

MINCOM CAPITAL INC.

Financial Statements

September 30, 2017 and 2016

(in Canadian dollars)

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Independent Auditors' Report

To the Shareholders of Mincom Capital Inc.:

We have audited the accompanying financial statements of Mincom Capital Inc., which comprise the statement of financial position as at September 30, 2017 and, September 30, 2016, and the statements of comprehensive loss and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of Mincom Capital Inc. as at September 30, 2017 and, September 30, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements, which indicates that Mincom Capital Inc. is in the exploration stage and has not earned revenue from operations. In addition, for the year ended September 30, 2017, Mincom Capital Inc. incurred a net loss of \$325,745 and used cash in operating activities of \$185,689, and at September 30, 2017 had a deficit of \$1,224,145. These conditions, along with other matters as set forth in Note 2 in the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Mincom Capital Inc.'s ability to continue as a going concern.

Ottawa, Ontario

December 27, 2017



Chartered Professional Accountants

Licensed Public Accountants

Mincom Capital Inc.

Statements of Financial Position

As at September 30

(in Canadian dollars)

	<u>2017</u>	<u>2016</u>
	\$	\$
ASSETS		
Current assets		
Cash	2,457	107,245
Amounts receivable	4,708	2,815
Amounts due from related parties (Note 10)	145,379	-
Tax credits and credit on duties receivable	1,225	1,225
Prepaid expenses	63,429	37,437
	<u>217,198</u>	<u>148,722</u>
Mineral exploration properties (Note 6)	1,000,000	1,000,000
Exploration and evaluation assets (Note 6)	206,454	205,952
	<u>1,423,652</u>	<u>1,354,674</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	327,894	14,574
Amounts due to related parties (Note 10)	81,403	-
	<u>409,297</u>	<u>14,574</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	2,085,813	2,085,813
Contributed surplus	152,687	152,687
Deficit	(1,224,145)	(898,400)
	<u>1,014,355</u>	<u>1,340,100</u>
	<u>1,423,652</u>	<u>1,354,674</u>

Going concern (Note 2)

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

On behalf of the Board

(signed) "Gary Economo"
Gary Economo, Director

(signed) "Jeffrey York"
Jeffrey York, Director

Mincom Capital Inc.

Statements of Comprehensive Loss
For the years ended September 30
(in Canadian dollars)

	<u>2017</u>	<u>2016</u>
	\$	\$
Expenses		
Consulting fees	36,019	41,000
Professional fees	206,952	35,181
Filing fees	9,215	9,654
Insurance	25,773	20,207
Agent fees	12,774	15,900
Other expenses	35,012	13,561
	<u>(325,745)</u>	<u>(135,503)</u>
Other income		
Interest income	-	1,318
	<u>-</u>	<u>1,318</u>
Net loss and total comprehensive loss	<u>(325,745)</u>	<u>(134,185)</u>
Basic and diluted loss per common share	<u>(0.02)</u>	<u>(0.01)</u>
Basic and diluted weighted average number of common shares outstanding	<u>18,012,257</u>	<u>18,012,257</u>

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

Mincom Capital Inc.

Statements of Changes in Equity

(in Canadian dollars)

	Share Capital		Warrants	Contributed Surplus	Deficit	Total
	Number of shares	\$	\$	\$	\$	\$
Balance, September 30, 2015	18,012,257	2,085,813	-	152,687	(764,215)	1,474,285
Net loss and total comprehensive loss	-	-	-	-	(134,185)	(134,185)
Balance, September 30, 2016	18,012,257	2,085,813	-	152,687	(898,400)	1,340,100
Net loss and total comprehensive loss	-	-	-	-	(325,745)	(325,745)
Balance, September 30, 2017	18,012,257	2,085,813	-	152,687	(1,224,145)	1,014,355

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

Mincom Capital Inc.

Statements of Cash Flows

For the years ended September 30

(in Canadian dollars)

	<u>2017</u>	<u>2016</u>
	\$	\$
OPERATING ACTIVITIES		
Net loss	(325,745)	(134,185)
Adjustments for:		
Interest income	-	(1,318)
Interest received	-	1,318
Changes in non-cash working capital items	140,056	(47,729)
Cash flows used in operating activities	(185,689)	(181,914)
INVESTING ACTIVITIES		
Exploration and evaluation costs	(502)	(23,637)
Tax credits and credit on duties received	-	100,013
Cash flows (used in) from investing activities	(502)	76,376
FINANCING ACTIVITIES		
Amounts due to related parties	81,403	-
Cash flows from financing activities	81,403	-
Decrease in cash	(104,788)	(105,538)
Cash, beginning of the year	107,245	212,783
Cash, end of the year	2,457	107,245

Supplemental information:

Changes in non-cash working capital items consist of the following:

Amounts receivable	(1,893)	1,447
Amounts due from related parties	(145,379)	-
Prepaid expenses	(25,992)	(18,602)
Accounts payable and accrued liabilities	313,320	(30,574)
	140,056	(47,729)

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

Mincom Capital Inc.

Notes to Financial Statements
September 30, 2017 and 2016
(in Canadian dollars)

1. NATURE OF OPERATIONS

Mincom Capital Inc. (the “Company” or “Mincom”) was incorporated on May 24, 2011 under the Canada Business Corporations Act. The Company’s shares are listed on the TSX Venture Exchange under the symbol MOI. The head office of the Company is located at 945 Princess Street, Kingston, Ontario.

The Company is engaged in the acquisition, exploration and development of mineral properties in Quebec, Canada.

2. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is in the exploration stage and has not earned revenue from operations. During the year ended September 30, 2017, the Company incurred a net loss of \$325,745 and negative cash flows from operating activities of \$185,689. In addition, the Company has a working capital deficiency of \$110,696 and a deficit of \$1,224,145.

The above factors indicate material uncertainties, which 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 not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company’s own resources and external market conditions.

The Company’s ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business, meet its corporate administrative expenses and continue its exploration activities, is dependent upon Management’s ability to obtain additional financing, through various means including but not limited to equity financing. No assurance can be given that any such additional financing will be available or that it can be obtained on terms favourable to the Company.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying amount of assets and liabilities, the reported expenses, and the statement of financial position classifications used.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation and statement of compliance with IFRS

These financial statements have been prepared on a historical cost basis using the going concern assumption, which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) in Canadian dollars, which is also the Company’s functional currency.

These financial statements were authorized for issue by the Board of Directors on December 27, 2017.

b) Judgments, estimates and assumptions

When preparing the financial statements, Management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Mincom Capital Inc.

Notes to Financial Statements
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Significant Management judgment

The following are significant Management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires Management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, Management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Going concern risk assessment

In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments, Management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans. The key inputs used by the Company in this process include forecasted capital deployment, results from operations, results from exploration and general industry conditions. Changes in these inputs may alter the Company's ability to meet its ongoing obligations and future contractual commitments and could result in adjustments to the amounts and classification of assets and liabilities should the Company be unable to continue as a going concern (Note 2).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of mineral exploration properties and exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of mineral exploration properties and exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a 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; or sufficient data exists to indicate that, although a development in a 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.

When an indication of impairment or a reversal of an impairment loss exists, the recoverable amount of the individual asset or cash-generating units must be estimated.

Share based payments

The estimation of stock-based compensation and warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the estimated life of stock options and warrants granted and the time of exercise of those stock options and warrants. The valuation model used by the Company is the Black-Scholes model.

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The Company allocates values to share capital and to warrants on the residual basis when the two are issued together as a unit. As this allocation is based upon the share price at the time of issuance and the stock is thinly-traded, the actual value of the components may differ from this allocation.

Tax credits and credit on duties receivable

Tax credits and credit on duties are subject to audit by the authorities in the province of Quebec and the Company's entitlement to these items is based on Management's history of success in past claims and its current understanding of the legislation that governs these matters.

c) Financial assets and liabilities

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets:

For the purpose of subsequent measurement, the Company's financial assets are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Cash and amounts due from related parties are classified as loans and receivables.

Financial liabilities:

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities and amounts due to related parties.

Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Fair value hierarchy

Financial instruments measured at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices unadjusted in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company currently has no financial instruments that are subsequently measured at fair value on the statements of financial position.

d) Cash

Cash is comprised of cash balances held at a major financial institution.

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e) Interest income

Interest income is reported on an accrual basis using the effective interest method.

f) Tax credits and credit on duties

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These credits are recognized as a reduction of the exploration costs incurred based on estimates made by Management. The Company records these credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

g) Mineral exploration properties and exploration and evaluation assets

Mineral exploration properties include the cost of acquiring mining rights. Exploration and evaluation assets include expenses directly related to the exploration and evaluation activities. These costs are capitalized as intangible assets and are carried at cost less any impairment loss recognized. Costs incurred before the legal right to undertake exploration and evaluation activities on a project is acquired, are expensed in the statement of comprehensive loss.

Mining rights and expenses related to exploration and evaluation activities are capitalized on a property by property basis pending determination of the technical feasibility and commercial viability of the project. No amortization is recognized during the exploration and evaluation phase. Costs capitalized may include drilling, project consulting, geophysical, geological and geochemical studies, as well as other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, mining rights and expenses related to exploration and evaluation activities of the related mining property are transferred to mining assets under construction. Before the reclassification, mineral exploration properties and exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Upon transfer of exploration and evaluation assets into mining assets under construction, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized with mining assets under construction. After the development stage, all assets included in mining assets under construction are transferred to mining assets and amortized over the expected productive lives of the assets.

h) Impairment of non-financial assets

For impairment assessment and testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit ("CGU"). The Company considers each mineral property to be a separate CGU, and therefore assesses for indicators of impairment individually for each mineral property.

At each reporting date, the Company assesses non-financial assets including mineral exploration properties and exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the asset may not exceed its recoverable amount, being the higher of the value in use and the fair value less costs of disposal. Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the assets of the mineral property are tested for impairment before these items are transferred to mining assets under construction. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized immediately in profit or loss.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have

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been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in profit or loss.

i) Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

At September 30, 2017 and September 30, 2016, there were no provisions in the statement of financial position.

j) Equity-settled share-based payment transactions

The Company provides an equity-settled share-based remuneration plan (stock option plan) for directors, officers, employees and certain consultants. The Company's plan does not feature any options for a cash settlement. Occasionally, the Company may issue warrants to brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and if applicable, recognized over the vesting period, based on the best available estimate of the number of share options expected to vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting. Share-based payment expense incorporates an expected forfeiture rate.

All share-based payments under the plan (except warrants issued to agents or brokers) are ultimately recognized as an expense in profit or loss with a corresponding credit to contributed surplus, in equity. At the same time, upon exercise of a stock option, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in contributed surplus are then transferred to share capital. Warrants issued to brokers are recognized as issuance costs of equity instruments with a corresponding credit to warrants, in equity. Upon exercise, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the warrants recorded in warrants are then transferred to share capital.

k) Equity

Share capital

Share capital represents the amount received on the issue of shares. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital. If shares are issued when

Mincom Capital Inc.

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options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus. In addition, if shares are issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at the fair value of the assets or services received, if such fair value is determinable

Unit placements

Under the residual method, proceeds are first allocated to shares according to the quoted prices of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Warrants

Warrants include charges related to the issuance of warrants until such equity instruments are exercised, expire or are forfeited.

Contributed surplus

Contributed surplus includes charges related to stock-based compensation until such equity instruments are exercised, as well as expired or forfeited warrants.

Deficit

Deficit includes all current and prior period profits or losses.

l) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax basis.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

m) Loss per share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on earnings per share. The diluted loss per share is equal to the basic loss per share because the effect of warrants and stock options described in Notes 8 and 9 is antidilutive.

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Shares held in escrow, other than where their release is subject only to the passage of time, have not been included in the calculation of the weighted average number of common shares outstanding for basic or diluted loss per share.

4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

Issued but not yet effective

The IASB has issued the following new and revised standards and amendments, which are not yet effective which may have future applicability to the Company.

IFRS 9, Financial Instruments (“IFRS 9”)

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new “expected credit loss” model for calculating impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. IFRS 9 (2014) is to be applied retrospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Company’s Management have yet to assess the impact of this new standard.

IFRS 15, Revenue from Contracts with Customers

Revenue from contracts with customers is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The standard replaces existing revenue standards and interpretations with a single standard and provides additional guidance on revenue recognition for contracts with customers. The Company’s Management have yet to assess the impact of this new standard.

5. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company’s financial instruments at September 30, 2017 consist of cash, amounts due from related parties, accounts payable and accrued liabilities and amounts due to related parties.

Carrying amounts of financial assets and liabilities

	<u>September 30, 2017</u>	<u>September 30, 2016</u>
	\$	\$
Financial assets		
Loans and receivables		
Cash	2,457	107,245
Amounts due from related parties	145,379	-
Financial liabilities		
Measured at amortized cost		
Accounts payable and accrued liabilities	327,894	14,574
Amounts due to related parties	81,403	-

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Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's only significant financial asset exposed to credit risk is cash and maximum exposure is equal to the carrying value of this asset. The Company's cash is held at a Canadian chartered bank. It is Management's opinion that the Company is not exposed to significant credit risk. There has been no change to Management's assessment of credit risk compared with the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business as well as any anticipated transactions. The Company's working capital deficiency totals \$110,696 at September 30, 2017, including \$2,457 in cash and current liabilities totalling \$327,894, due within the next 12 months. There has been no change to Management's assessment of liquidity risk compared with the prior year.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. The Company is not subject to any external capital requirements, neither regulatory nor contractual. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	September 30, 2017		September 30, 2016	
	Mineral exploration properties	Exploration and evaluation assets	Mineral exploration properties	Exploration and evaluation assets
	\$	\$	\$	\$
a) Romer	1,000,000	206,454	1,000,000	205,952
TOTAL	1,000,000	206,454	1,000,000	205,952

a) Romer

On May 8, 2014, the Company acquired a 100% interest in the Romer property from Focus Graphite Inc. ("Focus") in consideration for a cash payment of \$250,000 and the issuance of 2,500,000 common shares. The property was recorded at a value of \$1,000,000 upon initial recognition, based on the fair value of the property received, which was supported by an independent valuation. The Romer property is comprised of

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a series of 149 contiguous and 2 isolated map-designated mining claims located in the Labrador Trough sector of Nunavik in Northern Quebec.

The following table reflects changes to mineral exploration properties between October 1, 2015 and September 30, 2017:

	Year ended September 30, 2017	Year ended September 30, 2016
	\$	\$
Balance, beginning and end of the year	1,000,000	1,000,000

The following table reflects changes to exploration and evaluation assets between October 1, 2015 and September 30, 2017:

	Year ended September 30, 2017	Year ended September 30, 2016
	\$	\$
Balance, beginning of the year	205,952	182,315
Additions		
Property maintenance	502	23,637
Balance, end of the year	206,454	205,952

7. SHARE CAPITAL

Unlimited number of common shares, voting, participating and without par value

Issued and fully paid

Common shares

	Number of shares	\$
Balance, September 30, 2015, September 30, 2016 and September 30, 2017	18,012,257	2,085,813

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8. WARRANTS

Outstanding warrants entitle the holders thereof to subscribe to an equivalent number of common shares.

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price \$
Balance, September 30, 2015	312,500	0.50
Expired	(312,500)	0.50
Balance, September 30, 2016 and September 30, 2017	-	-

As at September 30, 2017 and September 30, 2016, there were no warrants outstanding.

9. STOCK OPTION PLAN

On November 7, 2011, the Company adopted an incentive stock option plan in accordance with the policies of the TSX Venture Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares, which are exercisable for a period to be determined by the Board at the time the option is granted. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

The following table reflects the continuity of stock options:

	Number of options	Weighted average exercise price \$
Balance, September 30, 2015, September 30, 2016 and September 30, 2017	1,028,451	0.10

As at September 30, 2017, the following stock options were outstanding and exercisable:

Exercise prices	Outstanding			Exercisable	
	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
\$0.10	1,028,451	4.36	\$0.10	1,028,451	\$0.10

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As at September 30, 2016, the following stock options were outstanding and exercisable:

Exercise prices	Outstanding			Exercisable	
	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
\$0.10	1,028,451	5.36	\$0.10	1,028,451	\$0.10

10. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in these financial statements are as follows:

Amounts due from related parties

Grafoid

During the year ended September 30, 2017, the Company charged Grafoid Inc. ("Grafoid"), which shares common management, \$138,000 for Grafoid's portion of shared professional services incurred in connection with the Company's pending acquisition of Braille Battery Inc. (Note 11). As at September 30, 2017, \$145,379 (including HST), is included in amounts due from related parties (2016 - \$Nil).

Shared costs

Focus Graphite Inc.

During the year ended September 30, 2017, the Company was charged \$15,000 by Focus Graphite Inc. ("Focus"), which shares common management, for accounting and administrative services and other administrative expenses (2016 - \$5,000). As at September 30, 2017, \$15,000 is included in accounts payable and accrued liabilities (2016 - \$5,000).

Grafoid Inc.

As at September 30, 2017, included in accounts payable and accrued liabilities was an amount of \$457 (2016 - \$1,575) due to Grafoid Inc., which shares common management, related to other general shared costs.

Other

Loan from Officer

As at September 30, 2017, included in amounts due to related parties is an amount of \$81,403 due to an Officer of the Company (\$Nil as at September 30, 2016). The amount relates to a loan of US\$63,000 and accrued interest of US\$2,227. The loan was given to the Company to provide working capital and is repayable on May 31, 2019. The loan bears interest at a rate of 10% per annum.

JAG Sky Inc.

As at September 30, 2017, the Company has prepaid \$33,000 to JAG Sky Inc., a private air charter services company wholly-owned by an Officer and Director of Mincom, for air travel to be used at a later date. The entire amount is included in prepaid expenses (\$25,000 as at September 30, 2016).

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Key management compensation

	Year ended September 30, 2017	Year ended September 30, 2016
	\$	\$
Consulting fees (1)	36,000	41,000
	36,000	41,000

(1) As at September 30, 2017, \$37,395 is included in accounts payable and accrued liabilities (\$Nil as at September 30, 2016).

The shared costs noted above include an allocation of salaries and short-term benefit compensation paid to key management personnel.

11. COMMITMENTS

Agreement to purchase Braille Holdings Inc. and concurrent private placement

On March 14, 2017, the Company announced that it has entered into an agreement with Grafoid Inc. ("Grafoid"), a related party with common management, to acquire Grafoid's 75% ownership interest in Braille Holdings Inc., which owns Braille Battery ("Braille"). Braille is a producer of advanced lightweight lithium-ion high-performance batteries, based out of Sarasota, Florida.

The proposed purchase price is US\$2,000,000, of which US\$1,000,000 will be paid in cash and US\$1,000,000 will be paid in shares issued to Grafoid from the treasury of Mincom.

In conjunction with the acquisition, Mincom proposes to raise, subject to TSX Venture Exchange acceptance, up to US\$3,000,000 by way of a private placement of units of Mincom at a price of US\$0.10 per unit (the "Offering"). Each unit will be comprised of one common share of Mincom and one warrant. Each warrant shall be exercisable into one common share at a price of \$0.18 CAD for a period of four years from the closing date of the Offering. The proceeds will be used to cover consideration of the transaction with Grafoid and working capital.

On August 29, 2017, the Company announced that it has received conditional acceptance from the TSX Venture Exchange and is now working to satisfy all conditions set out in the conditional acceptance letter, including but not limited to obtaining disinterested shareholder approval, completing the concurrent financing, finalizing all escrow arrangements, sponsor's report and the delivery of certain officers' certificates. The Company anticipates closing the transaction sometime in February 2018. At that time, and subject to final Exchange acceptance, trading would resume in Mincom's shares.

The terms of the purchase have been modified from those previously announced. The purchase price remains at US\$2,000,000, of which US\$1,000,000 will be paid in cash and US\$1,000,000 will be paid in shares issued to Grafoid from the treasury of Mincom at closing. The cash portion of the purchase price will now be paid as follows: US\$500,000 paid on the completion of the transaction and US\$500,000 payable by January 1, 2019.

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12. INCOME TAXES

A reconciliation of the combined Canadian federal and provincial income tax with the Company's effective tax rate is as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Net loss	<u>(325,745)</u>	(134,185)
Statutory rate	26.80%	26.90%
Expected recovery of income tax	(87,300)	(36,096)
Difference between future and statutory rate	10,430	-
Tax impact of temporary differences for which no deferred tax asset was recorded	77,183	35,779
Other	<u>(313)</u>	317
Provision for income taxes	<u>-</u>	-

As at September 30, 2017 and 2016, the Company had the following temporary differences. No deferred tax assets were recorded for these temporary differences.

	<u>2017</u>	<u>2016</u>
	\$	\$
Share issue costs	4,720	9,440
Long-term investment	97,981	-
Eligible cumulative deduction	24,723	26,585
Mineral exploration properties & exploration and evaluation assets	101,238	101,238
Non-capital losses	<u>1,147,395</u>	905,705
	<u>1,376,057</u>	1,042,968

As at September 30, 2017, the Company has the following non-capital losses for which no deferred tax asset was set up. The carryforward balances expire as follows:

<u>Year of Expiry</u>	<u>Amount</u>
	\$
2031	4,910
2032	132,642
2033	173,776
2034	212,097
2035	215,860
2036	166,420
2037	<u>241,690</u>
	<u>1,147,395</u>