ARCPACIFIC RESOURCES CORP.

(FORMERLY PLATE RESOURCES INC.)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED

OCTOBER 31, 2017 AND 2016

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

ARCPACIFIC RESOURCES CORP. (FORMERLY PLATE RESOURCES INC.)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

EXPRESSED IN CANADIAN DOLLARS

		October 31, 2017 (unaudited)		January 31, 2017 (audited)
ASSETS				
Current				
Cash and cash equivalents	$	42,015	$	114,930
Amounts receivable		1,468		1,113
Prepaid expenses		2,500		2,500
	$	45,983	$	118,543
LIABILITIES				
Current				
Accounts payable	$	129,702	$	120,524
Loan payable (Note 8)		80,000		45,000
		209,702		165,524
SHAREHOLDERS' DEFICIENCY				
Share capital (Note 9)		3,091,424		3,091,424
Contributed surplus		633,362		633,362
Deficit		(3,888,505)		(3,771,767)
		(163,719)		(46,981)
	$	45,983	$	118,543

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

Authorized for issuance on behalf of the Board on December 27, 2017:

/s/ "Nizar Bharmal" Director

/s/ "Ruben Verzosa" Director

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

ARCPACIFIC RESOURCES CORP. (FORMERLY PLATE RESOURCES INC.)

CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Three months ended October 31, 2017	Three months ended October 31, 2016	Nine months ended October 31, 2017	Nine months ended October 31, 2016
Expenses				
Consulting fees	$ 12,000	$ 29,000	$ 60,500	$ 98,696
Investor communications	-	45	-	45
Management fees	3,000	1,350	14,000	82,350
Office and miscellaneous (recovery)	2,427	(5,866)	12,044	(530)
Professional fees	98	32,934	12,834	47,351
Rent	2,500	-	4,500	7,058
Transfer agent and filing fees	1,511	3,199	12,362	15,625
Travel and promotion	-	39	597	8,333
Loss before other items	$ (21,536)	$ (60,701)	$ (116,837)	$ (258,928)
Other items				
Other income	-	-	66	2,335
Interest income	-	-	33	39
Gain on debt settlement	-	263,043	-	263,043
Net income (loss) and comprehensive income (loss)	(21,536)	202,342	(116,738)	6,489
Income (loss) per share (basic and diluted)	$ (0.00)	$ 0.03	$ (0.02)	$ 0.00
Weighted average number of common shares outstanding	7,595,571	6,650,102	7,595,571	6,089,124

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

ARCPACIFIC RESOURCES CORP. (FORMERLY PLATE RESOURCES INC.)

CONDENSED INTERIM STATEMENTS OF CHANGES IN DEFICIENCY

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Common Shares				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
		$	$	$	$
Balance, January 31, 2016	5,804,088	3,005,167	609,420	(3,733,740)	(119,153)
Shares issued for exploration and evaluation assets	8,333	2,500	-	-	2,500
Shares issued for settlement of debt	1,243,010	62,151	-	-	62,151
Comprehensive income	-	-	-	6,489	6,489
Balance, October 31, 2016	7,055,431	3,069,818	609,420	(3,727,251)	(48,013)
Balance, January 31, 2017	7,595,571	3,091,424	633,362	(3,771,767)	(46,981)
Comprehensive loss	-	-	-	(116,738)	(116,738)
Balance, October 31, 2017	7,595,571	3,091,424	633,362	(3,888,505)	(163,719)

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

ARCPACIFIC RESOURCES CORP. (FORMERLY PLATE RESOURCES INC.)

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Three months ended October 31, 2017	Three months ended October 31, 2016	Nine months ended October 31, 2017	Nine months ended October 31, 2016
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net income (loss) for the period	$ (21,536)	$ 202,342	$ (116,738)	$ 6,489
Item not involving cash:				
Gain on debt settlement	-	(263,043)	-	(263,043)
Changes in non-cash working capital balances:				
Amounts receivable	(773)	(30,231)	(355)	68,701
Accounts payable and accrued liabilities	(555)	3,061	9,178	80,007
Prepaid expenses and deposits	-	-	-	(15,000)
Loan payable	20,000	20,500	35,000	35,500
	(2,864)	(67,371)	(72,915)	(87,346)
INVESTING ACTIVITIES				
Exploration and evaluation assets	-	2,500	-	118,848
Advances from Consortium	-	(56,957)	-	89,875
	-	(54,457)	-	208,723
FINANCING ACTIVITY				
Bank loan	-	-	-	(27,000)
	-	-	-	(27,000)
CHANGE IN CASH DURING THE PERIOD	(2,864)	(121,828)	(72,915)	94,377
CASH, BEGINNING OF PERIOD	44,879	231,825	114,930	15,620
CASH, END OF PERIOD	$ 42,015	$ 109,997	$ 42,015	$ 109,997

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

1. NATURE AND CONTINUANCE OF OPERATIONS

ArcPacific Resources Corp. (formerly Plate Resources Inc.) ("the Company") was incorporated pursuant to the British Columbia Business Corporations Act on February 1, 2011 as Guiana Shield Goldfields Inc. The Company changed its name to ArcPacific Resources Corp. on December 21, 2016 and completed a share consolidation of the common shares on the basis of two pre-consolidation shares for one post-consolidation share (Note 9). The Company's shares are listed for trading on the TSX Venture Exchange under the symbol "ACP".

The address of the Company's corporate office and its principal place of business is 950-1130 West Pender Street, Vancouver, British Columbia, Canada V6E 4A4.

The principal business of the Company is the identification, evaluation and acquisition of mineral properties in Canada. At October 31, 2017, the Company owned a 100% interest in the Lucky Mike mineral property. The Company has not yet determined whether the Lucky Mike property may contain a mineral resource that may eventually be economically recoverable. The economic viability of the property will depend on the establishment of an ore reserve, the confirmation of the Company's interest in the mineral claims and the ability of the Company to obtain the necessary financing to complete its development and place it into commercial production.

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. The Company has incurred losses since its inception and had an accumulated deficit of $3,888,505 and a working capital deficiency of $163,719 at October 31, 2017. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. These factors give rise to a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended January 31, 2017.

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC").

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

b) Functional currency

The functional and presentation currency of the Company is the Canadian dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Measurement basis

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3 l) and m). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Significant accounting estimates and judgments

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience, current and future economic conditions and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Estimate and underlying assumptions are reviewed on an ongoing basis, and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if the revision affects both the current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

i. the inputs used in accounting for share-based payments;

ii. the assessment of indications of impairment of exploration and evaluation assets and related determination and write-down of the assets, where applicable; and

iii. the inputs used in determining the recoverable amount of assets that are considered impaired.

Critical accounting judgments

i. the evaluation of the Company's ability to continue as a going concern;

ii. the determination of the categories of financial assets and financial liabilities;

iii. the determination of whether it is likely that future economic benefits associated with the exploration and evaluation expenditures capitalized will flow to the Company, which may be based on assumptions about future events or circumstances;

iv. the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets; and

v. the recognition of provisions for decommissioning, restoration, rehabilitation and environmental obligations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Deferred finance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to profit or loss.

d) Exploration and evaluation assets

All expenditures related to the cost of exploration and evaluation of mineral resources and petroleum and natural gas resources including acquisition costs for interests in property claims are capitalized as exploration and evaluation assets classified as intangible assets. General exploration costs not related to specific properties are expensed as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the technical feasibility and commercial viability of the extraction a resource in an area of interest are demonstrable, capitalized costs of the related property are reclassified as property and equipment and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal; no further substantive expenditures are planned or budgeted; exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered; or indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full by development or sale.

The recoverability of properties and capitalized exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its exploration and evaluation properties contain economically recoverable reserves. Amounts capitalized to exploration and evaluation costs do not necessarily reflect present or future values.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized, however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

When properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain in profit or loss.

Recorded costs of exploration and evaluation costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Payments on property option agreements are made at the discretion of the Company and, accordingly, are recorded on a cash basis. The Company's entitlement to mineral exploration tax credits are recognized when the amount can be measured reliably and it is probable that the economic benefit will flow to the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment

(i) Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the asset impaired. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's exploration and evaluation assets are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the cash-generating unit level ("CGU"), which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in arm's length transaction between knowledgeable and willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGU's are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

f) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Provisions (continued)

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provisions are made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning provisions are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the statement of financial position date. Subsequent to initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are recorded against the related asset. Actual costs incurred upon settlement of the decommissioning provisions are charged against the provision to the extent the provision was established.

g) Government assistance

British Columbia ("B.C.") mining exploration tax credits for certain exploration expenditures incurred in B.C. are recognized as a reduction of the exploration and development costs of the respective mineral property upon when the amount can be measured reliably, and it is probable that the economics will flow to the Company.

h) Share-based payments

The Company has an equity-settled share-based compensation plan. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Consideration received on the exercise of stock options is recorded in share capital and the related share based payment in contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

i) Basic and diluted loss per share

The Company presents basic and diluted loss per share data for its common shares, 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 does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the period end date, and includes any adjustments to tax payable or receivable in respect of previous years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Income taxes (continued)

Deferred income taxes are recorded using the balance sheet liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

l) Financial assets

All financial assets are initially recorded at fair value and classified upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash and cash equivalents are classified as FVTPL. Financial assets classified as loans and receivables and held to maturity received as assets are measured at amortized cost. The Company has not classified any financial assets as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At October 31, 2017, the Company has not classified any financial assets held to maturity or available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial liabilities

All financial liabilities are initially recorded at fair value and classified upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction cost. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and bank loan are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

n) Recent accounting pronouncements

There were no new or revised accounting standards scheduled for mandatory adoption on February 1, 2016 that affected the Company's financial statements.

New Accounting Standards and Amendments Issued But Not Yet Effective

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

The following accounting policies will be adopted by the Company effective February 1, 2017:

IAS 7 *'Statement of Cash Flows'* - In January 2016, the IASB issued an amendment to IAS 7 which requires additional disclosures for changes in liabilities arising from financing activities. This includes changes arising from cash flows, such as drawdowns and repayments of borrowings, and non-cash changes, such as acquisitions, disposals and unrealized exchange differences. The amendment is effective for fiscal years beginning on or after January 1, 2017, and is applied on a prospective basis. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

New Accounting Standards and Amendments Issued But Not Yet Effective

The following accounting policies will be adopted by the Company effective February 1, 2018:

IFRS 2 *'Share-based payments'* – In June 2016, the IASB issued the final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions. This includes the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company is currently assessing the impact of this standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Recent accounting pronouncements (continued)

IFRS 9, *'Financial Instruments'* – This standard address classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 *'Revenue from Contracts with Customers'* – In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

The following standard will be adopted by the Company effective February 1, 2019:

IFRS 16 *'Leases'* – IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

4. EXPLORATION AND EVALUATION ASSETS

Lucky Mike Mineral Project, British Columbia

On July 20, 2011, the Company entered into an Option Agreement (the "Lucky Mike Agreement") with a non-related third party (the "Optionor"). The Lucky Mike Agreement was amended on September 13, 2012 and subsequently amended on November 14, 2013. The Company was granted an exclusive option to acquire a 100% interest in certain mineral claims located in the Nicola Mining Division, British Columbia. The claims consist of 29 contiguous mineral claims comprising 6,085.74 hectares. In order to earn its option, the Company paid $55,000 in cash, issued 16,666 common shares valued at $30,000 to the Optionor and incurred $900,000 in exploration work.

In accordance with the terms of the Lucky Mike Agreement, the Optionor will retain a 2% net smelter returns royalty (the "NSR") in respect of the property. The Company has the option to purchase the NSR for $1,000,000 at any time during a five-year period commencing from the date of commercial production.

On September 24, 2014, the Company entered into an Agreement (the "Farm Out Agreement") as amended on June 14, 2016 with two Korean-registered companies, namely, Nexgeo Inc. ("Nexgeo") and Korea Resources Corporation ("Kores"), whereby both companies (the "Consortium") would jointly contribute expenditures in the exploration of the Lucky Mike property thereby earning a right to acquire a 69% interest in the Lucky Mike project (the "Project") under the following terms:

4. EXPLORATION AND EVALUATION ASSETS (continued)

Lucky Mike Mineral Project, British Columbia (continued)

a. An aggregate of $500,000 (the "First Exploration Contribution") to fund an initial work program for the Project, which has been approved by the Consortium. The Consortium must pay $250,000 to the Company no later than September 5, 2014 (received) and $100,000 to the Company no later than September 30, 2014 (received). The balance of $150,000 (received) must be paid upon completion of drilling at the Project site pursuant to an initial work program;

b. An additional $1,104,824 (the "Second Exploration Contribution") (received) to fund at least one work program for the Project approved by the Consortium, which must be undertaken and completed by the Company during the period from January 1, 2015 to December 31, 2015; and

c. An additional $800,000 (the "Third Exploration Contribution") (received) to fund at least one work program for the Project approved by Consortium, which must be undertaken and completed by the Company during the period from January 1, 2016 to December 31, 2016.

Upon completion of the work program under the Third Exploration Contribution, the Company would transfer to the Consortium a 69% interest in the Project.

The Consortium has the right at any time to exercise an Off-Ramp Option during the term of the Farm Out Agreement and/or within 30 days after receiving an official technical report on the most recently completed work program during the period from January 1, 2016 to December 31, 2016, at its own discretion by giving 30 days written notice to the Company, and upon exercise of the Off-Ramp Option, this Farm Out Agreement and all rights and obligations of the parties under the agreement shall terminate ("Off-Ramp Option").

If, after making the Third Exploration Contribution, the Consortium exercises the Off-Ramp Option then this Farm Out Agreement and the Consortium will be deemed to have renounced all its rights or interest in the Project and will have no right to acquire any portion of any interest in the Project and will have no further obligations or liabilities to the Company.

Upon the Consortium acquiring 69% interest in the Project, this Farm Out Agreement will terminate and the parties will form a joint venture (the "Joint Venture") for the purpose of carrying out all such acts which are necessary or appropriate, directly or indirectly, to hold the Project, explore the Project for minerals, and if feasible develop a mine thereon, and so long as it is feasible, operate such mine and exploit the mineral extracted from the Project.

On April 12, 2017, the Company announced the completion of the summer drilling program at its Lucky Mike copper, gold and molybdenum exploration stage project located at Swakum Mountain 20 km north of Merritt, British Columbia.

On August 4, 2017, the Company executed a deed of release and amendment on the Farm Out Agreement with the Consortium to release Nexgeo from the joint exploration agreement and to transfer its 13% interest in the Lucky Mike project to the Company in consideration of shares of the Company. This will increase the Company's ownership of the Lucky Mike property from 31% to 44%. Meanwhile and by mutual consent, KORES defers by one year the execution of this amendment and of its rights to acquire a 56% interest in the project.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Total costs incurred on exploration and evaluation assets are summarized as follows:

	Nine months ended October 31, 2017 $	January 31, 2017 $
Acquisition costs:		
Balance, beginning of period	73,267	55,767
Cash paid for acquisition costs	-	15,000
Shares issued for acquisition costs	-	2,500
Balance, end of period	73,267	73,267
Deferred exploration expenditures:		
Balance, beginning of period	(81,806)	60,581
Exploration costs	-	738,682
Recoveries from Consortium	-	(764,238)
Recoveries on costs	-	(50,000)
Mineral exploration tax credit	-	(66,831)
Balance, end of period	(81,806)	(81,806)
Recovery of exploration and evaluation costs	8,539	8,539
Total costs, end of period	-	-

5. PETROLEUM PROPERTY

Cardium Petroleum and Natural Gas Project, Alberta

On December 1, 2015, the Company entered into an agreement to sell its working interest in the Cardium petroleum and natural gas project to an unrelated party for the cash consideration of $125,000 (“the Agreement”). As of January 31, 2016, the Company had received $105,000 and recorded the remaining portion of $20,000 as amounts receivable. During the year ended January 31, 2017, the Company received the remaining $20,000.

Prior to the sale, the Company had received incidental revenue from the operator of $31,973. The Company incurred direct costs, and issued 125,000 common shares (Note 9) with fair values of $12,500 as a finder’s fee for a total cost of $12,866. Pursuant to the Agreement, the purchaser assumed the decommissioning liability of $45,379. As a result of the sale, the Company recognized a gain of $11,906 during the year ended January 31, 2016.

6. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The following is a summary of balances and transactions with companies controlled by directors and officers of the Company:

	October 31, 2017 $	January 31, 2017 $
Amounts included in accounts payable	20,900	6,900

The amounts due to directors or to companies they control are non-interest bearing, unsecured and due on demand.

6. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

The remuneration of key management personnel during the period ended October 31, 2017 and 2016 is summarized below:

	2017 $	2016 $
Key management compensation		
Management fees**	14,000	82,350

** Amounts noted above were paid to key management including the President, Chief Executive Officer and Chief Financial Officer.

7. BANK LOAN

The Company obtained a demand loan with a principal amount of $200,000 from the Bank of Montreal during the period ended October 31, 2015. The loan had an interest rate of prime plus 1.5% per annum and was guaranteed by the former President of the Company. The Company issued 50,000 common shares with a fair value of $15,500 to the former President as consideration for the guarantee. During the year ended January 31, 2017 the loan was paid in full.

8. LOAN PAYABLE

The loan was provided from an arm's length party for $80,000 during the period ended October 31, 2017. The loan is unsecured and non-interest bearing.

9. SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and outstanding:

During the year ended January 31, 2017, the Company's shareholders approved a consolidation of the Company's issued and outstanding shares on a two existing shares for one new share basis. All share and per share amounts in these financial statements have been adjusted to give retroactive effect to the share consolidation.

As at October 31, 2017, the issued share capital is comprised of 7,595,571 (January 31, 2017 - 7,595,571) common shares.

For the year ended January 31, 2017, the Company had the following share capital transactions:

a) The Company issued 8,333 common shares with fair value of $2,500 for exploration and evaluation assets pursuant to the Lucky Mike Agreement described in Note 4.

b) On August 30, 2016, the Company issued 1,243,010 common shares to settle accounts payable of $124,302 with its former officers and directors of the Company. The former officers and directors also agreed to forgive the remaining balance of $236,893. The total fair value of the common shares issued was $62,151 and the Company recognized $299,044 as a gain on debt settlement on the statements of comprehensive loss.

c) On December 23, 2016, the Company also issued 540,140 shares to settle accounts payable of $54,014 with certain consultants of the Company. The total fair value of the common shares issued was $21,606 and the Company recognized a gain on debt settlement of $32,408 on the statements of comprehensive loss.

9. SHARE CAPITAL (continued)

Issued and outstanding (continued):

For the year ended January 31, 2016, the Company had the following share capital transactions:

a) The Company issued 125,000 common shares with a fair value of $12,500 as finder's fee related to the sale of the petroleum property (Note 5).

b) The Company issued a total of 1,757,160 common shares to settle accounts payable of $175,716 with its vendors, former officers and current officers and directors of the Company. The total fair value of the shares was $175,716 and no gain or loss was recognized on the statements of comprehensive loss.

Stock options

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") approved by the directors on May 28, 2012 which complies with the rules and policies of the TSX Venture Exchange. Under the Plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company at the time of the granting of options. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless otherwise specified by the Board of Directors.

On January 18, 2017, the Company granted 350,000 stock options to directors, officers and consultants of the Company. The options vested on the grant date, are exercisable to purchase the common shares of the Company at $0.06 per share and expire on January 18, 2019. The fair value of the options granted was $23,942 and was estimated using the Black-Scholes option pricing model with the following assumptions:

	2017
Share price at grant date	$0.08
Risk-free interest rate	0.72%
Exercise price	$0.06
Expected dividend yield	-
Expected stock price volatility	194%
Expected life in years	2

A summary of the Company's stock options is as follows:

	Number of Options	**Weighted Average Exercise Price ($)**
Outstanding and exercisable, January 31, 2016	355,000	1.26
Granted	350,000	0.06
Expired/forfeited	(355,000)	(1.26)
Outstanding and exercisable, January 31, 2017 and October 31, 2017	350,000	0.60

9. SHARE CAPITAL (continued)

Stock options (continued)

As at October 31, 2017, the Company had stock options outstanding to directors, officers and consultants as follows:

Outstanding and exercisable	Exercise Price	Remaining life (in years)	Expiry Date
350,000	$0.06	1.22	January 18, 2019

10. MANAGEMENT OF CAPITAL

The Company defines capital as debt and all accounts in equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern.

As at October 31, 2017, the Company had capital resources consisting of cash and cash equivalents. 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 will continue to rely on capital markets to support continued growth.

11. FINANCIAL INSRUMENT AND FINANCIAL RISK

The Company's financial instruments include cash and cash equivalents, accounts payable and loan payable. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Fair value of financial instruments

IFRS 7, Financial Instruments: Disclosures, establishes 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 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - 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); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

As at October 31, 2017

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	42,015	-	-	42,015

11. FINANCIAL INSRUMENT AND FINANCIAL RISK (continued)

Financial risk management objectives and policies

The Company's financial instruments include cash, accounts payable and due to related party. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *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. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. To minimize the credit risk on cash and cash equivalents the Company places the instrument with a high credit quality financial institution.

(iv) Liquidity risk
In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at October 31, 2017, the Company had cash and cash equivalents of $42,015 to settle current liabilities of $209,702 which fall due for payment within twelve months of the balance sheet date.

12. SUBSEQUENT EVENTS

No subsequent events.