

PAN GLOBAL



BAL

— RESOURCES INC —

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

October 31, 2017

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Pan Global Resources Inc. (the "Company") for the nine months ended October 31, 2017 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

PAN GLOBAL RESOURCES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

	October 31, 2017	January 31, 2017
ASSETS		
Current assets		
Cash (Note 3)	\$ 2,162,804	\$ 32,087
Receivables (Note 4)	11,061	4,844
Prepaid expenses	2,500	-
Total current assets	2,176,365	36,931
Non-current assets		
Advance to operator, net (Note 5)	40,060	-
Total non-current assets	40,060	-
TOTAL ASSETS	\$ 2,216,425	\$ 36,931
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 120,978	\$ 234,825
Total liabilities	120,978	234,825
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 7)	14,001,048	11,086,112
Subscriptions received in advance	-	18,000
Reserves (Note 7)	2,258,525	2,028,178
Deficit	(14,164,126)	(13,330,184)
Total shareholders' equity (deficiency)	2,095,447	(197,894)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	\$ 2,216,425	\$ 36,931

Nature of operations and going concern (Note 1)

Event after the reporting date (Note 12)

These condensed consolidated interim financial statements are authorized for issuance by the Board of Directors on December 22, 2017.

Approved on behalf of the Board of Directors"Timothy Moody" Director"Robert Baxter" Director

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

PAN GLOBAL RESOURCES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**

(Expressed in Canadian dollars)

	Three months ended October 31,		Nine months ended October 31,	
	2017	2016	2017	2016
Exploration expenditures (Note 5)	\$ 172,366	\$ -	\$ 406,653	\$ -
General and administrative expenses				
Accounting, tax, and audit (Note 8)	14,100	6,000	39,850	20,750
Consulting and management fees (Note 8)	30,000	-	78,387	-
Investor relations	9,000	-	27,209	-
Office and rent	499	169	1,133	301
Professional fees (Note 8)	11,079	6,316	35,326	14,316
Regulatory and transfer agent	4,662	4,204	13,538	13,621
Stock-based compensation (Note 7)	4,478	-	230,347	-
	73,818	16,689	425,790	48,988
Loss from operations	(246,184)	(16,689)	(832,443)	(48,988)
Foreign exchange gain (loss)	(3,861)	-	(1,499)	-
Reversal of previously accrued amounts	-	-	-	73,650
Gain from forgiveness of accounts payable and accrued liabilities	-	-	-	374,994
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	\$ (250,045)	\$ (16,689)	\$ (833,942)	\$ 399,656
Earnings (oss) per common share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ 0.01
Weighted average number of common shares outstanding - basic and diluted	73,548,803	40,883,361	65,074,338	42,058,552

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

PAN GLOBAL RESOURCES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian dollars)

	Nine months ended October 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	\$ (833,942)	\$ 399,656
Items not affecting cash:		
Stock-based compensation	230,347	-
Reversal of previously accrued amounts	-	(73,650)
Gain from forgiveness of accounts payable and accrued liabilities	-	(374,994)
Changes in non-cash working capital items:		
Receivables	(6,217)	14,599
Prepaid expenses	(2,500)	-
Advances to operator, net	(40,060)	-
Accounts payable and accrued liabilities	(113,847)	35,519
Net cash used in operating activities	(766,219)	1,130
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placement financing	1,043,500	-
Share issue costs	(73,564)	-
Exercise of share purchase warrants	1,927,000	-
Net cash provided by financing activities	2,896,936	-
Increase (decrease) in cash during the period	2,130,717	1,130
Cash, beginning of period	32,087	13,948
Cash, end of period	\$ 2,162,804	\$ 15,078

Supplemental disclosure with respect to cash flows (Note 9)

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

PAN GLOBAL RESOURCES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

(Expressed in Canadian dollars)

	Number of common shares	Share capital	Subscriptions received in advance	Reserves	Deficit	Total
Balance at January 31, 2016	42,636,515	\$ 11,601,425	\$ -	\$ 1,512,865	\$ (13,762,218)	\$ (647,928)
Shares cancelled per agreement (Note 7)	(4,781,328)	(515,313)	-	515,313	-	-
Income for the period	-	-	-	-	399,656	399,656
Balance at October 31, 2016	37,855,187	\$ 11,086,112	\$ -	\$ 2,028,178	\$ (13,362,562)	\$ (248,272)

	Number of common shares	Share capital	Subscriptions received in advance	Reserves	Deficit	Total
Balance at January 31, 2017	37,855,187	\$ 11,086,112	\$ 18,000	\$ 2,028,178	\$ (13,330,184)	\$ (197,894)
Shares issued on private placements	21,230,000	1,061,500	(18,000)	-	-	1,043,500
Share issued as finders' units	1,000,200	50,010	-	-	-	50,010
Share issue costs	-	(123,574)	-	-	-	(123,574)
Exercise of share purchase warrants	19,270,000	1,927,000	-	-	-	1,927,000
Stock-based compensation	-	-	-	230,347	-	230,347
Loss for the period	-	-	-	-	(833,942)	(833,942)
Balance at October 31, 2017	79,355,387	\$ 14,001,048	\$ -	\$ 2,258,525	\$ (14,164,126)	\$ 2,095,447

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

PAN GLOBAL RESOURCES INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2017

1. NATURE OF OPERATIONS AND GOING CONCERN

Pan Global Resources Inc. (hereafter referred to as the “Company”) was incorporated under the laws of the Province of British Columbia and was established as a legal entity on February 1, 2006. On December 21, 2009, the Company changed its name from Mosam Capital Corp. to Pan Global Resources Inc.

The Company’s principal business activities are the acquisition of rights to explore for minerals and the exploration of acquired rights. Pan Global is primarily focused on the early stage exploration through to development of resources of copper and other metals in Spain. The Company has a Purchase Option Agreement for the acquisition of private Spanish company, Minera Aguila S.L.U. (“MASL”) and has signed a Letter of Intent with EVALAM2003 S.L. to acquire the Escacena Investigation Permit. MASL holds the Las Aguilas I, II, and III Investigation Permit applications, together comprising a total area of approximately 11,302 hectares and referred to as the “Aguilas Project”. The Escacena property is approximately 2,061 hectares. The Company is continuing to review a number of other opportunities.

The Company’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “PGZ”. The Company’s principal office is located at 700 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

These condensed consolidated interim financial statements are prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and develop profitable operations. These condensed consolidated interim financial statements do not include any adjustments to amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. As at the reporting date, the Company has not achieved profitable operations and has accumulated losses since inception. The Company will need to raise additional funds to further its exploration and development programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Measurement

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), including International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). These condensed consolidated interim financial statements have been prepared on a historical cost basis. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements, except as described below, and should be read in conjunction with the annual audited financial statements of the Company for the year ended January 31, 2017.

PAN GLOBAL RESOURCES INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Accounting Pronouncements Not Yet Effective

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company. The Company is currently evaluating the impact the new and amended standards are expected to have on its financial statements.

IFRS 9 Financial Instruments ("IFRS 9") addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 Financial Instruments: Recognition and Measurement requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. IFRS 9 is effective for periods beginning on or after January 1, 2018.

IFRS 16 Leases was issued in January 2016 (effective January 1, 2019) and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

3. CASH

The Company's cash consists as follow:

	October 31, 2017	January 31, 2017
Cash in bank*	\$ 2,162,804	\$ 14,087
Cash held in trust	-	18,000
	\$ 2,162,804	\$ 32,087

* Cash is on deposit with a Canadian chartered bank.

4. RECEIVABLES

The Company's receivables arise from GST due from the Canadian taxation authority.

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2017

5. EXPLORATION AND EVALUATION ASSETS**Aguilas Project, Spain**

In November 2016, the Company entered into a share option agreement for an option to acquire 100% interest of a Spanish exploration company, Minera Águila S.L ("MASL"), which has applied for three exploration licenses in Central-Southern Spain comprising a total area of approximately 11,302 hectares.

The Company has agreed to the aggregate consideration of 4,700,000 common shares of the Company, cash payment of \$450,000, and exploration expenditure commitments as follows:

	Cash payments	Common shares	Exploration expenditures ⁽²⁾
6-month anniversary of final TSX-V approval ⁽¹⁾	\$ 50,000	2,200,000	-
18-month anniversary of final TSX-V approval	150,000	2,500,000	-
36-month anniversary of final TSX-V approval	250,000	-	-
36-month anniversary of agreement closing date	-	-	1,000,000
	\$ 450,000	4,700,000	1,000,000

⁽¹⁾ Subject to confirmation of issuance of the exploration licenses

⁽²⁾ No less than \$250,000 shall be completed notwithstanding any decision by the Company not to proceed with further exploration.

For the duration of the share option agreement, MASL shall act as the operator of the exploration program and the related exploration expenditures shall be funded by the Company. As at October 31, 2017, the Company had a net advance of \$40,060 (January 31, 2017 - \$Nil), representing unspent funds held by the operator.

Exploration Expenditures

During the nine months ended October 31, 2017, the Company incurred exploration expenditures as follows:

	Aguilas Project
License fees	\$ 43,507
Management consulting	78,388
Office and accounting	44,479
Technical services	204,618
Travel	35,661
	\$ 406,653

PAN GLOBAL RESOURCES INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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FOR THE NINE MONTHS ENDED OCTOBER 31, 2017

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities consist of the following:

	October 31, 2017	January 31, 2017
Accounts payable	\$ 1,644	\$ 53,825
Accrued liabilities	119,334	181,000
	\$ 120,978	\$ 234,825

7. SHARE CAPITAL

Authorized Share Capital

Authorized share capital consists of:

- unlimited number of common shares without par value.
- unlimited class "A" common shares with a par value of \$1
- unlimited class "B" common shares with a par value of \$5

Common Shares

In August 2017, the Company completed the acceleration of the 21,230,000 share purchase warrants issued on March 6, 2017, where 19,270,000 were exercised at a price of \$0.10 per warrant, for gross proceeds of \$1,927,000, and 1,960,000 warrants were cancelled.

In March 2017, the Company completed a non-brokered private placement and issued 21,230,000 units at a price of \$0.05 per unit for gross proceeds of \$1,061,500. Each unit consists of one common share and one share purchase warrant entitling the holder of each full warrant to purchase one common share of the Company at a price of \$0.10. The warrants expire on March 6, 2020. In connection with the private placement, the Company issued 1,000,200 units to finders. These finders' units have the same terms as the private placement units. The common shares, share purchase warrants, and common shares issued upon exercise of share purchase warrants are subject to a four-month hold period.

In September 2016, the Company returned 4,781,328 common shares to its treasury pursuant to an agreement with Mr. Petr Palkovsky, a former director and COO of the Company. Mr. Palkovsky agreed to surrender 4,781,328 common shares of the Company for cancellation, which were issued to a company controlled by Mr. Palkovsky as partial consideration for Serbian and Bosnian exploration properties acquired by the Company from Mr. Palkovsky. The Company is not proceeding with any further exploration of the Serbian and Bosnian properties.

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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FOR THE NINE MONTHS ENDED OCTOBER 31, 2017

7. SHARE CAPITAL (cont'd...)**Stock Options**

The continuity of stock options for the nine months ended October 31, 2017 is as follows:

Expiry date	Exercise price	Balance January 31, 2017	Issued	Exercised	Expired/cancelled	Balance October 31, 2017				
Mar 28, 2017	\$ 0.65	1,660,000	-	-	(1,660,000)	-				
Mar 28, 2017	\$ 0.70	150,000	-	-	(150,000)	-				
Sep 12, 2017	\$ 0.38	100,000	-	-	(100,000)	-				
Mar 20, 2027	\$ 0.10	-	200,000	-	-	200,000				
Apr 18, 2027	\$ 0.10	-	2,425,000	-	-	2,425,000				
Total		1,910,000	2,625,000	-	(1,910,000)	2,625,000				
Weighted average exercise price	\$	0.64	\$	0.10	\$	-	\$	0.65	\$	0.10
Total exercisable		1,910,000				2,575,000				
Weighted average exercise price	\$	0.64				\$	0.10			

As at October 31, 2017, the weighted average remaining life of the stock options outstanding is 9.46 (January 31, 2017 - 9.86) years with vesting periods ranging from 0 to 12 months.

Share Purchase Warrants

The continuity of share purchase warrants for the nine months ended October 31, 2017 is as follows:

Expiry date	Exercise price	Balance January 31, 2017	Issued	Exercised	Expired/cancelled	Balance October 31, 2017				
Mar 06, 2020 ⁽¹⁾	\$ 0.10	-	21,230,000	(18,910,000)	(2,320,000)	-				
Mar 06, 2020	\$ 0.10	-	1,000,200	(360,000)	-	640,200				
Total		-	22,230,200	(19,270,000)	(2,320,000)	640,200				
Weighted average exercise price	\$	-	\$	0.10	\$	0.10	\$	0.10	\$	0.10

⁽¹⁾ Expiry accelerated, when the volume weighted average trading price of the Company's common shares on the TSX-V was greater than \$0.13 for 20 consecutive trading days.

As at October 31, 2017, the weighted average remaining life of the share purchase warrants outstanding is 2.35 (January 31, 2017 - Nil) years.

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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FOR THE NINE MONTHS ENDED OCTOBER 31, 2017

7. SHARE CAPITAL (cont'd...)**Stock Based Compensation**

In April 2017, the Company granted 2,425,000 stock options to directors, officers, and employees of the Company with an exercise price of \$0.10 per option with an expiry date of April 18, 2027.

In March 2017, the Company granted 200,000 stock options to a consultant of the Company with an exercise price of \$0.10 per option with an expiry date of March 20, 2027 and a vesting term over 12 months.

Using the fair value method for share-based payments, the Company determined the weighted average fair value of the options granted to be \$234,825 or \$0.09 per option. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

For the nine months ended	October 31, 2017	January 31, 2017
Risk free interest rate	1.53%	n/a
Expected dividend yield	0%	n/a
Expected stock price volatility	100%	n/a
Expected life in years	10	n/a
Forfeiture rate	0%	n/a

In accordance with the vesting terms of stock options granted, the Company recorded a charge to stock based compensation expense of \$230,347 (2016 - \$Nil) with the offsetting credit to reserves for the nine months ended October 31, 2017.

8. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to directors and key management personnel including the Company's President & Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and Corporate Secretary were as follows:

For the nine months ended October 31, 2017	Fees or salaries	Stock-based compensation	Total
President & CEO	\$ 156,775	\$ -	\$ 156,775
Corporate Secretary	35,326	4,472	39,798
CFO	18,000	4,472	22,472
Directors	-	205,731	205,731
	\$ 210,101	\$ 214,676	\$ 424,777

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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FOR THE NINE MONTHS ENDED OCTOBER 31, 2017

8. RELATED PARTY TRANSACTIONS (cont'd...)

For the nine months ended October 31, 2016	Fees or salaries	Stock-based compensation	Total
Corporate Secretary	\$ 14,000	\$ -	\$ 14,000
CFO	18,000	-	18,000
	\$ 32,000	\$ -	\$ 32,000

As at October 31, 2017, included in accounts payable and accrued liabilities is \$86,334 (January 31, 2017 - \$164,000) owing to the related parties as follows: \$74,334 (January 31, 2017 - \$Nil) to the President & CEO, \$Nil (January 31, 2017 - \$100,000) to the Corporate Secretary, and \$12,000 (January 31, 2017 - \$64,000) to the CFO.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended October 31, 2017, the Company reallocated \$18,000 (2016 - \$Nil) from subscription received in advance to share capital on the closing of its private placement.

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment: the exploration and development of mineral properties. Summarized financial information for the geographic segments the Company operates in are as follows:

As at October 31, 2017	Canada	Spain	Total
Current assets	\$ 2,146,414	\$ 29,951	\$ 2,176,365
Advance to operator, net	-	40,060	40,060
	\$ 2,146,414	\$ 70,011	\$ 2,216,425

As at January 31, 2017, substantially all of the Company's assets and expenditures are located and incurred in Canada.

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2017

11. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT**Financial Instruments**

The Company classified its financial instruments as follows:

	Financial instruments at FVTPL	Other financial liabilities
As at October 31, 2017		
Cash*	\$ 2,162,804	\$ -
Accounts payable and accrued liabilities	-	120,978
	\$ 2,162,804	\$ 120,978

*Cash is on deposit with a Canadian chartered bank.

Fair Value

Financial instruments recorded at fair value on the statement 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:

- a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

As at October 31, 2017, the Company's financial instruments measured at fair value are as follows:

Financial instruments	Level 1	Level 2	Level 3	Total
Cash	\$ 2,162,804	\$ -	\$ -	\$ 2,162,804

The carrying value of accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Risk and Capital Management

The Company's capital includes share capital and the cumulative deficit. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares in order to meet its financial obligations. There was no change in the Company's approach to managing capital during the nine months ended October 31, 2017. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

PAN GLOBAL RESOURCES INC.

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FOR THE NINE MONTHS ENDED OCTOBER 31, 2017

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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FOR THE NINE MONTHS ENDED OCTOBER 31, 2017

11. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd...)

Risk and Capital Management (cont'd...)

The Company's activities expose it to a variety of financial risks, market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. This note presents information about the Company's exposure to each of these risks, the Company's objectives and processes for measuring and managing risk, and the Company's management of capital.

Credit Risk

Credit risk arises from cash and deposits with banks, as well as credit exposure on outstanding receivables and committed transactions. There is no significant concentration of credit risk. The Company's cash deposits are primarily held with a Canadian chartered bank. The Company has minimal accounts receivable exposure as it relates to amounts due from the Government of Canada pursuant to goods and services tax credits.

Interest Rate Risk

As the Company does not have significant interest-bearing assets, the Company's income and operating cash flows are not significantly affected by changes in market interest rates.

Currency Risk

The Company has identified its functional currency as the Canadian dollar. Certain of the Company's exploration expenditures have been denominated in Euros and United States dollars ("USD"). The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and those currencies. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations. Management believes the foreign exchange risk related to currency conversions is minimal.

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 has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on the issuance of shares and warrants to fund exploration programs and will require doing so again in the future.

12. EVENT AFTER THE REPORTING DATE

Subsequent to October 31, 2017, the Company granted 2,775,000 stock options to directors, officers, and consultants of the Company, exercisable for a period of 10 years for \$0.20 per option.