MIRAMONT RESOURCES CORP.

FINANCIAL STATEMENTS

JULY 31, 2017

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Miramont Resources Corp.

We have audited the accompanying financial statements of Miramont Resources Corp., which comprise the statements of financial position as at July 31, 2017 and 2016 and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 auditors' 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.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Miramont Resources Corp. as at July 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

November 24, 2017

MIRAMONT RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at July 31,

	2017	2016
ASSETS		
Current		
Cash	$ 541,471	$ 44,993
Receivables	6,866	-
Prepaids	3,943	-
	552,280	44,993
Exploration and evaluation assets (Note 4)	40,000	-
	$ 592,280	$ 44,993
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 5 and 8)	$ 70,447	$ 9,237
	70,447	9,237
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	736,680	82,505
Share subscriptions received in advance (Note 6)	-	4,025
Share subscriptions receivable (Notes 6 and 8)	-	(37,550)
Deficit	(214,847)	(13,224)
	521,833	35,756
	$ 592,280	$ 44,993

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

Approved by:

/s/ "Tyson King"
Tyson King, Director

/s/ "Gordon King"
Gordon King, Director

The accompanying notes are an integral part of these financial statements

MIRAMONT RESOURCES CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
For the year ended July 31,

		2017		2016
Expenses				
Administrative costs (Note 8)	$	8,000	$	-
Business development (Note 8)		3,750		1,250
Filing fees		22,347		345
Foreign exchange		(610)		-
Management fees (Note 8)		29,712		-
Office and miscellaneous		4,747		715
Professional fees (Note 8)		91,484		10,300
Property investigation costs		12,265		-
Shareholder communication		2,044		-
Transfer agent		3,683		-
Travel		24,201		-
Loss and comprehensive loss for the year	$	(201,623)	$	(12,610)
Loss per common share – basic and diluted	$	(0.02)	$	(0.00)
Weighted average number of common shares outstanding – basic and diluted		12,666,242		6,236,913

The accompanying notes are an integral part of these financial statements

MIRAMONT RESOURCES CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY
(Expressed in Canadian Dollars)

	Share Capital										
	Number of shares		Amount		Share subscriptions received in advance		Share subscriptions receivable		Deficit		Total
July 31, 2015	6,000,000	$	67,500	$	-	$	(37,500)	$	(614)	$	29,386
Issuance of common shares (Note 6)	300,100		15,005		-		(50)	-	-		14,955
Share subscriptions received in advance	-		-		4,025		-		-		4,025
Loss for the year	-		-		-		-		(12,610)		(12,610)
July 31, 2016	6,300,100	$	82,505	$	4,025	$	(37,550)	$	(13,224)	$	35,756
Issuance of common shares (Note 6)	8,650,164		644,175		(4,025)		37,550	-	-		677,700
Issuance of common shares for option agreement (Notes 4 and 6)	100,000		10,000		-		-		-		10,000
Loss for the year	-		-		-		-		(201,623)		(201,623)
July 31, 2017	15,050,264	$	736,680	$	-	$	-	$	(214,847)	$	521,833

The accompanying notes are an integral part of these financial statements

MIRAMONT RESOURCES CORP.
STATEMENTS OF CASH FLOW
(Expressed in Canadian Dollars)
For the year ended July 31,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (201,623)	$ (12,610)
Change in non-cash working capital items:		
Receivables	(6,866)	-
Prepaids	(3,943)	-
Accounts payable and accrued liabilities	61,210	8,632
Net cash used in operating activities	(151,222)	(3,978)
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisition of exploration and evaluation assets	(30,000)	-
Net cash used in investing activity	(30,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	640,150	14,955
Proceeds for share subscriptions receivable	37,550	-
Share subscriptions received in advance	-	4,025
Net cash provided by financing activities	677,700	18,980
Increase in cash	496,478	15,002
Cash, beginning of year	44,993	29,991
Cash, end of year	$ 541,471	$ 44,993

Supplemental cash flow information (Note 9)

1. NATURE OF OPERATIONS AND GOING CONCERN

Miramont Resources Corp. (the "Company") was incorporated on July 15, 2015 under the Business Corporations Act of British Columbia. The Company is a mineral exploration company with a focus on acquiring, exploring and advancing exploration and evaluation assets in Canada. Subsequent to year end, the Company expanded its focus to include Peru (Note 13). The Company's head office and registered and records office address is 2601 - 1111 Alberni Street, Vancouver, BC, V6E 4V2. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol MONT.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The Company's continuation as a going concern is dependent upon the successful results from its business activities, its ability to obtain profitable operations and generate funds, and/or complete financings sufficient to meet current and future obligations. The Company raised additional capital through private placements of its common shares in amounts sufficient to further operations for the upcoming year (Note 13).

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Approval of the financial statements

These financial statements were authorized by the Board of Directors of the Company on November 24, 2017.

Basis of presentation

These financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value as explained in the significant accounting policies set out in Note 3. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2. BASIS OF PRESENTATION (cont'd…)

Functional and presentation currency

These financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

Significant estimates

The preparation of these financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Recovery of deferred tax assets - Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements are, but are not limited to, the following:

Carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities, and existing permits.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial assets

All financial assets are initially recorded at fair value, and each financial asset is designated upon inception, depending on the purpose for which the asset was acquired, into one of the following four categories:

Fair value through profit or loss – These assets comprise of derivatives and/or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

All financial liabilities are initially recorded at fair value, and each financial liability is designated upon inception, depending on the purpose for which the liability was incurred, into one of the following two categories.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial liabilities (cont'd…)

Fair value through profit or loss – These liabilities are derivatives, including separated embedded derivatives, and/or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities – These liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition they are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Exploration and evaluation assets

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Exploration costs are recognized in profit or loss. Costs incurred before the Company has obtained the legal rights to explore an area of interest are recognized in profit or loss. All costs related to the acquisition of exploration and evaluation assets are capitalized on an individual prospect basis. Amounts received for the sale of exploration and evaluation assets, for option payments and for exploration advances are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in profit or loss. Costs for a producing property will be amortized on a unit-of-production method based on the estimated life of the ore reserves. The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation asset costs or recoveries when the payments are made or received. When the option payments received exceed the carrying value of the related exploration and evaluation asset then the excess is recognized in profit or loss in the period the option receipt is recognized. Option receipts in the form of marketable securities are recorded at the quoted market price on the day the securities are received.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the rehabilitation of exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with rehabilitation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized rehabilitation costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss. The Company had no measurable rehabilitation obligations as at July 31, 2017.

Impairment

At the end of each reporting period, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share capital

Common shares - Common shares are classified as shareholders' equity. Incremental costs, net of tax effects, directly attributable to the issue of common shares are recognized as deductions from shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Preferred shares – Preferred shares are classified as shareholders' equity if they are non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends declared thereon are recognized as distributions within equity upon approval by the Company's shareholders.

Preferred shares are classified as a financial liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non- discretionary dividends thereon are recognized as interest expense in profit or loss.

Income (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share are calculated by dividing the loss attributable to common shares of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. There was no dilutive effect for the years presented.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

Deferred tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the statement of financial position date. Non-monetary items are translated into Canadian dollars at the exchange rate in effect on the respective transaction dates. Revenues and expenses are translated at average rates for the period, except for amortization, which is translated on the same basis as the related asset. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year.

Related party transactions

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 party in making financial and operating decisions. 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.

New standards, interpretations and amendments to existing standards not yet effective

The following standards, amendments to standards and interpretations have been issued but are not effective for annual periods beginning on or after January 1, 2017:

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards, interpretations and amendments to existing standards not yet effective (cont'd…)

IAS 12, Income Taxes

This standard was amendment to clarify the recognition of a deferred tax asset for unrealized losses.

The following standards, amendments to standards and interpretations have been issued but are not effective for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial instruments

This standard addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest, otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes *IAS 11, Construction Contracts*, *IAS 18, Revenue*, *IFRIC 13, Customer Loyalty Programs*, *IFRIC 15, Agreements for the Construction of Real Estate*, *IFRIC 18, Transfers of Assets from Customers*, and *SIC-31, Revenue – Barter Transactions involving Advertising Service*.

The following standards, amendments to standards and interpretations have been issued but are not effective for annual periods beginning on or after January 1, 2019:

IFRS 16, Leases

IFRS 16 will replace *IAS 17, Leases*. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts, and to record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria.

The Company has not yet assessed the potential impact of the application of these standards, nor determined whether it will adopt the standards early.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

Property		As at July 31, 2016		Cash		Share issuances		As at July 31, 2017
Midas Gold	$	-	$	30,000	$	10,000	$	40,000
Total	$	-	$	30,000	$	10,000	$	40,000

Midas Gold Property

On October 19, 2016, the Company entered into an option agreement (the "Agreement") with ALX Uranium Corp. (the "Optionor") to acquire a one hundred percent (100%) interest in and to certain mineral claims located in the Riggs and Bruyere Townships of Ontario which are collectively known and described as the Midas Gold Property ("Midas Gold").

To acquire Midas Gold, the Company must make cash payments totaling $200,000 by December 31, 2018 and issue a total of 1,000,000 common shares by December 31, 2018, as follows:

		Acquisition in cash	Acquisition in shares
October 19, 2016 (completed)	$	15,000	-
December 31, 2016 (completed)		15,000	-
March 29, 2017 (completed)		-	100,000
December 31, 2017		70,000	250,000
December 31, 2018		100,000	650,000
	$	200,000	1,000,000

The property is subject to a 2% net smelter return royalty with respect to any minerals commercially produced from the Property, of which one-half (i.e. 1%) may be purchased for $1,000,000.

(Expressed in Canadian Dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2017		2016
Accounts payable	$	56,947	$	487
Accrued liabilities		13,500		8,750
	$	70,447	$	9,237

6. SHARE CAPITAL

Authorized share capital

The Company's authorized capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Issued share capital

During the year ended July 31, 2017, the Company issued:

a) 4,416,832 common shares at a price of $0.05 per common share for total proceeds of $220,842;

b) 4,233,332 units at a price of $0.10 per unit for total proceeds of $423,333. Each unit was comprised of one common share and one common share purchase warrant, exercisable at a price of $0.15 per common share until November 16, 2018; and

c) 100,000 common shares, valued at $10,000, pursuant to the Midas Gold option agreement (Note 4).

During the year ended July 31, 2016, the Company issued 300,100 common shares at a price of $0.05 per common share for total proceeds of $15,005.

Escrow shares

The Company entered into an escrow agreement pursuant to which 8,599,166 common shares have been placed in escrow and are subject to release in tranches over time in accordance with the policies of the Canadian Securities Administrators. The escrow agreement provides that 10% of the escrowed shares will be released from escrow upon the listing date and that an additional 15% will be released therefrom every six month interval thereafter, over a period of 36 months. As at July 31, 2017, there are 7,739,250 (2016 - Nil) shares held in escrow.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (cont'd…)

Share subscriptions received in advance

As at July 31, 2017, the Company recorded $Nil (2016 - $4,025) for share subscription funds received in advance.

Share subscriptions receivable

As at July 31, 2017, the Company was owed $Nil (2016 - $37,550) for common shares that have been issued.

Stock options

The Company has a rolling stock option plan under which the Board of Directors ("Board") may, from time to time in its discretion, grant options to acquire common shares of the Company to its directors, officers, employees, consultants, and advisors. The number of shares reserved for issuance under the plan may not exceed 10% of the number of issued and outstanding common shares of the Company. The exercise price of each option is determined by the Board but shall not be less than the market price of the Company's shares on the date prior to the date of grant less any discounts permitted by the CSE under its policies. The options may be granted for a maximum term of 10 years and are subject to such vesting provisions as may be determined by the Board.

As at July 31, 2017, the Company had not issued any stock options and no stock options are outstanding as at July 31, 2017 and 2016.

Warrants

As at July 31, 2017, the Company had outstanding warrants enabling the holders to acquire further common shares as follows:

Number of warrants		Exercise price	Weighted average remaining life (years)	Expiry date
4,233,332	$	0.15	1.30	November 16, 2018
4,233,332				

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (cont'd…)

Warrants (cont'd…)

Warrant transactions are summarized as follows:

	Number of warrants		Weighted average exercise price
Balance as at July 31, 2016	-	$	-
Granted	4,233,332		0.15
Balance as at July 31, 2017	4,233,332	$	0.15

7. INCOME TAXES

Income tax expense varies from the amount that would be computed by applying the expected basic federal and provincial income tax rates for Canada at July 31, 2017 at 26.00% to income before income taxes.

A reconciliation of the difference is as follows:

		2017		2016
Loss before income taxes	$	(201,623)	$	(12,610)
Expected income tax recovery	$	(53,000)	$	(3,000)
Change in unrecognized deferred tax assets		53,000		3,000
Income tax expense (recovery)	$	-	$	-

The significant components of the Company's unrecognized deferred income tax assets and liabilities are as follows:

		2017		2016
Non-capital losses	$	56,000	$	3,000
Unrecognized deferred tax assets		(56,000)		(3,000)
Net deferred tax assets	$	-	$	-

(Expressed in Canadian Dollars)

7. INCOME TAXES (cont'd…)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

		2017	Expiry date range
Non-capital losses	$	215,000	2035 to 2037

Tax attributes are subject to review and potential adjustments by tax authorities.

8. RELATED PARTY TRANSACTIONS

The Company considers key management personnel to consist of its directors and officers. The following expenses were incurred in transactions with key management personnel:

		2017		2016
Administrative costs	$	8,000	$	-
Business development		3,750		1,250
Management fees		8,500		-
Professional fees		5,000		-
	$	25,250	$	1,250

As at July 31, 2017, included in accounts payable and accrued liabilities was $14,629 (2016 - $1,738) owing to officers and directors.

As at July 31, 2017, included in share subscriptions receivable was $Nil (2016 - $37,500) owing from officers and directors.

(Expressed in Canadian Dollars)

9. SUPPLEMENTAL CASH FLOW INFORMATION

	2017	2016
Common shares issued for exploration and evaluation assets	$ 10,000	$ -
Share subscriptions received in advance allocated to share capital	4,025	$ -
Share subscriptions receivable included in share capital	-	50

10. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment being the acquisition and exploration of exploration and evaluation assets located in Canada.

11. FINANCIAL INSTRUMENT RISK

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at July 31, 2017, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to its liquid financial asset, being cash. The bank account is held with a major Canadian bank and this minimizes the risk to the Company. Receivables are due from a government agency.

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's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company does not have any contractual obligations other than the accounts payable and accrued liabilities reported on the statement of financial position. The Company has sufficient cash as at July 31, 2017 to settle its current liabilities as they come due.

11. FINANCIAL INSTRUMENT RISK (cont'd…)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes:

Foreign currency exchange risk – this risk relates to any changes in foreign currencies in which the Company transacts. During fiscal 2017, the Company was not exposed to foreign currency exchange rate fluctuations as the Company only conducted business in Canada and in Canadian dollars.

Interest rate risk – this risk relates to the change in the borrowing rates of the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% change in interest rates would result in a nominal difference for the year ended July 31, 2017.

Price risk – this risk relates to fluctuations in equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

Fair value hierarchy

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

11. FINANCIAL INSTRUMENT RISK (cont'd…)

The Company has classified its cash as fair value through profit or loss using level 1 inputs and receivables as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities. The fair value of receivables and accounts payable and accrued liabilities approximates their carrying value because of the short-term nature of these instruments.

12. CAPITAL MANAGEMENT

The Company defines capital as the components of shareholders' equity. The Company's objectives when managing capital are to identify, pursue, and complete the exploration and development of exploration and evaluation assets, to maintain financial strength, to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors. The Company does not have any externally imposed capital requirements. There has been no significant change in the Company's objectives, policies, and processes for managing its capital during the year ended July 31, 2017.

13. SUBSEQUENT EVENTS

Subsequent to July 31, 2017, the Company:

a) issued 15,048,000 common shares for the acquisition of all of the issued and outstanding shares of Puno Gold Corporation ("Puno"), a privately held Ontario corporation. Minera Puno Gold, S.A.C. ("Minera Puno") is a Peruvian corporation and is a wholly owned subsidiary of Puno. Minera Puno is engaged in the business of mineral exploration and development in Peru and holds options to acquire a 100 percent interest in the Cerro Hermoso and Lukkacha projects; and

b) completed a private placement and issued 20,000,033 units at a price of $0.30 per unit for total proceeds of $6,000,010. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.45 per common share, for a period of two years from the date of issue. The Company paid a total of $202,148 cash in agents' commissions and finder's fees and issued 673,827 agents' and finder's warrants. Each warrant entitles the holder to purchase one common share, for a period of two years from the date of issue.