MIRAMONT RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JULY 31, 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Miramont Resources Corp.

We have audited the accompanying consolidated financial statements of Miramont Resources Corp., which comprise the consolidated statements of financial position as at July 31, 2018 and 2017 and the consolidated 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 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

Our responsibility is to express an opinion on these consolidated 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 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 auditors' 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.

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 consolidated financial statements present fairly, in all material respects, the financial position of Miramont Resources Corp. as at July 31, 2018 and 2017, 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 22, 2018

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

		2018		2017
ASSETS				
Current				
Cash	$	3,584,184	$	541,471
Receivables		31,020		6,866
Prepaids and advances		87,885		3,943
		3,703,089		552,280
Equipment (Note 5)		8,390		-
Exploration and evaluation assets (Note 6)		5,314,045		40,000
	$	9,025,524	$	592,280
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Notes 7 and 10)	$	104,495	$	70,447
		104,495		70,447
SHAREHOLDERS' EQUITY				
Share capital (Note 8)		10,827,931		736,680
Reserves (Note 8)		428,322		-
Deficit		(2,335,224)		(214,847)
		8,921,029		521,833
	$	9,025,524	$	592,280

Nature and of operations and going concern (Note 1)
Subsequent event (Note 15)

Approved by:

/s/ "William Pincus"
William Pincus, Director

/s/ "Dale Peniuk"
Dale Peniuk, Director

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

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

		2018		2017
Property expenses				
Exploration and evaluation expenditures (Note 6)	$	865,105	$	-
Write-off of exploration and evaluation assets (Note 6)		40,000		-
		(905,105)		-
Administrative expenses				
Administrative costs (Note 10)		35,500		8,000
Business development (Note 10)		-		3,750
Consulting fees		32,607		-
Filing fees		33,132		22,347
Management fees (Note 10)		228,996		29,712
Marketing and investor relations		234,595		-
Office and miscellaneous		57,084		4,747
Professional fees (Note 10)		232,285		91,484
Property investigation costs		-		12,265
Share-based payments (Notes 8 and 10)		302,844		-
Shareholder communication		4,482		2,044
Transfer agent		26,243		3,683
Travel		62,402		24,201
		(1,250,170)		(202,233)
Operating loss		(2,155,275)		(202,233)
Foreign exchange gain		5,593		610
Interest income		29,305		-
		34,898		610
Loss and comprehensive loss for the year	$	(2,120,377)	$	(201,623)
Loss per common share – basic and diluted	$	(0.05)	$	(0.02)
Weighted average number of common shares outstanding – basic and diluted		39,919,964		12,666,242

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

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

	Share Capital												
	Number of shares		Amount		Share subscriptions received in advance		Share subscriptions receivable		Reserves		Deficit		Total
July 31, 2016	6,300,100	$	82,505	$	4,025	$	(37,550)	$	-	$	(13,224)	$	35,756
Issuance of common shares for cash (Note 8)	8,650,164		644,175		(4,025)		37,550		-		-		677,700
Issuance of common shares for mineral property option agreement (Note 8)	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
Issuance of common shares for cash (Note 8)	20,000,033		6,000,010		-		-		-		-		6,000,010
Issuance of common shares for acquisition of Puno Gold Corporation (Note 4)	15,048,000		4,514,400		-		-		-		-		4,514,400
Share issue costs	-		(297,681)		-		-		-		-		(297,681)
Issuance of agents' and finders' warrants (Note 8)	-		(125,478)		-		-		125,478		-		-
Share-based payments (Note 8)	-		-		-		-		302,844		-		302,844
Loss for the year	-		-		-		-		-		(2,120,377)		(2,120,377)
July 31, 2018	50,098,297	$	10,827,931	$	-	$	-	$	428,322	$	(2,335,224)	$	8,921,029

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

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (2,120,377)	$ (201,623)
Adjust for items not involving cash:		
Amortization	142	-
Share-based payments	302,844	-
Write-off of exploration and evaluation assets	40,000	-
Change in non-cash working capital items:		
Receivables	(8,677)	(6,866)
Prepaids and advances	(83,942)	(3,943)
Accounts payable and accrued liabilities	(31,626)	61,210
Net cash used in operating activities	(1,901,636)	(151,222)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired on acquisition of Puno Gold Corporation (Note 4)	37,431	-
Acquisition of equipment	(8,532)	-
Payments for exploration and evaluation assets	(26,544)	(30,000)
Net cash provided by (used in) investing activities	2,355	(30,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	6,000,010	640,150
Share issue costs	(297,681)	-
Repayment of loans payable assumed on acquisition of Puno Gold Corporation (Note 4)	(760,335)	-
Proceeds for share subscriptions receivable	-	37,550
Net cash provided by financing activities	4,941,994	677,700
Increase in cash	3,042,713	496,478
Cash, beginning of year	541,471	44,993
Cash, end of year	$ 3,584,184	$ 541,471

Supplemental cash flow information (Note 11)

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 and Peru. The Company’s head office and principal address is located at 2601 – 1111 Alberni Street, Vancouver, BC, V6E 4V2. The Company’s registered and records office is located at 39073 Kingfisher Road, Squamish, BC, V8B 0S9. The Company is listed on the Canadian Securities Exchange (“CSE”) under the symbol MONT.

These consolidated 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 consolidated 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 during the reporting period through private placements of its common shares in amounts that management believes are sufficient to further operations for the upcoming twelve months.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated 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 consolidated financial statements

These consolidated financial statements were authorized by the Board of Directors of the Company on November 22, 2018.

Basis of presentation

These consolidated 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 consolidated financial statements.

2. BASIS OF PRESENTATION (cont'd…)

Functional and presentation currency

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

Principles of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its principal subsidiary, Puno Gold Corporation and its principal operating subsidiary, Minera Puno Gold S.A.C. Subsidiaries are entities which the Company controls, either directly or indirectly, where control is defined as the power to govern an entity's financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that may arise upon the exercise or conversion of non-voting securities are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and they are deconsolidated from the date on which control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

Name of subsidiary	Country of incorporation	Percentage of ownership	Principal activity
Puno Gold Corporation	Canada	100%	Holding company
Minera Puno Gold S.A.C.	Peru	100%	Exploration in Peru

Significant estimates

The preparation of these consolidated 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:

2. BASIS OF PRESENTATION (cont'd…)

Significant estimates (cont'd…)

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.

Valuation of share-based payments - The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Accounting for acquisitions - The determination of fair value as of the acquisition date requires management to make certain estimates about future events, including, but not restricted to, fair value of assets including mineral reserves and resources acquired, exploration potential, future operating costs and capital expenditures, future metal prices, long-term foreign exchange rates and discount rates as well as the determination of fair value of consideration provided.

Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated 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 expenditures 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.

Determination of functional currency - The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

2. BASIS OF PRESENTATION (cont'd…)

Significant judgments (cont'd…)

Business combinations - Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The transaction with Puno Gold Corporation was determined to constitute an acquisition of assets (Note 4).

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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.

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.

Equipment

Equipment is stated at cost less accumulated depreciation. Depreciation is provided for using the straight-line method as follows:

Field equipment	10 years

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 and evaluation 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets (cont'd…)

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.

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 for the years presented.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment (cont'd…)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based payments

The Company accounts for all grants of options to directors, officers, employees, consultants, and advisors in accordance with the fair value method for accounting for share-based payments. Share-based payment awards are calculated using the Black-Scholes option pricing model. Share-based payments to consultants and advisors, who are not providing similar services as employees, are measured at the grant date by using the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services received cannot be reliably measured and are recorded at the date the goods or services are received.

Compensation expense for share-based payments is recognized immediately for past services and pro-rata for future services over the vesting period of the share-based payment. A corresponding increase in reserves is recorded when share-based payments are expensed. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion of share-based payments previously recorded in reserves.

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.

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.

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.

New accounting policies adopted

The following standards and amendments to existing standards have been adopted by the Company effective August 1, 2017:

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting policies adopted (cont'd…)

IAS 12, Income Taxes

This standard was amended to clarify the application of IAS 12 for the recognition of a deferred tax asset for certain unrealized losses.

The adoption of this amended standard did not have an impact on the consolidated financial statements.

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

The following standards, amendments to standards and interpretations have been issued and are effective for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial instruments

This revised standard addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has three measurement categories for financial assets: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. All equity instruments are measured at either fair value through other comprehensive income or fair value through profit or loss. A debt instrument is measured 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 measured 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 Company expects the impact of these standards on its consolidated financial statements to be additional disclosure.

The following standards, amendments to standards and interpretations have been issued and are effective for annual periods beginning on or after January 1, 2019:

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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

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 this standard.

4. ACQUISITION OF PUNO GOLD CORPORATION

On November 14, 2017, the Company issued 15,048,000 common shares, at a value of $0.30 per common share, for the acquisition of all of the issued and outstanding shares of Puno Gold Corporation ("Puno"), a privately held Ontario corporation and its wholly-owned Peruvian subsidiary, Minera Puno Gold, S.A.C. ("Minera Puno"). Minera Puno is engaged in the business of mineral exploration and evaluation in Peru and holds options to acquire a 100% interest in the Cerro Hermoso and Lukkacha projects (Note 6).

For accounting purposes, the acquisition was treated as an asset acquisition. As such, effective as at the date of closing, the fair value assigned to the identified assets acquired and liabilities assumed are presented below:

Consideration:		
Common shares	**$**	**4,514,400**
Net assets acquired:		
Cash	$	37,431
Receivables		15,477
Accounts payable and accrued liabilities		(65,674)
Loans payable		(760,335)
		(773,101)
Allocation to exploration and evaluation assets		5,287,501
	$	**4,514,400**

During the year ended July 31, 2018, loans payable were repaid in full.

(Expressed in Canadian Dollars)

5. EQUIPMENT

	Field equipment	Total
Cost		
July 31, 2017 and 2016	$ -	$ -
Additions	8,532	8,532
July 31, 2018	$ 8,532	$ 8,532
Accumulated depreciation		
July 31, 2017 and 2016	$ -	$ -
Depreciation	142	142
July 31, 2018	$ 142	$ 142
Net Book Value		
July 31, 2017	$ -	$ -
July 31, 2018	$ 8,390	$ 8,390

6. EXPLORATION AND EVALUATION ASSETS

Property	Cerro Hermoso	Lukkacha	Midas Gold	Total
July 31, 2016	$ -	$ -	$ -	$ -
Cash	-	-	30,000	30,000
Share issuances (Note 8)	-	-	10,000	10,000
July 31, 2017	$ -	$ -	$ 40,000	$ 40,000
Cash	26,544	-	-	26,544
Share issuances (Note 8)	3,764,823	1,522,678	-	5,287,501
Write-off of exploration and evaluation assets	-	-	(40,000)	(40,000)
July 31, 2018	$ 3,791,367	$ 1,522,678	$ -	$ 5,314,045

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Cerro Hermoso

On September 23, 2016, Minera Puno entered into an option agreement to acquire two mining concessions in the district of Santa Lucia, province of Lampa, Puno Region in Peru known as the Cerro Hermoso Concessions for a purchase price of US$3,500,000 (the "Cerro Hermoso Agreement"). The purchase price is to be paid as follows:

- (i) US$50,000 on September 27, 2016 (paid);
- (ii) US$50,000 on or before March 27, 2017 (paid);
- (iii) US$100,000 on or before September 27, 2017 (paid);
- (iv) US$100,000 on or before September 27, 2018 (Note 15);
- (v) US$100,000 on or before September 27, 2019; and
- (vi) US$3,100,000 on or before September 27, 2020.

The Cerro Hermoso Concessions are subject to a 1% Net Smelter Return royalty ("NSR") which will take effect when Minera Puno has received cumulative minimum payments of US$1,000,000 from the sale of minerals from the Cerro Hermoso Concessions. The NSR is subject to a buy-back right pursuant to which Minera Puno may purchase the full NSR for a total payment of US$5,000,000. Any NSR payments made before the buy-back may be deducted against the US$5,000,000.

On July 26, 2018, Minera Puno entered into an option agreement to acquire the Milenios mining concession, contiguous to the Cerro Hermoso Concessions. The Milenios Option Agreement has a four year term. The purchase price is to be paid as follows:

- (i) US$20,000 on July 26, 2018 (paid);
- (ii) US$25,000 on or before July 26, 2019;
- (iii) US$30,000 on or before July 26, 2020;
- (iv) US$35,000 on or before July 26, 2021; and
- (v) the greater of: US$200,000 and US$1 for each ounce gold contained in a National Instrument 43-101 compliant resource on or before July 26, 2022.

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Lukkacha

On May 15, 2017, Minera Puno entered into an option agreement to acquire a 100% interest in certain mining concessions in the District of Chucatamani, Province of Tarata, Tacna Department in Peru, (the "Lukkacha Concessions"), known as the Lukkacha Option Agreement. The Lukkacha Option Agreement has a five year term. The purchase price is to be paid as follows:

(i) Initial payment of US$200,000 on the effective date of the Lukkacha Option Agreement (paid);
(ii) Annual payments of US$100,000 starting on the first anniversary of obtaining the Supreme Decree. Supreme Decree refers to the issuance by the President of the Republic and countersigned by the President of the Council of Ministers, the Ministry of Energy and Mines and the Minister of Defense, which will authorize Minera Puno to acquire the Lukkacha Concessions and the rights thereon established in the Agreement hereof since the Lukkacha Concessions are located within 50 km from the border with the Republic of Chile; and
(iii) A final payment of US$2,500,000 on the execution of public deed of transferring mining rights.

Minera Puno must incur exploration expenditures on the Lukkacha Concessions as follows:

- US$1,000,000 within 24 months following the date of obtaining the Supreme Decree; and
- An additional US$1,000,000 within 36 months following the date of obtaining the Supreme Decree.

In the event that any exploration expenditures for the Lukkacha Concessions made by Minera Puno is determined to be less than agreed under the Lukkacha Option Agreement, Minera Puno may remedy the default and keep the Lukkacha Option Agreement in force by paying the vendor an amount equal to 50% of the deficient amount of exploration expenditures.

The Lukkacha Concessions are subject to a 2% NSR in favour of the vendor which will take effect when Minera Puno has received cumulative minimum payments of US$1,000,000 from the sale of minerals from the Lukkacha Concessions. Minera Puno may reduce the NSR to 1.5% by making a payment to the vendor of US$2,000,000. In addition, Minera Puno may further reduce the NSR to 1.0% by making an additional payment to the vendor of US$3,000,000.

Midas Gold

On October 19, 2016, the Company entered into an option agreement (the "Agreement") to acquire a 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.

During the year ended July 31, 2018, management decided to discontinue exploration on the Midas Gold Property and, accordingly, wrote off the carrying value of $40,000.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Property		Cerro Hermoso		Lukkacha		Total
Assays	$	9,829	$	-	$	9,829
Community programs		13,683		-		13,683
Geological consulting		171,298		-		171,298
Core shack		1,004		-		1,004
Environmental and permitting		14,683		6,351		21,034
Field supplies		38,578		570		39,148
Legal		110		-		110
Property payments, licences and rights		48,785		308,921		357,706
Wages and benefits		120,097		-		120,097
Travel		32,931		1,427		34,358
VAT		67,799		-		67,799
Vehicle rentals and maintenance		28,602		437		29,039
Year ended July 31, 2018	$	547,399	$	317,706	$	865,105

Exploration and evaluation expenditures for the year ended July 31, 2017 were $nil.

Included in property payments, licences and rights is $264,490 of payments made to the vendor for work incurred by the vendor on Lukkacha. Once the Supreme Decree is obtained, these payments will reduce the exploration expenditures commitment required on Lukkacka.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2018		2017
Accounts payable	$	55,412	$	56,947
Accrued liabilities		49,083		13,500
	$	104,495	$	70,447

8. 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. As at July 31, 2018, the Company had not issued any preferred shares.

8. SHARE CAPITAL (cont'd…)

Issued share capital

During the year ended July 31, 2018, the Company issued:

a) 20,000,033 units at a price of $0.30 per unit by way of a brokered and non-brokered private placement, 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 $297,681 in agents' commissions, finder's fees and legal fees, and issued 673,827 agents' and finder's warrants. Each agents' and finder's warrant entitles the holder to purchase one common share at a price of $0.30 per common share, for a period of two years from the date of issue. The agents' and finder's warrants were valued at $125,478, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk free interest rate of 1.46%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 123%; and

b) 15,048,000 common shares for the acquisition of all of the issued and outstanding shares of Puno at a value of $4,514,400 (Note 4).

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 6).

Escrow shares

On November 28, 2016, 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 original CSE 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, 2018, there are 5,159,500 (2017 - 7,739,250) shares held in escrow.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Escrow shares (cont'd…)

On November 9, 2017, the Company entered into an escrow agreement pursuant to which 149,600 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 post-Puno transaction 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, 2018, there are 112,200 (2017 - nil) shares held in escrow.

Stock options

The Company has a shareholder-approved 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.

During the year ended July 31, 2018, the Company granted 2,620,000 (2017 - nil) incentive stock options to directors, officers, employees, consultants and advisors. The options vest 1/3 on grant, 1/3 after one year, and 1/3 after two years. During the year ended July 31, 2018, the Company expensed $302,844 (2017 - $nil) in connection with options granted, which was recorded in share-based payments.

The weighted average fair value of stock options granted during the year ended July 31, 2018 was $0.259 (2017 - $nil) per option. The fair value was calculated using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free interest rate of 2.30%, a forfeiture rate of nil, and volatility of 89%

As at July 31, 2018, the Company had outstanding options enabling the holder to acquire common shares as follows:

Number of options	Number of exercisable options		Exercise price	Weighted average remaining life (years)	Expiry date
300,000	100,000	$	0.37	4.60	March 6, 2023
2,320,000	773,333		0.375	4.80	May 17, 2023
2,620,000	873,333				

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

Option transactions are summarized as follows:

	Number of options		Weighted average exercise price
Balance as at July 31, 2017 and 2016	-	$	-
Granted	2,620,000		0.37
Balance as at July 31, 2018	2,620,000	$	0.37

Warrants

As at July 31, 2018, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

Number of warrants		Exercise price	Weighted average remaining life (years)	Expiry date
4,233,332	$	0.15	0.30	November 16, 2018[1]
20,000,033		0.45	1.29	November 14, 2019
673,827		0.30	1.29	November 14, 2019
24,907,192				

(1) expired, unexercised subsequent to year end

Warrant transactions are summarized as follows:

	Number of warrants		Weighted average exercise price
Balance as at July 31, 2016	-	$	-
Issued	4,233,332		0.15
Balance as at July 31, 2017	4,233,332		0.15
Issued	20,673,860		0.45
Balance as at July 31, 2018	24,907,192	$	0.39

(Expressed in Canadian Dollars)

9. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

		2018		2017
Loss before income taxes	$	(2,120,377)	$	(201,623)
Expected income tax recovery	$	(567,000)	$	(53,000)
Change in statutory, foreign tax, foreign exchange rates and other		(35,000)		-
Permanent differences		82,000		-
Share issue costs		(80,000)		-
Impact of acquisition of Puno Gold		(735,000)		-
Change in unrecognized deferred tax assets		1,335,000		53,000
Income tax expense (recovery)	$	-	$	-

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

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

		2018		2017
Exploration and evaluation assets	$	896,000	$	-
Equipment		3,000		-
Share issue costs		69,000		-
Non-capital losses		423,000		56,000
		1,391,000		56,000
Unrecognized deferred tax assets		(1,391,000)		(56,000)
Net deferred tax assets	$	-	$	-

(Expressed in Canadian Dollars)

9. 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:

		2018	Expiry date range
Exploration and evaluation assets	$	3,036,000	N/A
Equipment		9,000	N/A
Share issue costs		256,000	2019 to 2022
Non-capital losses		1,548,000	2035 to 2038

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

10. 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:

		2018		2017
Administrative costs	$	10,000	$	8,000
Business development		-		3,750
Management fees		207,122		8,500
Professional fees		30,000		5,000
Share-based payments		226,194		-
	$	473,316	$	25,250

As at July 31, 2018, included in accounts payable and accrued liabilities was $25,857 (2017 - $14,629) owing to officers and directors.

(Expressed in Canadian Dollars)

11. SUPPLEMENTAL CASH FLOW INFORMATION

	2018	2017
Common shares issued for acquisition of Puno (Note 4)	$ 4,514,400	$ -
Common shares issued for exploration and evaluation assets (Note 6)	-	10,000
Warrants issued as agents' and finder's fees (Note 8)	125,478	-
Share subscriptions received in advance allocated to share capital	-	4,025

12. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment being the acquisition and exploration of exploration and evaluation assets located in Canada and Peru. Geographic information is as follows:

	Canada	Peru	Total
As at July 31, 2018			
Exploration and evaluation assets	$ -	$ 5,314,045	$ 5,314,045
Other assets	3,588,546	122,933	3,711,479
Total assets	$ 3,588,546	$ 5,436,978	$ 9,025,524
For the year ended July 31, 2018			
Loss and comprehensive loss	$ 1,084,906	$ 1,035,471	$ 2,120,377

	Canada	Peru	Total
As at July 31, 2017			
Exploration and evaluation assets	$ 40,000	$ -	$ 40,000
Other assets	552,280	-	552,280
Total assets	$ 592,280	$ -	$ 592,280
For the year ended July 31, 2017			
Loss and comprehensive loss	$ 201,623	$ -	$ 201,623

13. 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, 2018, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

13. FINANCIAL INSTRUMENT RISK (cont'd…)

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 assets, being cash and receivables. The Company's primary bank accounts are held with a major Canadian bank and funds are transferred to the subsidiary's foreign bank accounts as required to cover current expenditures; this minimizes the risk to the Company. Receivables are primarily due from a bank and 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 has sufficient cash as at July 31, 2018 to settle its current liabilities as they come due and management believes funds are sufficient to further operations for the upcoming twelve months (Note 1).

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. The effect of a 10% change in the foreign exchange rate on cash held in US dollar accounts would be approximately $49,000.

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 in interest income for the year ended July 31, 2018.

Price risk – this risk relates to fluctuations in commodity and 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.

The Company does not currently use financial instruments designed to hedge these market risks.

13. FINANCIAL INSTRUMENT RISK (cont'd…)

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.

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.

14. 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 its 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, 2018.

15. SUBSEQUENT EVENT

Subsequent to July 31, 2018, the Company amended its option agreement on Cerro Hermoso. The amendment extended the agreement by one year and changed the remaining payment schedule as follows:

- US$70,000 on or before September 27, 2018 (paid);
- US$156,000 on or before September 27, 2019;
- US$100,000 on or before September 27, 2020; and
- US$3,000,000 on or before September 27, 2021.