



## **CAMINO MINERALS CORPORATION**

### **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS THREE MONTHS ENDED OCTOBER 31, 2017**

*(Expressed in Canadian Dollars)  
(Unaudited)*

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsections 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that these condensed consolidated interim financial statements have not been reviewed by an auditor.

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

**CAMINO MINERALS CORPORATION**  
**CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
Expressed in Canadian dollars

	Notes	October 31, 2017 \$	July 31, 2017 (audited) \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,864,462	4,255,681
Receivables		8,636	8,006
Deposits and prepaid expenses		274,977	76,667
<b>Total current assets</b>		<b>4,148,075</b>	<b>4,340,354</b>
<b>Non-current assets</b>			
Fixed assets		83,270	87,525
Mineral interests	3	7,115,470	4,827,201
<b>Total non-current assets</b>		<b>7,198,740</b>	<b>4,914,726</b>
<b>Total Assets</b>		<b>11,346,815</b>	<b>9,255,080</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		270,917	532,261
<b>Total liabilities</b>		<b>270,917</b>	<b>532,261</b>
<b>EQUITY</b>			
Share capital	4(a)	25,771,008	22,601,354
Obligation to issue shares		-	62,500
Reserves	4(d)	12,549,150	12,549,150
Share based payment reserves	4(c)	2,775,791	2,588,985
Warrant reserves	4(d)	2,680,664	3,436,390
Accumulated other comprehensive income		6,930	6,930
Deficit		(32,707,645)	(32,522,490)
<b>Total equity</b>		<b>11,075,898</b>	<b>8,722,819</b>
<b>Total Equity and Liabilities</b>		<b>11,346,815</b>	<b>9,255,080</b>

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

Subsequent events (see note 7)

These condensed consolidated interim financial statements are authorized for issuance by the Board of Directors on December 29, 2017.

**On behalf of the Board:**

*Peter de Visser*  
Peter de Visser  
(Chairman of Audit Committee)

*Ken McNaughton*  
Ken McNaughton  
(Director)

**CAMINO MINERALS CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS**  
Expressed in Canadian dollars  
(unaudited)

	Notes	Three months ended October 31, 2017	Three months ended October 31, 2016
		\$	\$
<b>EXPENSES</b>			
Amortization		4,069	-
Computer expenses		567	-
Consulting		47,757	1,561
General and administrative		2,483	2,253
General exploration		13,403	-
Insurance		5,348	5,473
Interest expense		-	3,781
Investor relations		39,275	13,271
Listing and filing fees		-	300
Management fees		1,500	1,500
Professional fees		2,500	7,000
Share based compensation	4	115,684	76,771
Shareholder relations		20,285	-
Transfer agents		6,252	657
Travel		13,420	-
<b>Loss from operations</b>		<b>272,543</b>	<b>112,567</b>
<b>OTHER ITEMS</b>			
Foreign exchange gain		(80,477)	(47,778)
Interest income		(6,911)	(522)
<b>Net loss for the period</b>		<b>185,155</b>	<b>64,267</b>
<b>Basic and diluted loss per common share</b>	4(b)	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>

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

**CAMINO MINERALS CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
Expressed in Canadian dollars  
(unaudited)

	Notes	Three months ended October 31, 2017 \$	Three months ended October 31, 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the period		(185,155)	(64,267)
Items not affecting cash:			
Amortization		4,069	-
Interest accrued on loan		-	3,781
Share-based compensation	4(c)	115,684	76,771
Interest income		(6,911)	-
Change in non-cash working capital items:			
Receivables		(630)	5,334
Prepaid expenses		(198,310)	7,166
Accounts payable and accrued liabilities		(61,303)	6,137
Net cash used in operating activities		(332,556)	34,922
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Expenditures on mineral interests	3	(2,412,723)	(391,374)
Interest income		6,911	-
Purchase of property, plant and equipment		(501)	-
Net cash used in investing activities		(2,406,313)	(391,374)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Warrants exercised	4(d)	2,343,775	-
Options exercised	4(c)	3,875	-
Net cash from financing activities		2,347,650	-
<b>Change in cash and cash equivalents for the period</b>		<b>(391,219)</b>	<b>(356,452)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>4,255,681</b>	<b>791,638</b>
<b>Cash and cash equivalents, end of period</b>		<b>3,864,462</b>	<b>435,186</b>

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

As at October 31, 2017, \$201,467 (July 31, 2017 - \$401,508) of mineral property expenditures are included in accounts payable.

**CAMINO MINERALS CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
Expressed in Canadian dollars  
(unaudited)

	Common Shares			Reserves	Share-based payments reserve	Warrant reserves	Accumulated currency translation difference	Deficit	Total
	Number of shares	Share capital	Obligation to issue shares						
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance – August 1, 2017</b>	43,279,780	22,601,354	62,500	12,549,150	2,588,985	3,436,390	6,930	(32,522,490)	8,722,819
Value assigned to options granted	-	-	-	-	190,584	-	-	-	190,584
Warrants exercised	9,625,100	3,162,001	(62,500)	-	-	(755,726)	-	-	2,343,775
Options exercised	12,500	7,653	-	-	(3,778)	-	-	-	3,875
Loss for the year	-	-	-	-	-	-	-	(185,155)	(185,155)
<b>Balance – October 31, 2017</b>	<b>52,917,380</b>	<b>25,771,008</b>	<b>-</b>	<b>12,549,150</b>	<b>2,775,791</b>	<b>2,680,664</b>	<b>6,930</b>	<b>(32,707,645)</b>	<b>11,075,898</b>

	Common Shares			Reserves	Share-based payments reserve	Warrant reserves	Accumulated currency translation difference	Deficit	Total
	Number of shares	Share capital	Obligation to issue shares						
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance – August 1, 2016</b>	24,529,009	17,897,236	-	12,220,615	1,917,329	787,370	6,930	(30,617,081)	2,212,399
Value assigned to options granted	-	-	-	-	91,600	-	-	-	91,600
Loss for the year	-	-	-	-	-	-	-	(64,267)	(64,267)
<b>Balance – October 31, 2016</b>	<b>24,529,009</b>	<b>17,897,236</b>	<b>-</b>	<b>12,220,615</b>	<b>2,008,929</b>	<b>787,370</b>	<b>6,930</b>	<b>(30,681,348)</b>	<b>2,239,732</b>

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

**1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Camino Minerals Corporation (“Camino Minerals” or “the Company”) is an exploration stage company that is engaged directly in the exploration and development of mineral properties in Peru. The Company is incorporated and domiciled in British Columbia, Canada. The address of its registered and head office is Suite 500, 666 Burrard Street, Vancouver, B.C., Canada, V6C 3P6.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a) Statement of Compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board. Accordingly, these condensed consolidated interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards (“IFRS”) for complete financial statements for year-end reporting purposes. These condensed consolidated interim financial statements should be read in conjunction as our annual consolidated financial statements for the year ended July 31, 2017 as they follow the same accounting policies under IFRS.

**b) Basis of Consolidation**

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries Minquest Peru SAC (“Minquest”), Recursos Mineros Rojo S.A. de C.V. (“RMR”), Camino Resources SAC (“CRM”), and Mining Activities SAC (“MinAc”). All intercompany transactions and balances have been eliminated.

<b>Name of Subsidiary</b>	<b>Place of Incorporation</b>	<b>Proportion of Ownership Interest</b>	<b>Principal Activity</b>
Minquest Peru SAC	Peru	100%	Holds mineral interests in Peru
Camino Resources SAC	Peru	100%	Holds mineral interests in Peru
Mining Activities SAC	Peru	100%	Holding company
Recursos Mineros Rojo S.A. de C.V.	Mexico	100%	Holding company

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**c) Significant Accounting Estimates and Judgments**

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believe to be reasonable under the circumstances.

**Critical accounting estimates**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period relate to, but are not limited to, the following:

- i. *Impairment of Mineral Interests* - The assessment of impairment indicators involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties and the results of exploration to date.

*New standards, amendments and interpretations adopted by the Company*

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after July 1, 2016 or later periods.

- i. Effective for annual periods beginning on or after January 1, 2018
  - New standard IFRS 9, *Financial Instruments, Classification and Measurement*, addresses classification and measurement of financial assets and will replace IAS 39, "*Financial Instruments: Recognition and Measurement*." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise, it is at fair value through profit and loss.

The Company plans to adopt these standards as soon as they become effective for the Company's. Adoption of this standard is expected to have minimal impact on the Company's financial statements.

**d) Change in Accounting Policy**

Effective August 1, 2016, the functional currency of all of the Company's subsidiaries was assessed to be the Canadian dollar. This change in policy is accounted for prospectively, with all non-monetary assets and liabilities of these entities denominated in other currencies presented using the historical exchange rates applicable to the underlying transactions comprising such amounts, commencing with their July 31, 2016 balances. Monetary assets and liabilities, of both the parent company and its subsidiaries, continue to be translated at period end rates; however, all such unrealized amounts will now be reported in current operations.

This change is due to the following changes in the subsidiaries' conditions and transactions: i) the subsidiaries now utilize contractors instead of employees; ii) the Company incurs expenses on behalf of the subsidiaries that were previously incurred in the local currency; iii) the Company pays vendors and contractors of each subsidiary directly, iv) the subsidiaries are wholly dependent on the parent Company for financing; and v) the Company directly influences and determines the events and activities of the subsidiaries.

**CAMINO MINERALS CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the three months ended October 31, 2017  
Expressed in Canadian dollars  
(unaudited)

**3. MINERAL INTERESTS**

Expenditures on the Company's mineral interests are summarized as follows:

**Three months ended October 31, 2017**

	<b>Plata Dorado</b>	<b>Red Beds</b>	<b>Los Chapitos</b>	<b>Lost Cabins</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance, July 31, 2017	883,018	1	3,838,215	105,967	4,827,201
Amortization	-	-	687	-	687
Assaying	-	-	208,227	-	208,227
Community relations	-	-	7,704	-	7,704
Consulting	-	-	178,001	-	178,001
Drilling	-	-	1,172,005	-	1,172,005
Equipment and supplies	-	-	218	-	218
Field and office supplies	-	-	9,085	-	9,085
Field work	-	-	142,740	-	142,740
Geology and prospecting	-	-	18,425	-	18,425
Mining rights and fees	-	-	855	9,694	10,549
Salaries	-	-	25,879	-	25,879
Share-based compensation	-	-	74,900	-	74,900
Subsidiary overhead allocation	-	-	84,896	-	84,896
Travel	-	-	50,748	-	50,748
Exploration costs for the period	-	-	1,974,370	9,694	1,984,064
Valued-added tax	-	-	304,205	-	304,205
<b>Balance October, 31, 2017</b>	<b>883,018</b>	<b>1</b>	<b>6,116,790</b>	<b>115,661</b>	<b>7,115,470</b>

**CAMINO MINERALS CORPORATION**  
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**3. MINERAL INTERESTS (Cont'd)**

**Year ended July 31, 2017**

	<b>Plata Dorado</b>	<b>Red Beds</b>	<b>Los Chapitos</b>	<b>Lost Cabins</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance, July 31, 2016	830,604	913,509	113,970	52,178	1,910,261
Acquisition	-	-	155,096	39,131	194,227
Amortization	-	19,982	1,057	-	21,039
Assaying	-	-	195,125	-	195,125
Community relations	-	8,338	1,975	-	10,313
Consulting	-	3,716	300,770	4,378	308,864
Drilling	-	-	1,122,306	-	1,122,306
Equipment and supplies	-	-	20,068	-	20,068
Field and office supplies	-	49	89,957	-	90,006
Field work	-	-	173,805	-	173,805
Geology and prospecting	-	774	465,555	-	466,329
Mining rights and fees	26,747	11,129	205,156	10,280	253,312
Salaries	-	473	39,941	-	40,414
Share-based compensation	2,714	21,835	200,570	-	225,119
Subsidiary overhead allocation	13,424	51,934	234,856	-	300,214
Travel	-	7,884	140,306	-	148,190
Exploration costs for the year	42,885	126,114	3,346,543	53,789	3,569,331
Impairment	-	(1,039,622)	-	-	(1,039,622)
Valued-added tax	9,529	-	377,702	-	387,231
<b>Balance, July 31, 2017</b>	<b>883,018</b>	<b>1</b>	<b>3,838,215</b>	<b>105,967</b>	<b>4,827,201</b>

**CAMINO MINERALS CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended October 31, 2017

Expressed in Canadian dollars

(unaudited)

**3. MINERAL INTERESTS (Cont'd)****Los Chapitos, Peru**

On July 19, 2016, the Company entered into an option agreement with Minas Andinas SA, pursuant to which it can acquire a 100% interest in the Los Chapitos copper, gold and silver project located in the Department of Arequipa, Peru.

Under the terms of the option agreement, the Company has the right to earn 100% interest in the Project, subject to a 1.5% Net Smelter Royalty ("NSR"), by making staged option payments and issuing common shares of the Company as follows:

<b>Date for option payment</b>	<b>Amount USD</b>	<b>Shares</b>
	\$	
On the effective date of the option agreement (paid and issued)	50,000	50,000
12 months after effective date (paid and issued)	75,000	75,000
24 months after effective date	100,000	100,000
36 months after effective date	125,000	125,000
48 months after effective date	150,000	150,000
<b>TOTAL:</b>	<b>500,000</b>	<b>500,000</b>

The 1.5% NSR is payable up to a maximum of US\$10 million. The Company retains the right of first offer to purchase the NSR. Advance royalty payments of US\$500,000 will also be payable for each 500 million pounds of copper equivalent ("CuEQ") related to any incremental increase in measured and indicated resources. For the purpose of this agreement, CuEQ will be based on the contained pounds of copper, contained ounces of gold and silver, and the LME closing spot price on the date of release of each applicable resource estimate.

**Plata Dorada, Peru**

On January 22, 2015, the Company completed the acquisition of all of the issued and outstanding share capital of Minquest Peru SAC, a private Peruvian company, the principal assets of which was the Plata Dorado copper, gold, silver property located in the Department of Cuzco, Peru.

**Red Beds, Peru**

On January 26, 2015, the Company entered into an option agreement pursuant to which the Company may acquire a 100% interest in the Red Beds copper and silver project ("Red Beds") located in the Department of Cuzco, Peru.

Under the terms of the option agreement, the Company has agreed to pay a total of US \$280,000 in staged cash payments as follows:

<b>Date for option payment</b>	<b>Amount USD</b>
	\$
On the effective date of the option agreement (paid)	40,000
Upon final registration of the claims (paid)	40,000
12 months after the date of the final registration of the claims	100,000
24 months after the date of the final registration of the claims	100,000
	<b>280,000</b>

**3. MINERAL INTERESTS (Cont'd)**

On January 10, 2017, the Company decided to reduce its holdings in the Red Beds project, and returned the claims under option to the vendor. The Company will retain the four claims it originally staked. At July 31, 2017, the property has been written down to \$1 due to limited exploration activities.

**Lost Cabin, U.S.A**

On February 3, 2015, the Company signed an option agreement with La Cuesta International Inc., pursuant to which it may acquire a 100% interest in the Lost Cabin Project ("Lost Cabin") located in the state of Oregon. Under the terms of the agreement, the Company has the right to earn 100% interest in the Property, subject to a 1.5% NSR, by issuing 200,000 common shares of the Company (issued) and by making staged advance NSR payments as follows:

<b>Date for option payment</b>	<b>Amount USD</b>
	\$
On the effective date of the option agreement (paid)	1,500
12 months after effective date (paid)	5,000
18 months after effective date (paid)	5,000
24 months after effective date (paid)	10,000
30 months after effective date (paid)	10,000
36 months after effective date	15,000
40 months after effective date	20,000
48 months after effective date and every 6 months after	20,000
	<b>86,500</b>

When the aggregate advance payments exceed US\$5,000,000, the NSR payable will reduce from 1.5% to 0.75%.

**4. CAPITAL AND RESERVES**

**a) Authorized Share Capital**

At October 31, 2017, the authorized share capital consisted of an unlimited number of common shares without par value and an unlimited number of preferred shares with no par value.

*During the three months ended October 31, 2017, the Company issued the following shares:*

- 9,625,100 shares were issued pursuant to the exercise of warrants granted February 14, 2017 and exercisable at \$0.25 (see note 4(d)).
- 
- 12,500 shares were issued pursuant to the exercise of 12,500 stock options exercisable at \$0.31 expiring March 2, 2022 (see note 4(c)).

*During the three months ended October 31, 2016, the Company did not issue any shares.*

**4. CAPITAL AND RESERVES (Cont'd)**

**b) Basic and diluted loss per share**

The calculation of basic and diluted loss per share is based on the following:

	<b>Three months ended October 31, 2017</b>	Three months ended October 31, 2016
Loss attributable to common shareholders	\$ (185,155)	\$ (81,852)
Weighted average number of common shares outstanding for calculation of loss per share	<b>49,669,946</b>	24,529,009

**c) Share Option Plan**

The Company has a share option plan for its employees, directors, officers and consultants. The plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the minimum prescribed amount allowed under the TSX. The options can be granted for a maximum term of 5 years with vesting provisions determined by the Company.

During the three months ended October 31, 2017, the Company granted nil (2016 – 925,000) stock options at an exercise price of \$nil (2016 - \$0.20) to employees, directors and consultants for a life of nil years (2016 - 5 years) and a vesting period of nil (2016 - 1.5 years, with 25% vesting immediately, and 25% vesting every six months) from the date of grant.

The total stock based compensation for the three month period ended October 31, 2017 is \$190,584 (2016- \$91,600), of which \$74,900 (2016 - \$14,829) is capitalized to mineral interests and \$115,684 (2016 - \$76,771) is recognized in profit and loss.

During the three months ended October 31, 2017, 12,500 options granted March 2, 2017 were exercised at \$0.31 per share (2016 – nil). The fair value of the options was \$3,778 (2016 - \$nil) and was reallocated from share-based payment reserves to share capital.

During the three months ended October 31, 2017, the Company cancelled 25,000 unvested options that were exercisable at \$0.31 and expiring March 2, 2022.

Continuity of share purchase options for the three months ended October 31, 2017 is as follows:

	Options Outstanding	Weighted Average Exercise Price
<b>At July 31, 2017</b>	3,971,500	\$ 0.39
Exercised	(12,500)	0.31
Forfeited	(25,000)	0.31
<b>At October 31, 2017</b>	3,934,000	0.39

The fair value of stock options granted in the three month period ending October 31, 2017 was estimated based on the Black-Scholes option pricing model using a share price of \$nil (2016- \$0.25), volatility of nil% (2016 –177.46%) risk free interest rate of 1.16% (2016 – 1.16%), expected life of nil years (2016 – 5 years) and expected dividend yield of nil (2016 – nil). The weighted average fair value of options granted in 2017 was \$nil (2016 - \$0.20).

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**4. CAPITAL AND RESERVES (Cont'd)**

Option pricing models require the input of subjective assumptions including the expected price volatility, and expected option life. Changes in these assumptions may have a significant impact on the fair value calculation.

The following table summarizes information about stock options outstanding and exercisable at October 31, 2017:

Exercise Price	Option Outstanding	Weighted Average Remaining Life (years)	Expiry Dates (mm/dd/yyyy)	Options exercisable
\$				
0.20	1,400,000	0.88	4/20/2020	1,400,000
0.20	913,000	0.89	9/7/2021	681,750
0.31	650,00	0.72	3/2/2022	325,000
0.70	44,000	0.01	11/26/2018	44,000
0.90	900,000	0.37	6/16/2019	450,000
1.00	27,000	0.01	1/24/2018	27,000
<b>October 31, 2017</b>	<b>3,934,000</b>	<b>2.88</b>		<b>2,927,750</b>

**d) Warrants**

During the three months ended October 31, 2017, 9,625,000 warrants expiring September 11, 2017 were exercised (2016 – nil) at \$0.25 per share (2016 - \$nil) for gross proceeds of \$2,406,250 (2016 - \$nil). The fair value of the warrants exercised was \$755,726 (2016 - \$nil), which was reallocated from warrant reserves to share capital.

Continuity of share purchase warrants for the three months ended October 31, 2017 is as follows:

	Warrants Outstanding	Weighted Average Exercise Price
		\$
<b>At July 31, 2017</b>	15,179,489	0.65
Exercised	(9,625,100)	0.25
<b>At October 31, 2017</b>	<b>5,554,389</b>	<b>1.35</b>

**5. RELATED PARTIES**

**Key management personnel compensation**

Compensation	Three months ended October 31,	
	2017	2016
	\$	\$
Management fees (i)	1,500	1,500
Consulting fee (ii)	46,989	-
Share-based payments (ii)	89,160	66,989
	137,649	68,489

(i) Management fees are compensation paid to an officer of the Company.

(ii) Fees paid to Pretium Resources Inc. for consulting services provided by the President of the Company

(iii) Share-based payment is the fair value of options granted and vested.

Key management personnel include the Company's directors and officers.

**Loan Payable**

During the year ended July 31, 2016, the President of the Company entered into a loan agreement with the Company. Under the terms of the agreement, the President provided the Company with \$500,000 as a demand loan with an annual interest rate of 3%. On March 7, 2017, the Company entered into a debt settlement agreement with the President whereby the Company issued an aggregate of 1,500,000 common shares (the "Shares") at a price of \$0.34 per share, subject to a four month hold period, to settle aggregate indebtedness of \$510,500, inclusive of accrued interest of \$10,500.

**6. COMMITMENTS**

On October 17, 2017, the Company entered into a financial advisory services agreement at a rate of \$5,000 per month plus applicable taxes, for a term of 12 months.

**7. SUBSEQUENT EVENTS**

Subsequent to October 31, 2017, the Company granted 1,050,000 incentive stock options to directors, officers, employees and consultants of the Company. The stock options are exercisable for a period of two years at an exercise price of \$0.45 per share.