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IGC RESOURCES INC.

Financial Statements

For the years ended July 31, 2017 and 2016

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the shareholders of IGC Resources Inc.

We have audited the accompanying financial statements of IGC Resources Inc., which comprise the statements of financial position as at July 31, 2017 and 2016 and the statements of changes in deficit, loss and 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 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.

Auditor's 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 auditor's 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 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 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 IGC Resources Inc. as at July 31, 2017 and 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 1 in the financial statements, which indicates the existence of a material uncertainty that may cause significant doubt about IGC Resources Inc.'s ability to continue as a going concern.

Vancouver, BC
November 27, 2017


"Buckley Dodds LLP"
Chartered Professional Accountants

IGC RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

	July 31,		July 31,
	2017		2016
Current assets			
Cash	\$ 52	\$	154
Accounts receivable	260		104
Prepaid expenses	833		833
Total assets	\$ 1,145	\$	1,091
Current liabilities			
Accounts payable and accrued liabilities	\$ 49,655	\$	44,602
Loans payable (note 5)	28,018		12,917
Total liabilities	77,673		57,519
Shareholders' deficit			
Share capital (note 6)	11,035,454		11,035,454
Reserves	1,493,708		1,493,708
Deficit	(12,605,690)		(12,585,590)
Total shareholders' deficit	(76,528)		(56,428)
Total liabilities and shareholders' deficit	\$ 1,145	\$	1,091

Nature of operations and going concern (note 1)
Subsequent event (note 10)

Approved on behalf of the Board of Directors:

(signed) Manfred Kurschner Director

(signed) Jacqueline M. Tucker Director

The accompanying notes are an integral part of these financial statements

IGC RESOURCES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

Expressed in Canadian Dollars

	Share Capital		Contributed Surplus	Deficit	Total
	Number of Shares	Amount			
Balance - July 31, 2015	26,564,428	\$ 11,035,454	\$ 1,493,708	\$ (12,558,597)	\$ (29,435)
Net loss for year	-	-	-	(26,993)	(26,993)
Balance - July 31, 2016	26,564,428	11,035,454	1,493,708	(12,585,590)	(56,428)
Net loss for year	-	-	-	(20,100)	(20,100)
Balance - July 31, 2017	26,564,428	\$ 11,035,454	\$ 1,493,708	\$ (12,605,690)	\$ (76,528)

The accompanying notes are an integral part of these financial statements

IGC RESOURCES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Expressed in Canadian Dollars

	For the year ended July 31,	
	2017	2016
Operating expenses		
Accounting and audit	\$ 5,800	\$ 15,353
General and administrative	408	381
Legal	383	3,990
Transfer agent, listing and filing fees	9,160	9,025
Operating loss	(15,751)	(28,749)
Other income (expenses)		
Reimbursement of expenditures	-	3,951
Transaction costs	(4,349)	(2,195)
Net loss and comprehensive loss for year	\$ (20,100)	\$ (26,993)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding - basic and fully diluted	26,564,428	26,564,428

The accompanying notes are an integral part of these financial statements

IGC RESOURCES INC.
STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

	For the years ended July 31,	
	2017	2016
Operating activities		
Net loss for year	\$ (20,100)	\$ (26,993)
Changes in non-cash working capital items		
Receivables	(156)	(104)
Prepaid expenses	-	(4)
Accounts payable and accrued liabilities	5,053	14,283
Cash provided by (used in) operating activities	(15,203)	(12,818)
Financing activities		
Loan advances	15,101	12,917
Cash provided by (used in) financing activities	15,101	12,917
Increase (decrease) in cash	(102)	99
Cash - beginning of year	154	55
Cash - end of year	\$ 52	\$ 154

The accompanying notes are an integral part of these financial statements

Expressed in Canadian Dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

IGC Resources Inc. (the "Company") was incorporated under the laws of British Columbia in 1992. On July 21, 2004, the Company changed its name from International Green Ice Inc. to IGC Resources Inc. Its principal business activities historically included the exploration and evaluation of natural resource properties in Canada. Presently, the Company is looking for a high quality investment opportunity. The Company was moved from the TSX Venture Exchange to the NEX on July 10, 2014 due to its inability to meet its Tier 2 listing requirements. The Company is currently trading under the symbol IGC.H.

The address of the Company's corporate office is 228 16th Street Northwest, Calgary, Alberta T2N 2B9.

These financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At July 31, 2017, the Company had a working capital deficit of \$76,528. During the year ended July 31, 2017, the Company had incurred a net loss totalling \$20,100. The accumulated deficit at July 31, 2017 is \$12,605,690. The Company has limited financial resources and has not been able to pay all of its accounts payable as they become due.

The ability of the Company to meet its commitments and ongoing operating expenses will depend upon the following:

- The ability to raise further funds through the issue of equity financing; and,
- Continued financial support from the creditors.

Although the Company has been successful in obtaining the necessary financing to continue operations in the past, there can be no assurance that it will be able to continue to do so in the future and such funds will be available on terms acceptable by the Company. These conditions cast significant doubt on the Company's ability to continue as a going concern.

While these financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are significant conditions and events that cast significant doubt on the validity of that assumption. These financial statements do not reflect all the adjustments to the carrying value of assets and liabilities and the reported expenses that would be necessary should the going concern assumption become inappropriate. These adjustments could be material.

2. STATEMENT OF COMPLIANCE

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

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

Expressed in Canadian Dollars

3. ACCOUNTING POLICIES

These financial statements are prepared in Canadian dollars, which is also the functional currency.

a) Basis of presentation

These financial statements have been prepared on a historical cost basis except for certain assets which are measured at fair value. These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

The preparation of these financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Cash

Cash is cash on deposit with banks.

c) Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax.

Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

The Company's financial assets and liabilities are recorded and measured as follows:

<u>Asset or Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	FVTPL	Fair value
Accounts payable	Other liabilities	Amortized cost
Loans payable	Other liabilities	Amortized cost

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash has been measured at fair value using Level 1 inputs.

Expressed in Canadian Dollars

3. ACCOUNTING POLICIES - continued

Impairment of financial assets

The Company assesses at each reporting date 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.

d) Share capital

- i. Proceeds from the exercise of stock options and warrants, in addition to the estimated fair value attributable to these equity instruments, are recorded as share capital when exercised.
- ii. Share capital issued for non-monetary consideration is recorded at an amount based on estimated fair market value reduced by an estimate of transaction costs incurred when such shares are issued for cash.
- iii. On a unit offering, the Company prorates the proceeds between the relative fair values of the shares issued and the warrants issued.

e) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise share options granted and warrants outstanding.

When a loss is incurred during the reporting period, the exercise of options and warrants is considered anti-dilutive and the basic and diluted loss per share are the same.

f) Income taxes

Income tax expense is comprised 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 the 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.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted on the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Expressed in Canadian Dollars

3. ACCOUNTING POLICIES – continued

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or tax expense in the statement of equity in which case the related deferred tax is also recognized in equity in which case the related deferred tax is also recognized in equity, respectively

g) Share-based payment transactions

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

Share-based payments for employees and others providing similar services are determined based on the grant date fair value. Share-based payments for non-employees is determined based on the fair value of the goods or services received unless the goods or service received by the entity as consideration cannot be specifically identified, in which case it is measured at the fair value of the share-based payment.

The share-based payment expense is recognized over each tranche's vesting period, in the statement of loss or capitalized as appropriate, based on the number of awards that vest less the estimated forfeitures. The number of forfeitures likely to occur is estimated on the grant date. If stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

h) Transaction costs

Costs associated with potential mergers, acquisitions including legal fees and other associated costs are expensed as incurred.

Expressed in Canadian Dollars

3. ACCOUNTING POLICIES - continued

i) Recent IFRS pronouncements

The IFRS pronouncements that have been issued but are not yet effective are listed below. The Company plans to apply the new standards or interpretations in the annual period for which it is first required.

IFRS 9 – Financial instruments - classification and measurement

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (“OCI”) and fair value through profit and loss (“FVTPL”). There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI for liabilities designated as FVTPL. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company has yet to assess the full impact of IFRS 9.

IFRS 16 - Leases

IFRS 16 addresses accounting for leases and lease obligations. It replaces the existing leasing guidance in IAS 17, Leases. The objective of the new standard is to report all leases on the statement of financial position and to define how leases and lease liabilities are measured. IFRS 16 is effective January 1, 2019 with early adoption permitted for companies that also apply IFRS 15. The Company is currently assessing the impact of IFRS 16. The Company has yet to assess the full impact of IFRS 16.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. The critical judgements made by management include the determination of the Company’s functional currency as the Canadian dollar and issues regarding the going concern of the Company, as discussed in note 1. There are no critical accounting estimates impacting the carrying amount of assets and liabilities for the current year.

5. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the financial statements not disclosed elsewhere in these financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management personnel include the Company’s directors and members of the senior management group.

IGC Resources Inc.
Notes to Financial Statements
As at and for the years ended July 31, 2017 and 2016

Expressed in Canadian Dollars

5. RELATED PARTY TRANSACTIONS - continued

Remuneration attributed to key management personnel is as follows:

	July 31, 2017	July 31, 2016
Services provided:		
Accounting fees	\$ -	\$ 8,750

During the year ended July 31, 2017, \$15,101 (2016- \$12,917) in loan proceeds were advanced to the Company to pay creditors, as set out in the table below. The loans payable are without interest or stated terms of repayment.

	July 31, 2017	July 31, 2016
Due to a company controlled by a director	\$ 13,325	\$ 8,605
Due to a shareholder	14,693	4,312
	\$ 28,018	\$ 12,917

Amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	July 31, 2017	July 31, 2016
Balances payable to key management personnel for compensation	\$ 9,188	\$ 9,188

6. EQUITY

Authorized - an unlimited number of common shares without par value.

7. INCOME TAXES

The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates as a result of the following:

	July 31, 2017	July 31, 2016
Statutory rates	26%	26%
Income tax recovery computed at statutory rates	\$ 5,226	\$ 7,018
Deferred tax benefits not recognized	(5,226)	(7,018)
Income tax recovery (expense)	\$ -	\$ -

At July 31, 2017 and 2016, the deferred tax assets are not recognized on the following temporary differences as it is not likely that sufficient future taxable profits will be available to utilize such differences:

	July 31, 2017	July 31, 2016
Capital losses	\$ 209,872	\$ 209,872
Loss carryforwards	1,254,922	1,249,695
Total gross deferred income tax assets	1,464,793	1,459,567
Deferred tax assets not recognized	(1,464,793)	(1,459,567)
	\$ -	\$ -

Expressed in Canadian Dollars

7. INCOME TAXES - continued

At July 31, 2017, the Company has Canadian tax losses, which may be carried forward to apply against future year's income for Canadian income tax purposes, subject to final determination by taxation authorities, expiring as follows:

2027	\$	196,911
2028		642,805
2029		128,486
2030		129,415
2032		58,368
2033		64,430
2034		81,799
2035		3,477,314
2036		26,993
2037		20,100
		<hr/>
		\$ 4,826,621

The Company has capital losses of \$1,614,399, which can be carried forward indefinitely to offset future capital gains in Canada.

8. CAPITAL MANAGEMENT

The Company's objectives when managing its capital is to maintain the ability to continue as a going concern in order to pursue a business development opportunity for the benefits of its stakeholders and to maintain flexible capital structure, which optimizes the costs of capital at an acceptable risk level.

In the management of capital, the Company includes the components of shareholders' deficit.

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, issue new debt, acquire or dispose of assets.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company is not subject to externally imposed capital requirements. In addition, there have been no changes to the Company's approach to capital management during the year ended July 31, 2017.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of the Company's accounts payable and loans payable approximate carrying value, due to their short-term nature. The Company's cash is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Since the Company's only receivables are GST, it is not subject to significant credit risk.

Expressed in Canadian Dollars

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company manages liquidity risk through its capital management as outlined in Note 9.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk from any of its financial instruments.

b) Price risk

The Company is not exposed to price risk as it does not hold any investments in publicly traded securities.

c) Currency risk

The Company's expenditures are predominantly in Canadian dollars, and therefore is not exposed to foreign currency risk.

10. SUBSEQUENT EVENT

Subsequent to year end, a director controlled company and a shareholder advanced the Company additional loan proceeds of \$9,510.