP.**

Consolidated Financial Statements

For the Year Ended July 31, 2017

(Expressed in Canadian dollars)

SUITE 114B (2<sup>nd</sup> floor)  
8988 FRASERTON COURT  
BURNABY, BC, V5J 5H8

T: 604.318.5465  
F: 604.239.0866

**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, 2017 and July 31, 2016, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended July 31, 2017 and July 31, 2016 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, 2017 and July 31, 2016, and its financial performance and its cash flows for the years ended July 31, 2017 and July 31, 2016 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 17, 2017

**GORILLA MINERALS CORP.**  
Consolidated Statements of Financial Position  
(Expressed in Canadian dollars)

	July 31, 2017 \$	July 31, 2016 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	207,672	70
GST and other receivables	4,466	813
	212,138	883
Mineral properties (Note 4)	-	145,410
	212,138	146,293
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	39,886	56,706
Due to related parties (Note 8)	22,675	35,933
Notes payable (Note 5)	35,123	53,008
Convertible promissory notes payable (Note 6)	-	153,372
	97,684	299,019
Convertible promissory notes payable (Note 6)	151,476	-
	249,160	299,019
<b>Shareholders' Equity</b>		
Share capital (Note 7)	1,367,412	1,069,412
Contributed surplus	185,787	165,554
Deficit	(1,590,221)	(1,387,692)
	(37,022)	(152,726)
	212,138	146,293

Nature of operations and continuance of business (Note 1)  
Subsequent events (Note 12)

Approved by the Board of Directors on November 17, 2017:

*"Scott Sheldon"*

\_\_\_\_\_  
Scott Sheldon, Director & CEO

*"Donald Sheldon"*

\_\_\_\_\_  
Donald Sheldon, Director

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

**GORILLA MINERALS CORP.**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)  
(Expressed in Canadian dollars)

	Year ended July 31, 2017 \$	Year ended July 31, 2016 \$
<b>Exploration Expenses</b>	63,442	(13,930)
<b>Administrative Expenses</b>		
Audit and accounting	43,630	25,000
Consulting fees	-	995
Interest expense	21,165	22,030
Legal	28,970	26,498
Management fees	24,000	42,000
General and administrative	10,365	5,223
Stock-based compensation	-	116,803
Transfer agent, filing and stock exchange fees	15,547	8,170
Travel	-	1,615
	(207,119)	(234,404)
<b>Other Income</b>		
Gain on Option Agreement (Note 4)	414,590	-
Loss on settlement of debts	-	(14,190)
Write off of accounts payable	-	5,667
<b>Net income (loss) and comprehensive income (loss) for the year</b>	<b>207,471</b>	<b>(242,927)</b>
Income (loss) per share, basic and diluted	0.02	(0.03)
Weighted average shares outstanding	10,627,916	8,643,931

(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, 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)
Shares issued for cash	2,980,000	298,000	-	-	298,000
Distribution of K2 shares to the shareholders (Note 4)	-	-	-	(410,000)	(410,000)
Equity portion of convertible promissory notes payable	-	-	20,233	-	20,233
Net income for the year	-	-	-	207,471	207,471
Balance, at July 31, 2017	13,575,258	1,367,412	185,787	(1,590,221)	(37,022)

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



**GORILLA MINERALS CORP.**Consolidated Statements of Cash Flows  
(Expressed in Canadian dollars)

	Year ended July 31, 2017 \$	Year ended July 31, 2016 \$
Cash provided by (used in):		
Operating activities		
Net income (loss) for the year	207,471	(242,927)
Adjustments for non-cash items		
Interest accrual on promissory note	21,165	22,030
Gain on Option Agreement (Note 4)	(414,590)	-
Loss on settlement of debts	-	14,190
Stock-based compensation	-	116,803
Write off of accounts payable	-	(5,667)
Changes in non-cash operating working capital:		
GST recoverable	(3,653)	12,493
Accounts payable and accrued liabilities	(16,820)	(18,596)
Due to related parties	(13,258)	3,764
	(219,685)	(97,910)
Investing activities		
Option payments received	150,000	-
	150,000	-
Financing activities		
Issue of shares	298,000	82,000
Proceeds from promissory note	-	6,980
Repayment of promissory note	(20,713)	(15,000)
	277,287	73,980
Increase (decrease) in cash	207,602	(23,930)
Cash, beginning of year	70	24,000
Cash, end of year	207,672	70
<b>Supplemental information</b>		
Interest paid	1,833	-
Taxes paid	-	-
<b>Significant non-cash financing and investing activities</b>		
Shares issued for debt	-	43,152
Warrants issued for debt	-	14,190

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

# **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2017

(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 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, 2017, the Company has not generated any revenues from operations and has an accumulated deficit of \$1,590,221. 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 consolidated 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 Consolidated Financial Statements

For the year ended July 31, 2017

(Expressed in Canadian dollars)

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### **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.

### **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.

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2017

(Expressed in Canadian dollars)

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### **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.

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2017

(Expressed in Canadian dollars)

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### **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.

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2017

(Expressed in Canadian dollars)

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### **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.

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2017

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### **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.

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2017

(Expressed in Canadian dollars)

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### **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:

#### 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.

#### Site decommissioning obligations

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.



## GORILLA MINERALS CORP.

Notes to the Consolidated Financial Statements  
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### 3. Significant Accounting Policies (continued)

#### (k) New Accounting Standards

##### ***New accounting standards issued but not yet effective***

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not yet assessed the impact, if any, that the new amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements. The following standard will be effective for annual periods beginning on or after January 1, 2018:

IFRS 9, *Financial Instruments* – The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

### 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).

## GORILLA MINERALS CORP.

Notes to the Consolidated Financial Statements  
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### 4. Mineral Properties (continued)

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.

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, 2017, the Company received \$Nil (2016: \$40,000) from the Government of Yukon in contribution funds for mining exploration.

During the year ended July 31, 2017 and 2016, the Company incurred exploration expenditures as follows:

	<u>Year ended July 31, 2017</u>	<u>Year ended July 31, 2016</u>
<b>Exploration and related expenditures</b>		
Assays	\$ 5,552	\$ 473
Claim staking / maintenance	10,395	-
Geological	16,076	4,337
Geophysical survey	31,419	-
Land administration	-	1,260
Royalties	-	20,000
Government of Yukon Contribution Funds	-	(40,000)
<b>Total mineral property expenditures</b>	<u>\$ 63,442</u>	<u>\$ (13,930)</u>

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2017

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### **4. Mineral Properties (continued)**

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 ("K2")). Pursuant to the Option Agreement, the Company agreed to grant to K2 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);
- (ii) an additional \$100,000 on or before the date that is 30 days after the date of the Option Agreement (received);
- (iii) an additional \$100,000 on or before the date that is 12 months after the date of the Option Agreement (Note 13); 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;

(b) issue and deliver to Gorilla:

- (i) 500,000 K2 shares within five Business Days after the date of TSX-V's acceptance of the Option Agreement (received, valued at \$150,000);
- (ii) an additional 500,000 K2 shares on or before the date that is 6 months after the date of the Option Agreement (received, valued at \$260,000);
- (iii) an additional 500,000 K2 shares on or before the date that is 12 months after the date of the Option Agreement (Note 13);
- (iv) an additional 500,000 K2 shares on or before the date that is 18 months after the date of the Option Agreement;
- (v) an additional 500,000 K2 shares on or before the date that is 24 months after the date of the Option Agreement;
- (vi) an additional 500,000 K2 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 K2 shares. The Company is to distribute its K2 shares to the Company's shareholders as soon as is reasonably practicable following the receipt of any such shares from K2 (Note 7).

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2017

(Expressed in Canadian dollars)

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### **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, 2017, the Company accrued an interest expense of \$2,828 (2016 - \$4,496) 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%.

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements

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### **6. Convertible Promissory Notes Payable (continued)**

On March 1, 2017, the Company amended and replaced the Convertible Notes with new convertible promissory note agreements for a total principal amount of \$164,381 (the "Amended Convertible Notes") which included accrued interest up to March 1, 2017. The Amended Convertible Notes bear 5% interest, are unsecured, and are due on February 28, 2019. 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 \$0.05 per share. At the date of issue, the debt portion of the convertible Notes was recorded at its fair value of 144,148, 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 \$20,233, 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, 2017, the Company accrued an interest and accretion expense of \$18,337 (2016 - \$16,558) related to the Convertible Notes and the Amended Convertible Notes.

### **7. Share Capital**

#### **(a) Authorized**

Unlimited number of common shares without par value.

On May 29, 2017, the Company held its annual and special shareholders' meeting and approved the creation of an unlimited number of Class A Preferred Shares with a par value of \$0.001.

#### **(b) Share transactions for the year ended July 31, 2017 and 2016:**

On July 28, 2017, the Company closed a non-brokered financing of 2,980,000 units at \$0.10 per unit for gross proceeds of \$298,000. Each unit consists of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to acquire an additional common share of the Company at a price of \$0.15 per share for a period of two years.

On May 30, 2017, the Company issued 10,595,258 Preferred Shares to the existing common shareholders of the Company pro rata wherein for every common share held, a shareholder receives one Preferred Share.

On May 30, 2017, the Company formally declared a dividend in specie on the outstanding Preferred Shares totaling 1,000,000 K2 shares (Note 4).

On March 1, 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.

**GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements

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**7. Share Capital (continued)**

## (c) Warrants

<b>Warrants</b>	<b>Year ended July 31, 2017</b>		<b>Year ended July 31, 2016</b>	
	<b>Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Warrants</b>	<b>Weighted Average Exercise Price</b>
Opening	<b>1,052,608</b>	<b>\$ 0.30</b>	880,000	\$ 0.30
Granted	<b>2,980,000</b>	<b>0.15</b>	172,608	0.30
Expired	<b>(1,052,608)</b>	<b>0.30</b>		
Ending	<b>2,980,000</b>	<b>\$ 0.15</b>	<b>1,052,608</b>	<b>\$ 0.30</b>

As at July 31, 2017, the Company had the following warrants outstanding:

<b>Number of warrants</b>	<b>Exercise price</b>	<b>Expiry date</b>
2,980,000	\$0.15	July 28, 2019

## (d) Stock options

<b>Options</b>	<b>Year ended July 31, 2017</b>		<b>Year Ended July 31, 2016</b>	
	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Opening	<b>630,000</b>	<b>\$ 0.25</b>	-	-
Granted	-	-	630,000	\$ 0.25
Cancelled	<b>(630,000)</b>	<b>0.25</b>		
Ending	<b>-</b>	<b>\$ -</b>	<b>630,000</b>	<b>\$ 0.25</b>
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:

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

## GORILLA MINERALS CORP.

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### 8. Related Party Transactions

During the year ended July 31, 2017, the Company incurred \$24,000 (2016: \$24,000) in management fees from a company owned by the President of the Company. At July 31, 2017, the Company owed \$22,675 (2016: \$35,933) to directors and their companies and had \$35,123 (2016: \$53,008) of notes payable (Note 5) and \$100,984 (2016: \$102,248) of convertible promissory notes payable (Note 6) to directors and their companies.

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

### 9. Financial Instruments

#### (a) Classification of Financial Instruments

The Company has classified its financial instruments as follows:

	July 31, 2017
	\$
<hr/>	
Financial assets:	
Held for trading, measured at fair value:	
Cash	207,672
	<hr/>
	207,672
<hr/>	
Financial liabilities, measured at amortized cost:	
Trade payable	39,886
Due to related parties	22,675
Notes payable	35,123
Convertible promissory notes payable	151,476
	<hr/>
	249,160
	<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 Consolidated Financial Statements

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

As at July 31, 2017, the fair values of 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 Amended Convertible Notes, bearing 5% interest, unsecured, and due on February 28, 2019, 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, 2017, the Company does not have sufficient cash to settle current liabilities of \$97,684.

#### **(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 (Notes 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.



## GORILLA MINERALS CORP.

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### 10. 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, 2017.

### 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:

	<u>2017</u>	<u>2016</u>
Statutory tax rate	26.00%	26.0%
Income (loss) before income taxes	<u>\$ 207,471</u>	<u>\$ (242,927)</u>
Expected income tax (recovery)	53,942	(63,161)
Increase (decrease) in income tax recovery resulting from:		
Items deductible and not deductible for income tax purposes	(101,097)	33,291
Current and prior tax attributes not recognized	47,155	29,870
Deferred income tax recovery	<u>-</u>	<u>\$ -</u>

## GORILLA MINERALS CORP.

Notes to the Consolidated Financial Statements  
For the year ended July 31, 2017  
(Expressed in Canadian dollars)

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### 12. Income Taxes (continued)

Details of deferred tax assets are as follows:

	<u>2017</u>	<u>2016</u>
Non-capital losses	\$ 146,922	\$ 114,939
Resource expenditures	105,981	90,680
Share issuance costs and others	260	390
	<u>253,163</u>	<u>206,009</u>
Less: Unrecognized deferred tax assets	<u>(253,163)</u>	<u>(206,009)</u>
	<u>\$ -</u>	<u>\$ -</u>

The Company has approximately \$565,000 of non-capital losses available, which begin to expire in 2032 through to 2037 and may be applied against future taxable income. The Company also has approximately \$407,000 of exploration and development costs which are available for deduction against future income for tax purposes. At July 31, 2017, 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 Events

On August 11, 2017, the Company received \$100,000 and 500,000 shares from K2 related to the Wels Gold Property (Note 4).

On August 14, 2017, the Company acquired the New Brenda Property with a payment of 2,610,000 common shares of the Company. The New Brenda Property is comprised of 16 contiguous mineral claims located in South Central British Columbia in the traditional territory of the West Bank First Nation.

**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 \$
<b>Assets</b>		
<b>Current Assets</b>		
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
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
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
<b>Shareholders' Equity</b>		
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)

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Exploration Expenses (recovery)</b>	(13,930)	325,657
<b>Administrative Expenses</b>		
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
<b>Other (Income) Expenses</b>		
Plan of arrangement	-	(27,000)
Write off of accounts payable	(5,667)	-
Loss on settlement of debts	14,190	-
<b>Net loss and comprehensive loss for the year</b>	<b>(242,927)</b>	<b>(474,966)</b>
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

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

**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
<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
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)



## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(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 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”).

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### **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.

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### **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.

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### **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.

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### **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.

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### **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.

## GORILLA MINERALS CORP.

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### 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:

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.

#### Site decommissioning obligations

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.

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### **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.



## GORILLA MINERALS CORP.

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### 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:

	<u>July 31, 2016</u>	<u>July 31, 2015</u>
<b>Exploration and related expenditures (Wels)</b>		
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)
<b>Total mineral property expenditures (recovery)</b>	<u>\$ (13,930)</u>	<u>\$ 325,657</u>

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### **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.

## GORILLA MINERALS CORP.

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### 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 Wells Property (Note 4).

(d) Warrants

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

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

## GORILLA MINERALS CORP.

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

### 7. Share Capital (continued)

#### (d) Warrants (continued)

<u>Warrants</u>	Year ended July 31, 2016		Year ended July 31, 2015	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Opening	<b>880,000</b>	\$ 0.30	-	-
Granted	<b>172,608</b>	\$ 0.30	880,000	\$ 0.30
Ending	<b>1,052,608</b>	\$ 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			

<u>Options</u>	Year ended July 31, 2016		Year Ended July 31, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening	-	-	-	-
Granted	<b>630,000</b>	\$ 0.25	-	-
Ending	<b>630,000</b>	\$ 0.25	-	-
Exercisable	<b>630,000</b>	\$ 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%

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### **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 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. 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.

## GORILLA MINERALS CORP.

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(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.

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### **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.

## GORILLA MINERALS CORP.

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(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, 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:

	<u>2016</u>	<u>2015</u>
Statutory tax rate	26.0%	26.0%
Loss before income taxes	<u>\$ (242,927)</u>	<u>\$ (474,966)</u>
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	<u>\$ -</u>	<u>\$ -</u>



## GORILLA MINERALS CORP.

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(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;

## **GORILLA MINERALS CORP.**

Notes to the Consolidated Financial Statements  
For the Years Ended July 31, 2016 and 2015  
(Expressed in Canadian dollars)

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### **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.

# **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	<u>(50,000)</u>	<u>(4,374)</u>
<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

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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

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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.

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

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### 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

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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:

	<b>2015</b>	<b>2014</b>
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

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### 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.