

**NAVY RESOURCES CORP.**

Condensed Interim Financial Statements

September 30, 2017

(Expressed in Canadian Dollars - Unaudited)

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by the entity's auditor.

**NAVY RESOURCES CORP.**Condensed Interim Statements of Financial Position  
(Expressed in Canadian dollars - Unaudited)

	September 30, 2017	December 31, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 51,200	\$ 30,742
Receivable	1,465	3,193
<b>Total current assets</b>	<b>52,665</b>	<b>33,935</b>
<b>Non-current assets</b>		
Exploration and evaluation assets – Mineral property (Note 3)	45,000	45,000
<b>Total assets</b>	<b>\$ 97,665</b>	<b>\$ 78,935</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 96,319	\$ 32,925
Promissory note payable	100,000	50,000
<b>Total liabilities</b>	<b>196,319</b>	<b>82,925</b>
<b>Shareholders' equity</b>		
Share capital (Note 4)	1,006,852	1,006,852
Share-based payment reserve (Note 4)	135,817	135,817
Deficit	(1,241,323)	(1,146,659)
<b>Total shareholders' equity</b>	<b>(98,654)</b>	<b>(3,990)</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 97,665</b>	<b>\$ 78,935</b>

Nature of and continuance of operations (Note 1)

Approved on behalf of the Board on November 29, 2017:

/s/ "Robert Meister"

Robert Meister, Director

/s/ "Martin Bajic"

Martin Bajic, Director

*The accompanying notes are an integral part of these condensed interim financial statements*

**NAVY RESOURCES CORP.**

## Condensed Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars - Unaudited)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
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Expenses				
General and administrative	\$ 2,437	\$ 9,045	\$ 21,807	\$ 27,959
Professional fees	950	1,922	2,756	9,283
Consulting fees (Note 4)	19,500	19,500	58,500	58,500
Transfer agent and filing fees	1,859	2,365	11,601	11,898
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Net and comprehensive loss	\$ 24,746	\$ 32,832	\$ 94,664	\$ 107,640
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Basic and diluted loss per share (Note 3)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
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Weighted average number of shares outstanding – basic and diluted	15,200,000	15,200,000	15,200,000	15,200,000
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**NAVY RESOURCES CORP.**

Condensed Interim Statements of Changes in Shareholders' Equity  
(Expressed in Canadian dollars - Unaudited)

	Share capital		Share-based payment reserve	Deficit	Total shareholders' equity
	Number	Amount			
Balance, December 31, 2015	15,100,000	\$ 986,852	\$ 135,817	\$ (1,000,036)	\$ 122,633
Shares issued for property	100,000	20,000	-	-	20,000
Net and comprehensive loss for the period	-	-	-	(107,640)	(107,640)
Balance, September 30, 2016	15,200,000	\$ 1,006,852	\$ 135,817	\$ (1,107,676)	\$ 34,993
Balance, December 31, 2016	15,200,000	\$ 1,006,852	\$ 135,817	\$ (1,146,659)	\$ (3,990)
Net and comprehensive loss for the period	-	-	-	(94,664)	(94,664)
Balance, September 30, 2017	15,200,000	\$ 1,006,852	\$ 135,817	\$ (1,241,323)	\$ (98,654)

*The accompanying notes are an integral part of these condensed interim financial statements*

**NAVY RESOURCES CORP.**Condensed Interim Statements of Cash Flows  
(Expressed in Canadian dollars - unaudited)

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash provided by (used in):		
Operating activities		
Net loss	\$ (94,664)	\$ (107,640)
Changes in non-cash working capital items:		
Receivable	1,728	(1,559)
Accounts payable and accrued liabilities	63,394	2,480
Net cash used in operating activities	(29,542)	(106,719)
Financing activity		
Proceeds from promissory note payable	50,000	-
Net cash provided by financing activity	50,000	-
Increase (decrease) in cash	20,458	(106,719)
Cash and cash equivalents, beginning	30,742	111,343
Cash and cash equivalents, ending	\$ 51,200	\$ 4,624

*The accompanying notes are an integral part of these condensed interim financial statements*

## **NAVY RESOURCES CORP.**

Notes to Condensed Interim Financial Statements  
For the nine months ended September 30, 2017 and 2016  
(Expressed in Canadian dollars - unaudited)

### **1. Nature and continuance of operations**

Navy Resources Corp. (the "Company") was incorporated in the province of British Columbia on May 5, 2011. The Company is currently engaged in the exploration and evaluation of resource properties in British Columbia and Alberta. The Company's registered office is #1740-1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3. The Company's shares are traded on the TSX Venture Exchange under the symbol "NVY".

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2017, the Company has not generated any revenue and has incurred a loss since inception. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. Management intends to finance operating costs over the next twelve months with cash on hand and loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

### **2. Significant accounting policies**

#### **(a) Basis of preparation**

These interim financial statements have been prepared in accordance with International Accounting Standard ("IAS 34") Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's financial statement as at and for the period ended December 31, 2016. Accounting policies applied in the preparation of these unaudited interim financial statements are the same as those applied in the preparation of the company's annual financial statements for the period ended December 31, 2015. The unaudited interim financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which are stated at fair value.

New or amended accounting standards that have been issued by the IASB but are not yet effective and have not been applied by the Company are as outlined in Note 2 of the 2015 annual financial statements.

These unaudited interim financial statements were authorized for issue by the Board of Directors on November 29, 2017.

#### **(b) Use of estimates and assumptions**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

## NAVY RESOURCES CORP.

Notes to Condensed Interim Financial Statements  
For the nine months ended September 30, 2017 and 2016  
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### 2. Significant accounting policies (continued)

(b) Use of estimates and assumptions (continued)

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets and the measurement and recognition of deferred income tax assets.

(c) Accounting standards issued but not yet effective

The following standard is not yet effective for the year ended.

*New standard IFRS 9, "Financial Instruments"*

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this new standard and is currently assessing the impact that will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### 3. Exploration and evaluation asset – Mineral

On December 22, 2015, the Company entered into a Purchase Agreement whereby it acquired a 100% interest in the Fae Project. Consideration for the acquisition is \$15,000 cash (paid) and 100,000 common shares (issued with a fair value of \$20,000).

Balance, December 31, 2015	\$ 25,000
Acquisition cost	20,000
Balance, December 31, 2016 and September 30, 2017	\$ 45,000

### 4. Share capital

*Authorized share capital:*

Unlimited common shares without par value.

## **NAVY RESOURCES CORP.**

Notes to Condensed Interim Financial Statements  
For the nine months ended September 30, 2017 and 2016  
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### **4. Share capital (continued)**

#### *Issued and outstanding:*

At September 30, 2017, there were 15,200,000 common shares issued and fully paid common shares outstanding (December 31, 2016 – 15,200,000).

On October 15, 2015, the Company completed a private placement of 3,700,000 common shares at a price of \$0.06 per share for gross proceeds of \$222,000.

On February 29, 2016, the Company closed the acquisition of the Fae Projects and issued 100,000 common shares with a fair value of \$20,000 (Note 3).

#### *Options:*

The Company does not have any options outstanding as at September 30, 2017.

#### *Warrants:*

The Company does not have any warrants outstanding as at September 30, 2017.

#### *Reserves:*

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

### **5. Related party transactions**

During the three and nine months ended September 30, 2017 the Company paid an officer and director \$4,500 and \$13,500 (2016 - \$4,500 and \$13,500) for financial services, respectively.

During the three and nine months ended September 30, 2017 the Company paid a director \$15,000 and \$45,000 (2016 - \$15,000 and \$45,000) for consulting fees, respectively.