

GREATBANKS RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED APRIL 30, 2017

Stated in Canadian Funds

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Greatbanks Resources Ltd.:

Management is responsible for the preparation and presentation of the accompanying condensed interim financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the condensed interim financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the external auditors to the Board.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

We draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

June 28, 2017

"Douglas Wu"
Douglas Wu, Director

"Ronnie D. Doman"
Ronnie D. Doman, Director

GREATBANKS RESOURCES LTD.

Expressed in Canadian Funds

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		As at	
	Note	April 30 2017	July 31 2016
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 1,064,771	\$ 271,229
Taxes receivable		18,195	16,592
Marketable securities	7	-	40,000
		1,082,966	327,821
Mineral Property	8	109,650	92,150
		\$ 1,192,616	\$ 419,971
LIABILITIES AND SHAREHOLDER DEFICIENCY			
LIABILITIES			
Current Liabilities			
Trade and other payables	11	\$ 503,826	\$ 805,308
Debenture payable	9	-	12,000
		503,826	817,308
SHAREHOLDER DEFICIENCY			
Share capital	12	10,291,004	8,108,049
Share subscriptions		-	447,020
Contributed surplus		1,757,478	1,670,478
Deficit		(11,389,692)	(10,632,884)
Accumulated other comprehensive income		30,000	10,000
		688,790	(397,337)
		\$ 1,192,616	\$ 419,971

The financial statements were approved by the Board of Directors on June 28, 2017 and were signed on its behalf by:

"Douglas Wu"

Douglas Wu, Director

"Ronnie D. Doman"

Ronnie D. Doman, Director

GREATBANKS RESOURCES LTD.

Expressed in Canadian Funds

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

	Note	Three months Ended April 30 2017	Three months Ended April 30 2016	Nine months Ended April 30 2017	Nine months Ended April 30 2016
EXPENSES					
General and administrative					
Management fees	11	\$ 121,233	\$ 93,000	\$ 363,699	\$ 279,000
Stock based compensation		87,000	-	87,000	-
Professional fees		20,239	25,468	53,464	41,469
Business development		89,087	7,501	160,537	12,798
Transfer agent and filing fees		16,591	1,541	31,188	6,522
Consulting fees		12,500	-	12,500	-
Office and general		(143)	488	6,775	488
Bank, interest and other expenses		1,007	2,113	1,939	7,091
Interest on long-term debt		-	-	-	-
Accretion of interest		-	-	-	1,574
Foreign exchange loss (gain)		3,284	(8,225)	3,163	(4,494)
Loss before other items		(350,798)	(121,886)	(720,265)	(344,448)
Impairment (recovery) of available- for-sale investments	7	-	30,000	-	10,000
Loss on sale of marketable securities		-	-	(486)	-
Gain on settlement of debt	9, 11	-	-	4,806	-
Write-off of Ironstone JV	14	(40,862)	-	(40,862)	-
Net loss for the period		(391,660)	(91,886)	(756,807)	(334,448)
Fair value adjustment on available- for-sale investments	7	-	-	20,000	-
Total Comprehensive Loss for the Period		\$ (391,660)	\$ (91,886)	\$ (736,807)	\$ (334,448)
Basic and Diluted Loss Per Common Share		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted Average Number of Shares Outstanding		46,179,075	12,934,545	29,600,114	12,935,545

GREATBANKS RESOURCES LTD.

Expressed in Canadian Funds

CONDENSED INTERIM STATEMENTS OF CHANGES IN DEFICIT

	Shares	Amount	Share Subscriptions	Contributed Surplus	Deficit	Accumulated Comprehensive Income	Shareholders' Deficit
Balance - January 31, 2017	32,159,013	\$ 8,616,282	\$ -	\$ 1,757,478	\$ (11,085,031)	\$ 30,000	\$ (681,271)
Shares issued-private placement	31,194,637	1,674,722	-	-	-	-	1,674,722
Net loss for the period	-	-	-	-	(304,661)	-	(304,661)
Balance - April 30, 2017	63,353,650	\$ 10,291,004	\$ -	\$ 1,757,478	\$ (11,389,692)	\$ 30,000	\$ 688,790
Balance - January 31, 2016	12,934,545	\$ 8,048,049	\$ -	\$ 1,670,478	\$ (10,415,726)	\$ -	\$ (697,199)
Net loss for the period	-	-	-	-	(91,886)	-	(91,886)
Balance - April 30, 2016	12,934,545	\$ 8,048,049	\$ -	\$ 1,670,478	\$ (10,507,612)	\$ -	\$ (789,085)

GREATBANKS RESOURCES LTD.

Expressed in Canadian Funds

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

Note	Three months Ended April 30 2017	Three months Ended April 30 2016	Nine months Ended April 30 2017	Nine months Ended April 30 2016
OPERATING ACTIVITIES				
Net loss for the period	\$ (304,660)	\$ (91,886)	\$ (756,807)	\$ (334,448)
Items Not Affecting Cash				
Accretion of interest	-	-	-	1,574
Unrealized foreign exchange	1,356	8,228	3,163	(4,497)
Impairment (recovery) of available- for-sale investments	7 -	(30,000)	20,000	(10,000)
Gain on settlement of debt	-	-	(4,806)	-
Loss on sale of marketable securities	-	-	486	-
Stock based compensation	-	-	87,000	-
	(303,304)	(113,658)	(650,964)	(347,371)
Net Change in Non-cash Working Capital				
Taxes receivable	(281)	(1,037)	(1,603)	7,595
Trade and other payables	(319,775)	112,030	(306,334)	297,436
	(623,360)	(2,665)	(958,901)	(42,340)
INVESTING ACTIVITIES				
Marketable securities, net	-	-	59,514	-
Mineral property expenditures	(5,000)	-	(17,500)	-
	(5,000)	-	42,014	-
FINANCING ACTIVITIES				
Repayment of debentures	9 -	-	(12,000)	-
Shares issued for cash	12 1,715,705	-	1,785,419	-
Share issue costs	12 (54,489)	-	(62,990)	-
	1,661,216	-	1,710,429	-
Net Decrease in Cash and Cash Equivalents	1,032,856	(2,665)	793,542	(42,340)
Cash position - beginning of period	32,115	3,962	271,229	43,637
Cash position - end of period	\$ 1,064,971	\$ 1,297	\$ 1,064,771	\$ 1,297

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

1) Nature of Operations and Going Concern

Greatbanks Resources Ltd. (“the Company”) was incorporated in the Province of British Columbia on December 20, 1996. The Company is in the exploration stage. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol GTB. The Company’s Registered and Records Office is at 4100 - 66 Wellington Street West, Toronto, Ontario.

These financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The business of mining and exploration involves a high degree of risk and there can be no assurance that future exploration programs will result in profitable mining operations. The recoverability of mineral property expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

Consistent with other companies in the sector of mineral exploration, the Company has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests. The Company needs to raise equity financing in the short-term to continue its operations. These conditions indicate a material uncertainty exists that may cast significant doubt upon the Company’s ability to continue as a going concern.

For the Company to continue to operate as a going concern it needs the ongoing financial support of its related parties and vendors and must continue to obtain additional financing to maintain operations; although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used and such adjustments could be material.

	April 30 2017	July 31 2016
Working capital (deficiency)	\$ 579,140	\$ (454,637)
Deficit	\$(11,389,692)	\$(10,173,164)

During the year ended July 31, 2016, the Company’s shares were cease-traded by the TSX Venture Exchange as the Company did not file its July 31, 2015 audited year-end financial statements within the prescribed period. Subsequent to the year ended July 31, 2016, the Company’s shares resumed trading.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

2) Basis of Preparation – Statement of Compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and pronouncements of the IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board and effective the for the year ended July 31, 2016. These financial statements were authorized for issue by the Board of Directors on June 28, 2017.

These financial statements have been prepared under the historical cost convention as set out in the accounting policies in note 3.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods (see Note 4).

3) Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise noted. The Company's principal accounting policies are outlined below:

a) Foreign currency

The financial statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Company uses the Canadian dollar as its functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

3) Summary of Significant Accounting Policies (continued)**b) Share Based Payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

c) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

3) Summary of Significant Accounting Policies (continued)**c) Income Taxes (continued)**

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

d) Earnings (loss) Per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings per share is computed similar to basic earnings 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.

e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

f) Financial InstrumentsFinancial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

3) Summary of Significant Accounting Policies (continued)**f) Financial Instruments (continued)**Available-For-Sale Investments

Non-derivative financial assets not included in the other categories are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. Any subsequent increase in the fair value of available-for-sale investments are recorded through other comprehensive income. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive income to profit or loss.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade and other payables and debentures payable. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

3) Summary of Significant Accounting Policies (continued)

h) 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 Company are recorded at the proceeds received, net of direct issue costs.

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.

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

4) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the financial statements.

a) Rehabilitation Provisions

Rehabilitation provisions have been assessed based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market conditions at the time the rehabilitation costs are actually incurred.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

4) Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)**b) Exploration and Evaluation Expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

IFRS did not have a material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

5) New Standards, Interpretations and Amendments Not Yet Effective**a) IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is in the process of evaluating the impact of the new standard.

c) IFRS 16 Leases

IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

6) Financial Instruments and Risk Management**a) Financial Instrument Classification and Measurement**

Financial instruments of the Company carried on the Statement of Financial Position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at April 30, 2017 due to the immediate or short-term maturities of the financial instruments.

Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, available-for-sale investments, trade and other payables, debenture payable and loan payable. Cash and cash equivalents, trade and other payables and debenture payable approximate their fair value due to their short-term nature.

b) Market Risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company sold all of its marketable securities during the period and is no longer exposed to market risk.

c) 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 primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada accordingly the Company believes it not exposed to significant credit risk.

d) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required. The Company is not exposed to significant foreign currency risk.

e) Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. As the Company has no significant source of cash flows, this is a significant risk. The following table summarized the Company's significant remaining contractual maturities for financial liabilities as at April 30, 2017 and July 31, 2016:

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

6) Financial Instruments and Risk Management

e) Liquidity Risk (continued)

	Less than 3 months	Between 3 and 12 months	Over 12 months	Total
April 30, 2017				
Trade and other payables	\$ 129,890	\$ 189,000	\$ 184,936	\$ 503,826
Debentures payable	-	-	-	-
	\$ 129,890	\$ 189,000	\$ 184,936	\$ 503,826
July 31, 2016				
Trade and other payables	\$ 389,854	\$ 415,454	\$ -	\$ 805,308
Debentures payable	-	12,000	-	12,000
	\$ 389,854	\$ 427,454	\$ -	\$ 817,308

7. Marketable Securities – Available-for-sale

Available-for-sale investments are recorded at fair value. As of April 30, 2017, available-for-sale investments consisted of Nil (July 31, 2016: 2,000,000) common shares and 2,000,000 (July 31, 2016: 2,000,000) share purchase warrants of Alliance Mining Corp., a public company with a symbol of (ALM) with TSXV Exchange.

During the year ended July 31, 2015, the Company acquired 2,000,000 common shares and 2,000,000 share purchase warrants in Alliance by way of a private placement at a cost of \$100,000, with such instruments being classified as available-for-sale investments upon initial recognition. Each Alliance warrant entitles the Company to purchase an additional common share exercisable for five years at a price of \$0.05. The Alliance share purchase warrants are not tradable on an exchange, have a nominal value and were not allocated a value on initial recognition.

During the year ended July 31, 2015, the Company determined that the decline in value of Alliance was significant and, accordingly, recorded an impairment of \$70,000.

As at April 30, 2017, the fair value based on quoted market prices of the available-for-sale investments was \$Nil (July 31, 2016: \$40,000). An unrealized gain of \$20,000 was recorded before income taxes to other comprehensive income during the period ended April 30, 2017 (July 31, 2016: \$10,000).

The fair value of quoted securities is based on published market prices, a level 1 input.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

7. Marketable Securities – Available-for-sale (continued)

Acquisition of marketable securities	100,000
Impairment	(70,000)
<hr/>	
Balance, July 31, 2015	30,000
Fair value adjustment	10,000
<hr/>	
Balance, July 31, 2015	40,000
Fair value adjustment	20,000
<hr/>	
Balance, July 31, 2016	60,000
Dispositon	(60,000)
<hr/>	
Balance, April 30, 2017	\$ -

8. Mineral Property

In June 2016, the Company acquired a 100% interest in British Columbia mineral tenure 1037777 (the "Windy Claims") pursuant to an asset purchase agreement dated April 21, 2016 (the "Agreement") with third parties. Pursuant to the terms of the Agreement, the vendors received an aggregate of 2,000,000 common shares (the "Shares") of the Company, and the Company has recorded these shares at a price of \$0.03 per share being the trading price of the shares, for an aggregate value of \$60,000. In addition, the vendors received a 2% net smelter royalty on any production from the Windy Claims.

9. Debenture Payable

On January 14, 2014, the Company closed a non-brokered private placement of senior unsecured debentures (the "Debentures") for gross proceeds of \$30,000. The debentures have a minimum face value of \$1,000, each bearing interest of 10% per annum over a two year term issued together with bonus warrants. The principal amount and all accrued and unpaid interest was due and payable in full on January 14, 2016 (the "Maturity Date").

The debentures were initially discounted to a fair value of \$13,333 with the residual amount of \$16,667 being attributed to warrants. The debenture was subsequently measured at amortized cost using the effective interest rate method.

During the year ended July 31, 2015, \$20,000 of debentures were repaid, interest of \$3,166 was forgiven and recorded as a gain, and accretion of \$8,333 was recorded as interest on long-term debt and all warrants related to these debentures were cancelled.

The debenture was repaid during the current fiscal year.

	April 30 2017	July 31 2016
Fair value of debentures	\$ -	\$ 6,028
Add: Accretion of interest	-	5,972
<hr/>		
Debenture payable	\$ -	\$ 12,000

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

10. Loan Payable

On April 9, 2015, the Company entered into an unsecured loan agreement with a third party due on April 30, 2015. During the year, the loan terms were amended to allow for interest of 12% per annum, and the loan and interest were repaid in full during the current fiscal year.

11. Related Party Transactions

Related party transactions and balances not disclosed elsewhere in the financial statements are as follows:

Name and Principal Position	April 30, 2017 Remuneration of fees (1)	Share-based Awards	Included in Accounts Payable
A Company controlled by the former President and CEO - Management fees	2017 \$ 90,000 2016 \$ 90,000	\$ 24,360 \$ -	\$ - \$ 95,000
A Company controlled by the Corporate Secretary and CFO - Management fees	2017 \$ 72,000 2016 \$ 72,000	\$ 24,360 \$ -	\$ 91,950 \$ 72,000
A Company controlled by the Chairman - Management fees	2017 \$ 9,000 2016 \$ 9,000	\$ 6,960 \$ -	\$ - \$ 9,000
A Company controlled by the former Vice-President - Management fees	2017 \$ 72,000 2016 \$ 72,000	\$ 17,400 \$ -	\$ - \$ 72,000
A former director of the Company	2017 \$ - 2016 \$ -	\$ 6,960 \$ -	\$ - \$ 3,350
A current director of the Company	2017 \$ 120,499 2016 \$ -	\$ 6,960 \$ -	\$ 38,400 \$ -
A current director of the Company	2017 \$ 12,500 2016 \$ -	\$ - \$ -	\$ - \$ -

⁽¹⁾ Amounts disclosed were paid or accrued to the related party during the period ended January 31, 2017 and 2016.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. During the period ended April 30, 2017 aggregate remuneration of \$376,199 (2016 - \$237,000) was paid or accrued to key management personnel. During the period ended April 30, 2017, key management personnel and directors were granted 1,250,000 options to purchase shares at \$0.10 for a period of 5 years. No share based payments were granted to key management personnel during the period ended April 30, 2016.

There were no payments during the year for short-term employee benefits, post-employment benefits, long-term benefits, termination benefits and share-based payments.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

12. Share Capital

a) Authorized:

The Company is authorized to issue 100,000,000 common shares without par value.

The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

During the period, the Company received \$44,213, net of share issuance costs of \$8,500, and received \$447,020 during the year ended July 31, 2016 in respect of a private placement of 17,224,468 common shares at \$0.03 for total gross proceeds of \$491,233.

During the period, the Company received \$1,715,705, less share issuance costs of \$54,489 in respect of a private placement of 31,285,637 common shares at \$0.055 for net total proceeds of \$1,661,216. The Company also issued one warrant for each share issued and 718,800 warrants to finders. Each warrant is exercisable at \$0.08 for one common share for a period of 2 years.

	Number of Shares	Price (\$)	Amount
Balance - July 31, 2015	12,934,545		\$ 8,087,449
Shares issued for mineral property	2,000,000	\$ 0.030	60,000
Balance - July 31, 2016	14,934,545		8,147,449
Private placement	17,224,468	0.030	516,734
Share issue costs		-	8,501
Private placement	31,194,637	0.055	1,715,705
Share issue costs		-	(54,489)
Balance - April 30, 2017	63,353,650		\$ 10,316,898

b) Summary of Stock Option Activity

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant, both in aggregate and in any one-year period. The maximum number of common shares reserved for issue to any one person other than employees conducting investor relations activities and any consultants under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant, both in aggregate and in any one-year period.

The number of options granted to all persons who are consultants or employed to perform investor relations activities shall not exceed 2% of the then issued and outstanding shares of the Company. Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

12. Share Capital (continued)

a) Summary of Stock Option Activity (continued)

	2017	2016
Expected life (years)	5.00	N/A
Risk-free interest rate	110.00%	N/A
Expected annualized volatility	235.37%	N/A
Dividend yield	N/A	N/A
Stock price at grant date	\$ 0.07	N/A
Exercise price	\$ 0.10	N/A

b) Summary of Stock Option Activity (continued)

The stock option activity during the periods ended April 30, 2017 and April 30, 2016, 2016 is summarized as follows:

STOCK OPTION ACTIVITY	April 30 2017	Exercise Price	April 30 2016	Exercise Price
Balance, beginning of year	-	\$ -	121,875	\$ 0.94
Granted	1,250,000	\$ 0.10		
Cancelled	-	-	-	-
Expired	-	-	(121,875)	0.94
Balance, end of period	1,250,000	\$ 0.10	-	\$ -

Details of stock options outstanding as at April 30, 2017 are as follows:

The weighted average remaining life of the options at April 30, 2017 was 4.63 years and April 30, 2016 was Nil. As at April 30, 2017, all of the outstanding options had vested and were exercisable.

c) Share-Based Payments

1,250,000 stock options were issued to directors, officers, employees, and consultants during the period ended April 30, 2017 (Nil – April 30, 2016).

d) Warrants

WARRANT ACTIVITY	April 30 2017	Exercise Price	July 31 2016	Exercise Price
Balance, beginning of period	6,866,200	\$ 0.08	6,902,200	\$ 0.08
Expired	-	-	(36,000)	0.20
Issued - private placement	17,224,468	0.08		
Issued - private placement	31,194,637	0.08		
Issued - private placement	718,800	0.08	-	-
Balance, end of period (i)	56,004,105	\$ 0.08	6,866,200	\$ 0.08

(i) The number of warrants is expressed in equivalent number of common shares, which may be issuable upon exercise.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

12. Share Capital (continued)**d) Warrants (continued)**

Details of warrants outstanding as at April 30, 2017 and July 31, 2016 are as follows:

	April 30 2017	Exercise Price	July 31 2016	Exercise Price
July 3, 2018	6,866,200	\$ 0.08	6,866,200	\$ 0.08
August 25, 2018	17,224,468	\$ 0.08		
March 22, 2019	31,913,437	\$ 0.08	-	\$ -
	56,004,105		6,866,200	

The weighted average exercise price of the warrants at April 30, 2017 was \$0.08 (July 31, 2016: \$0.08).

The weighted average remaining life of the warrants at April 30, 2017 was 1.63 years (July 31, 2016: 1.92 years)

e) Nature and Purpose of Equity Reserves

The reserves recorded in equity on the Company's Statement of Financial Position include 'Contributed Surplus' and 'Accumulated Other Comprehensive Income'.

'Contributed Surplus' is used to recognize the value of stock option grants and share purchase warrants prior to exercise.

'Accumulated Other Comprehensive Income' is used to recognize the change in fair value of available-for-sale investments in marketable securities.

13) Capital Disclosure

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. 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 Company defines capital that it manages as share capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is in the business of mineral exploration and has no source of operating revenue. Operations are financed through the issuance of capital stock. Capital raised is held in cash in an interest bearing bank account until such time as it is required to pay operating expenses or mineral property costs. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for exploration activities. The Company's objectives have not changed during the period ended April 30, 2017.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at April 30, 2017

14) Subsequent Events

a) Joint Venture

During the period, the Company signed a Letter of Intent (“**LOI**”) to establish a joint venture company (“**JVC**”) with Ironstone Resources Ltd. with ownership on a 50/50 basis. The JVC was intended to cover the development of Lithium carbonate extracted from Devonian-age lithium bearing brines that will be pre-concentrated using a patented and exclusively licensed technology. The LOI provided for the Company to contribute up to \$2 million to the JVC over a term to be agreed to by the parties which will coincide with the terms of commercial development for lithium carbonate. Ironstone was to contribute the rights to all metallic and industrial minerals extracted from formation brines underlying approximately 180,000 hectares of permits and leases in the Clear Hills region of Alberta, Canada and convey a Technology License Agreement held with a third-party company to the JVC. The Technology License Agreement allows for the exclusive use and global distribution of a proprietary process to rapidly and economically pre-concentrate lithium from brines prior to the refinement into lithium carbonate. Subsequent to the period end, the Company terminated the LOI.