

IEMR RESOURCES INC.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended October 31, 2016 and 2015

(Expressed in Canadian Dollars)



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
IEMR Resources Inc.

We have audited the accompanying consolidated financial statements of IEMR Resources Inc. which comprise the consolidated statements of financial position as at October 31, 2016 and 2015, and the consolidated statements of comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and the related notes comprising 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 as issued by the International Accounting Standards Board, 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 audits 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 our 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, we consider 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, the consolidated financial statements present fairly, in all material respects, the financial position of IEMR Resources Inc. as at October 31, 2016 and 2015, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which indicates the existence of a material uncertainty that may cast significant doubt on the ability of IEMR Resources Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
January 27, 2017

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	October 31, 2016 \$	October 31, 2015 \$
ASSETS			
Current			
Cash		168,308	3,998
Marketable securities	6	662,435	-
Prepaid expenses		146	-
Sales tax recoverable		5,828	3,867
Total Current Assets		836,717	7,865
Non-current Assets			
Exploration and evaluation assets	7	2,066,722	2,034,894
Total Assets		2,903,439	2,042,759
LIABILITIES			
Current			
Accounts payable and accrued liabilities		34,384	27,170
Due to related parties	8	-	165,812
Convertible note	9	-	1,292,501
Promissory notes	10	-	583,113
Total Current Liabilities		34,384	2,068,596
Non-current Liabilities			
Promissory notes	10	-	337,917
Total Liabilities		34,384	2,406,513
EQUITY (DEFICIENCY)			
Share capital		7,169,568	3,824,568
Reserves		713,867	713,867
Deficit		(5,014,380)	(4,902,189)
Total Equity (Deficiency)		2,869,055	(363,754)
Total Liabilities and Equity		2,903,439	2,042,759

Nature of continuance of operations 1

These consolidated financial statements are approved on behalf of the Board of Directors on January 27, 2017:

Signed "Charles Yuen"
Director

Signed "Zheng Fu"
Director

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

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year Ended October 31, 2016	Year Ended October 31, 2015
		\$	\$
EXPENSES			
Accounting and audit fees		29,300	36,460
Management fee	8	-	500
Office and miscellaneous expenses		2,061	757
Professional fees		81,424	30,189
Rent		2,388	2,388
Transfer agent and filing fees		32,446	14,989
Loss before other items		(147,619)	(85,283)
OTHER ITEMS			
Interest expense on convertible note and promissory notes	9, 10	(106,670)	(171,132)
Foreign exchange gain (loss)	9, 10	24,605	(228,050)
Gain on forgiveness of debt	8	-	5,376
Gain on sale of marketable securities	6	47,763	-
Unrealized gain on marketable securities	6	69,730	-
		35,428	(393,806)
NET LOSS AND COMPREHENSIVE LOSS		(112,191)	(479,089)
BASIC AND DILUTED LOSS PER SHARE		(0.00)	(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		54,077,633	27,897,141

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

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Consolidated Statement of Equity (Deficiency)
(Expressed in Canadian Dollars)

	Number of Shares	Amount	Reserves	Deficit	Total
		\$	\$	\$	\$
Balance, October 31, 2014	27,807,141	3,823,818	713,867	(4,423,100)	114,585
Common shares issued for service provided	100,000	750	-	-	750
Comprehensive loss	-	-	-	(479,089)	(479,089)
Balance, October 31, 2015	27,907,141	3,824,568	713,867	(4,902,189)	(363,754)
Common shares issued for private placement	51,600,000	2,580,000	-	-	2,580,000
Common shares issued for acquisition of marketable securities	15,300,000	765,000	-	-	765,000
Comprehensive loss	-	-	-	(112,191)	(112,191)
Balance, October 31, 2016	94,807,141	7,169,568	713,867	(5,014,380)	2,869,055

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

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended October 31, 2016	Year Ended October 31, 2015
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the year	(112,191)	(479,089)
Adjustment for items not involving cash:		
Shares issued for management fee	-	500
Interest expense on convertible notes and promissory notes	106,670	171,132
Foreign exchange (gain) loss on convertible and promissory notes	(24,605)	223,873
Gain on forgiveness of debt	-	(5,376)
Gain on sale of marketable securities	(47,763)	-
Unrealized gain on marketable securities	(69,730)	-
Changes in non-cash working capital items		
Sales tax recoverable	(1,961)	127
Prepaid expenses	(146)	-
Accounts payable and accrued liabilities	7,214	(12,410)
	(142,512)	(101,243)
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisition and exploration of mineral property	(31,828)	(43,683)
Proceeds from sale of marketable securities	220,058	-
	188,230	(43,683)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received from related parties	85,000	139,435
Amount repaid to related parties	(250,812)	-
Repayment of promissory notes	(993,184)	-
Repayment of convertible note	(1,302,412)	-
Proceeds from issuance of common shares	2,580,000	-
	118,592	139,435
CHANGE IN CASH	164,310	(5,491)
Cash, beginning of year	3,998	9,489
Cash, end of year	168,308	3,998
Cash paid for interest	-	-
Cash paid for tax	-	-
Supplementary non-cash transaction		
Shares issued for services (Note 8)	-	750
Shares issued for acquisition of marketable securities (Note 8)	765,000	-

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

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Notes to the Consolidated Financial Statements
For the Years Ended October 31, 2016 and 2015
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

IEMR Resources Inc. (the “Company”) was incorporated in the Province of British Columbia under the name of 0813208 B.C. Ltd. on January 8, 2008. On March 13, 2008, the Company changed its name to Trans National Minerals Inc. The Company’s common shares were listed and commenced trading on the TSX Venture Exchange (the “Exchange”) as a capital pool corporation (“CPC”) on February 12, 2009. On June 25, 2010, the Company entered into an option agreement (the “Option”) to acquire a 100% interest in certain unpatented mineral lode claims known as the Pine Tree copper-molybdenum property located in the Pilot Mountains in Mina, Nevada. The acquisition of the Option and concurrent equity financings constitute the Company's Qualifying Transaction under the policies of the Exchange. As a result of the completion of these transactions, the Company has ceased to be a CPC, and its common shares resumed trading on the Exchange as a 'Tier 2 Mining Issuer' effective at market open on July 2, 2010. On September 7, 2010, the Company changed its name to IEMR Resources Inc. Effective at market open on September 10, 2010, the common shares of IEMR Resources Inc. were traded on TSX Venture Exchange and the common shares of Trans National Minerals Inc. were delisted.

On February 6, 2014, the Company incorporated Pine Tree Resources Inc., a wholly owned subsidiary of the Company in Nevada, USA.

These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management of the Company is of the opinion that it will be in position to raise funds in the form of equity or debt financing; however, there is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

As at October 31, 2016 the Company has not generated any revenues and has incurred accumulated losses of \$5,014,380.

These consolidated financial statements have been prepared by management on the basis of International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. The recoverability of capitalized costs on the Company’s mineral property is uncertain and dependent upon projects achieving commercial production or sale. The ability of the Company to carry out its business objectives is dependent on the Company’s ability to receive continued financial support from related parties, to obtain public equity financing, or to generate profitable operations in the future. These factors may cast significant doubt about the Company’s ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The head office and principal address of the Company is 1300 - 1500 West Georgia Street, Vancouver, B.C. V6G 2Z6.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were approved by the board of directors for issue on January 27, 2017.

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Notes to the Consolidated Financial Statements
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2. BASIS OF PRESENTATION (Cont'd...)

b) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Pine Tree Resources Inc. which is incorporated in the United States of America.

The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies.

c) Basis of Measurement

These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Furthermore, these consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its wholly owned subsidiary.

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below:

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the consolidated statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, 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 reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operations could limit the ability of the Company to obtain tax deductions in future years.

Share-based payment

The Company uses the Black-Scholes option pricing model to calculate the fair value of share purchase options at the date of grant. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Changes in these assumptions can materially affect the fair value estimate.

IEMR RESOURCES INC.
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Notes to the Consolidated Financial Statements
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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Significant Accounting Judgments, Estimates and Assumptions (cont'd...)

Convertible note and promissory notes

The values associated with the convertible note and promissory notes involves significant estimates and assumptions, including those with respect to incremental borrowing rate. These significant estimates and assumptions require considerable judgment which, as a result of a change in estimate, could affect the Company's future results. Therefore, these inputs will affect the value of the convertible note and promissory notes and related interest expenses in future years.

Impairment of Exploration and Evaluation Expenditures

In accordance with the Company's accounting policy, the Company's exploration and evaluation asset is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, silver prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

Management has assessed for impairment indicators on the Company's exploration and evaluation assets and has concluded that no impairment indicators existed as at October 31, 2016 (see Note 7).

Significant judgments used in the preparation of these consolidated financial statements include, but are not limited to:

Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the years ended October 31, 2016 and 2015. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management assessed there is significant doubt as to the ability of the Company to meet its obligations as they fall due. Management also considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing and concluded that the use of accounting principles applicable to a going concern is appropriate.

Foreign Currency Transaction and Translation

The presentation currency and the functional currency of the Company and its subsidiary is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the relevant transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Translation gains and losses are included in income or expense of the period in which they occur. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Cash Equivalents

Cash equivalents comprise short term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash. There were no cash equivalents as at October 31, 2016 and 2015.

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Marketable Securities

The Company has classified its marketable securities at fair value through profit or loss and therefore carries them at fair value based on quoted market prices with the unrealized gain or loss recorded in net income or loss for the period.

Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a license to explore an area has been secured, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of exploration and evaluation assets and crediting all revenues received against the cost of the related interests. Such costs, include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. An impairment review is undertaken when indicators of impairment arise but normally when one of the following conditions applies:

- the right to explore in the specific area has expired or will expire in the near future;
- substantive expenditure on further exploration and evaluation activities in the specific areas are neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Decommissioning and Rehabilitation Liabilities

The Company recognizes the fair value of a decommissioning and restoration liability the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the decommissioning and restoration liability due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations and comprehensive loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company did not have any significant decommissioning and restoration obligations at October 31, 2016 and 2015.

IEMR RESOURCES INC.
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Notes to the Consolidated Financial Statements
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(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Financial Assets

Financial assets are classified into one of four categories:

- i. Fair value through profit or loss (“FVTPL”);
- ii. Held-to-maturity;
- iii. Available-for-sale (“AFS”); and
- iv. Loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

i. Fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL, if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company’s risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

The Company has classified cash and marketable securities as FVTPL.

ii. Held-to-maturity

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. Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. Subsequent to initial recognition, these assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset 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 the statement of comprehensive loss.

iii. 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 therein, other than impairment losses, interest calculated using the effective interest method and foreign currency differences on AFS monetary items, recognized in other comprehensive income or loss. When an investment is derecognized or is determined to be impaired, the cumulative gain or loss previously recognized in equity is transferred to profit or loss for the year.

iv. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

IEMR RESOURCES INC.
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Notes to the Consolidated Financial Statements
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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Financial Assets (cont'd...)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each year end. Financial assets are impaired when there is objective evidence that, as an objective evidence of impairment could include the following:

- Significant financial difficulty of the issue or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the year.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

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Notes to the Consolidated Financial Statements
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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Financial Liabilities and Equity (cont'd...)

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified accounts payable, due to related parties, convertible note and promissory notes as other financial liabilities.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Share-Based Compensation

The Company grants stock options to directors, officers, and employees. Each tranche in an award is considered a separate award with its own vesting period. The Company applies the fair-value method of accounting for share-based payments and the fair value is calculated using the Black-Scholes option pricing model.

Share-based compensation for employees and others providing similar services is determined based on the grant date fair value. Share-based compensation for non-employees is determined based on the fair value of the goods/services received or option granted measured at the date on which the Company obtains such goods/services.

Compensation expense is recognized over each tranche's vesting period based on the number of awards expected to vest. If stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

Loss per Share

Loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options are used to repurchase common shares at the prevailing market rate. As the Company incurred net losses in the current year, the stock options and warrants, as disclosed in Note 11, are not included in the computation of loss per share as its inclusion would be anti-dilutive.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

IEMR RESOURCES INC.
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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Income Taxes (cont'd...)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Adoption of New Accounting Standards, Interpretations and Amendments

There were no new or amended accounting standards scheduled for mandatory adoption on November 1, 2015 and thus no new or amended accounting standards were adopted in the year ended October 31, 2016.

Accounting Standards and Amendments Issued But Not Yet Adopted

New accounting standards effective for annual periods on or after November 1, 2016:

IAS 1 Presentation of Financial Statements

In December 2014, amendments to IAS 1 were issued to address perceived impediments to preparers exercising their judgment in presenting their financial statements. The amendments clarify the definition of materiality, the presentation of items on the statement of financial position and statement of profit or loss and other comprehensive income, and ordering of notes in the financial statements.

New accounting standards effective for annual periods on or after November 1, 2017:

IAS 7 Statement of Cash Flows

The objective of the amendments to IAS 7 is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The amendments to IAS 7 respond to investors' requests for information that helps them better understand changes in an entity's debt, which is important to their analysis of financial statements.

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Accounting Standards and Amendments Issued But Not Yet Adopted (cont'd...)

New accounting standards effective for annual periods on or after November 1, 2018:

IFRS 9 Financial Instruments

IFRS 9, Financial Instruments, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued and replaces *IAS 11 – Construction Contracts*, *IAS 18 – Revenue*, *IFRIC 13 – Customer Loyalty Programmes*, *IFRIC 15 – Agreements for the Construction of Real Estate*, *IFRIC 18 – Transfers of Assets from Customers* and *SIC-31 – Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The extent of the impact of adoption of these new and amended standards on the financial statements of the Company has not yet been determined.

4. CAPITAL MANAGEMENT

The Company manages its capital structure, which is substantially represented by its convertible note, promissory notes and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related party loans or private placements of its common shares as needed.

Management reviews its capital management approach on an on-going basis. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the years ended October 31, 2016 and 2015.

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5. FINANCIAL INSTRUMENTS

As at October 31, 2016, the Company's financial instruments consist of cash, marketable securities, accounts payable, due to related parties, convertible note and promissory notes.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As at October 31, 2016, cash and marketable securities were assessed to be Level 1 instruments.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash held by high credit quality banking institutions in Canada. The Company has no significant concentration of credit risk arising from operations as the Company has no business operations.

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2016, the Company had cash of \$168,308 (2015 – \$3,998) to settle the total current liabilities of \$34,384 (2015 – \$2,068,596).

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Management does not believe that the Company is exposed to any material market risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in short-term deposits with its banking institutions.

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6. MARKETABLE SECURITIES

As at October 31, 2016, marketable securities consist of 6,973,000 common shares of American CuMo Mining Corporation (“American CuMo”) which had a fair value of \$662,435. During the year ended October 31, 2016, the Company sold 2,027,000 common shares of American CuMo for gross proceeds of \$220,058 resulting in a gain of \$47,763. During the year ended October 31, 2016, the Company recognized an unrealized gain of \$69,730 due to an increase in the fair value of the common shares held.

7. EXPLORATION AND EVALUATION ASSETS

The Company has a 100% interest in certain unpatented mineral claims known as the Pine Tree copper-molybdenum property (the “Pine Tree Property”) located in the Pilot Mountains in Mina, Nevada. The Pine Tree Property is subject to a 2% net smelter return royalty (the “NSR Royalty”) in favor of Western Geosciences, Inc. and James H. Meyers. The Company is responsible for making advance royalty payments of US\$25,000 per year to the holders of the NSR Royalty. As of October 31, 2016, the Company paid US\$100,000 of the NSR Royalty. Upon the payment of US\$2,000,000 in royalty payments, the NSR Royalty will be reduced from 2% to 0.5%.

Expenditure related to the properties can be summarized as follows:

	Pine Tree Property
Mineral acquisition	\$
Balance at October 31, 2014	1,532,431
Acquisition payment	-
Ending Balance, October 31, 2015 and 2016	1,532,431
Deferred exploration expenditure	\$
Balance at October 31, 2014	458,780
Exploration expenditures	43,683
Ending Balance, October 31, 2015	502,463
Exploration expenditures	31,828
Ending Balance, October 31, 2016	534,291
Total ending balance, October 31, 2015	2,034,894
Total ending balance, October 31, 2016	2,066,722

Impairment

During the years ended October 31, 2016 and 2015, there was no impairment on the exploration and evaluation assets.

When impairment is identified, the asset is required to be written down to its recoverable amount, which is the greater of: (a) the asset’s fair value less costs to sell, and (b) its value in use. There is no active market for the asset and there was no independent feasibility study or a binding agreement for sale at the time of the impairment assessment in the year. The value in use or discounted future cash flows expected from the Pine Tree Property cannot be reliably determined at this juncture. In the absence of such information, management estimated the fair value of the Company’s interest in the Pine Tree Property using the best information available at the time of the assessment to reflect the amount that the Company could obtain from the disposal of the asset in an arm’s length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal. The information included internal and external evidence including the Company’s market capitalization, based on its share price. The assessment of fair value less costs to sell and the recoverable amount of the Company’s interest in Pine Tree Property requires estimation of uncertain future events. Management has made its best estimate of the recoverable amount of the asset; however, there are inherent uncertainties and it is reasonably possible that the outcome of such uncertainties may differ from the estimates made and such changes may be material to the recoverable amount of the Pine Tree Property.

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8. RELATED PARTY TRANSACTIONS

Key management includes the Company's directors and senior management. During the year ended October 31, 2015, the Company issued 100,000 common shares for the services provided by the CFO. The fair value of these shares was determined based on the market value of the shares.

Amounts owing to related parties are comprised of the following:

	October 31, 2016	October 31, 2015
	\$	\$
IEMR HK (1)	-	2,213,531
Hongxue Fu (2)	-	50,397
Jianwei Zheng (3)	-	115,415
Total	-	2,379,343

- (1) International Energy and Mineral Resources Investment Company Limited (Hong Kong) ("IEMR HK") is a corporation controlled by the Company's former Chief Executive Officer. The balance represents the total of promissory notes and convertible notes due to IEMR HK (also see Notes 9 and 10).
- (2) Mr. Hongxue Fu is a former director, CEO and the President of the Company.
- (3) Ms. Jianwei Zheng is a shareholder of the Company.

These amounts were unsecured, non-interest bearing and are due on demand.

At October 31, 2015, the Company wrote off the amount due to Mr. Ian Mallmann and recorded a gain on forgiveness of debt of \$5,376 in the consolidated statement of comprehensive loss. Mr. Ian Mallmann is a former director of the Company.

On May 20, 2016, the Company issued 15,300,000 common shares to IEMR HK in exchange for 9,000,000 common shares of American CuMo Mining Corporation ("American CuMo"). The number of the Company's common shares that were issued to IEMR HK in exchange for the American CuMo shares was calculated using the price of \$0.05 per common share which was the exchange amount agreed to between the parties.

9. CONVERTIBLE NOTE

On December 1, 2011, the Company issued an unsecured convertible note ("Original Note") for the principal sum of US\$800,000 to IEMR HK, a corporation controlled by the Company's CEO. The Original Note has a term of two years from December 1, 2011 and is convertible into common shares of the Company at a price of \$0.10 per common share, in whole or in part, at any time during the term of the note. The Original Note bears interest on the outstanding principal from the closing date to the maturity date at a rate of 6% per annum, payable on the earlier of the maturity date or the date of conversion of the principal amount outstanding.

During the year ended October 31, 2014, the Company and IEMR HK both agreed to extend the Original Note to December 1, 2014 and all other terms remained same as aforementioned. As the present value of the cash flows under the amended convertible note was greater than 10% difference from the Original Note, the Company deemed the terms of the amendment to be substantially different and treated the Original Note extinguished and exchanged for new convertible note. During the year ended October 31, 2016 both the principal and interest portion of the convertible note was repaid in full.

During the year ended October 31, 2016, interest accretion and foreign exchange gain in the amount of \$29,793 (October 31, 2015 – \$60,055) and \$19,882 (October 31, 2015 – foreign exchange loss \$181,121) respectively were recorded in the consolidated statement of comprehensive loss.

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10. PROMISSORY NOTES

- a) On January 23, 2014, the Company issued an unsecured promissory note for the principal sum of \$205,332 to IEMR HK. The promissory note bears interest on the outstanding principal at a rate of 6.5% per annum. The principal and interest is repayable in full on January 23, 2017. During the year ended October 31, 2016 both the principal and interest portion of the promissory note was repaid in full.

The fair value of the liability at recognition date was calculated as the present value of the promissory note's price discounted at the Company's estimated incremental borrowing rate of 15.5% from January 23, 2014 to the expected remaining life of the notes. As a result, of the \$205,332 net proceeds of the issue, \$159,273 was allocated to interest bearing liabilities and \$34,083 (after tax effect of \$11,976) was considered as a premium contributed by the related party and allocated in equity.

- b) On February 28, 2014, the Company issued an unsecured promissory note for the principal sum of \$127,351 to IEMR HK. The promissory note bears interest on the outstanding principal at a rate of 6.5% per annum. The principal and interest is repayable in full on February 28, 2017. During the year ended October 31, 2016 both the principal and interest portion of the promissory note was repaid in full.

The fair value of the liability at recognition date was calculated as the present value of the promissory note's price discounted at the Company's estimated incremental borrowing rate of 15.5% from February 28, 2014 to the expected remaining life of the notes. As a result, of the \$127,351 net proceeds of the issue, \$98,785 was allocated to interest bearing liabilities and \$21,139 (after tax effect of \$7,427) was considered as a premium contributed by the related party and allocated in equity.

- c) On August 1, 2013, the Company issued an unsecured promissory note for the principal sum of \$250,000 to IEMR HK. The promissory note bears interest on the outstanding principal at a rate of 6% per annum. The principal and interest is repayable in full on August 1, 2016. During the year ended October 31, 2016 both the principal and interest portion of the promissory note was repaid in full.

The fair value of the liability at recognition date was calculated as the present value of the promissory note's price discounted at the Company's estimated incremental borrowing rate of 15.5% from August 2, 2013 to the expected remaining life of the notes. As a result, of the \$250,000 net proceeds of the issue, \$191,460 was allocated to interest bearing liabilities and \$50,930 (after tax effect of \$7,610) was considered as a premium contributed by the related party and allocated in equity.

- d) On May 25, 2012, the Company issued an unsecured promissory note for the principal sum of US\$200,000 to IEMR HK. The promissory note bears interest on the outstanding principal at a rate of 6% per annum. The principle and interest are repayable in full on May 25, 2015. During the year ended October 31, 2016 both the principal and interest portion of the promissory note was repaid in full.

The fair value of the liability at recognition date was calculated as the present value of the promissory note's price discounted at the Company's estimated incremental borrowing rate of 15.5% from May 25, 2012 to the expected remaining life of the notes. As a result, of the \$205,500 (US\$200,000) net proceeds of the issue, \$157,379 was allocated to interest bearing liabilities and \$42,105 (after tax effect of \$6,015) was considered as a premium contributed by the related party and allocated in equity.

During the year ended October 31, 2016, interest accretion and foreign exchange gain for the above promissory notes was \$76,877 (October 31, 2015 - \$111,077) and \$4,723 (October 31, 2015 – foreign exchange loss \$42,755) respectively, were recorded in the consolidated statement of comprehensive loss.

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11. SHARE CAPITAL AND STOCK OPTIONS

(a) Share Capital

Authorized: Unlimited number of common shares without par value.

As of October 31, 2016, the Company held in treasury 4,000,000 common shares.

On May 20, 2016, the Company issued 15,300,000 common shares to IEMR HK in exchange for 9,000,000 common shares of American CuMo Mining Corporation (see Note 8).

On June 16, 2016, the Company completed a non-brokered private placement of 51,600,000 units at a price of \$0.05 per unit, raising gross proceeds of \$2,580,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company until March 16, 2017, at an exercise price of \$0.05 per warrant. The shares were subject to a four month hold period that expired on October 16, 2016.

During the year ended October 31, 2015, the Company issued 100,000 common shares of the Company as compensation to the CFO of the Company pursuant to the service arrangement dated April 29, 2014 (see Note 8).

(b) Stock Options

The continuity of stock options ended October 31, 2016 and 2015 is as follows:

	Number outstanding	Weighted average exercise price
Balance, October 31, 2014	1,800,000	0.30
Expired	(1,700,000)	0.30
Balance, October 31, 2015	100,000	0.30
Expired	(100,000)	0.30
Balance, October 31, 2016	-	-

(c) Warrants

The continuity of warrants ended October 31, 2016 and 2015 is as follows:

	Number outstanding	Weighted average exercise price
Balance, October 31, 2014 and 2015	-	-
Granted	51,600,000	0.05
Balance, October 31, 2016	51,600,000	0.05

The following table summarizes information about warrants outstanding at October 31, 2016:

Expiry Date	Exercise price	Number outstanding	Weighted average remaining contractual life(years)	Weighted average exercise price
March 16, 2017	\$ 0.05	51,600,000	0.37	\$ 0.05

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12. INCOME TAXES

The following table reconciles the expected income taxes recovery at the Canadian statutory income tax rates to the amounts recognized in the statements of operations and comprehensive loss for the years ended October 31, 2016 and 2015:

	Years ended	
	October 31, 2016	October 31, 2015
	\$	\$
Loss before taxes	112,191	479,089
Statutory tax rate	26%	26%
Expected income tax recovery	29,170	124,563
Non-deductible items	(123,584)	(29,648)
Change in deferred tax asset not recognized	94,414	(94,915)
Total income tax recovery	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at October 31, 2016 and 2015 are comprised of the following:

	October 31, 2016	October 31, 2015
Deferred tax assets:	\$	\$
Non-capital loss carry forwards	509,916	471,545
Exploration and evaluation assets	555,243	555,243
Financial instruments	(9,065)	123,720
	1,056,094	1,150,508
Deferred tax asset not recognized	(1,056,094)	(1,150,508)
Net deferred tax asset	-	-

The Company has non capital loss carryforwards of approximately \$1,961,216 (2015- \$1,813,635) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2028	\$	99,201
2029		193,063
2030		215,105
2031		469,990
2032		314,276
2033		249,059
2034		193,041
2035		79,900
2036		147,581
Total	\$	1,961,216