



(formerly Star Minerals Group Ltd.)

Condensed Interim Consolidated Financial Statements

For the nine months ended July 31, 2017 and 2016

**(Expressed in Canadian Dollars)
(unaudited)**

CSE:SUV info@naviscorp.com

**800-1199 West Hastings Street,
Vancouver, BC V6E 3T5**

Notice of no auditor review of condensed interim consolidated financial statements.

These condensed interim consolidated financial statements for the nine months ended July 31, 2017 have been compiled by management. These condensed interim consolidated financial statements, along with the accompanying notes, have been reviewed and approved by the members of the Company's audit committee.

In accordance with Canadian Securities Administrators National Instrument 51-102, the Company discloses that these unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

NAVIS RESOURCES CORP. (formerly Star Minerals Group Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)

| | July 31, 2017 | October 31, 2016 |
|---------------------------------|----------------------|-------------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 849 | \$ 3,578 |
| Prepaid expenses (Note 7) | 66,000 | - |
| Receivables | 19,331 | 7,846 |
| | \$ 86,180 | \$ 11,424 |
| LIABILITIES | | |
| Current | | |
| Accounts payable (Note 9) | \$ 454,913 | \$ 1,094,776 |
| Accrued liabilities | - | 11,231 |
| Loan payable (Note 11) | 1,868 | 25,469 |
| | 456,781 | 1,131,476 |
| SHAREHOLDERS' DEFICIENCY | | |
| Capital stock (Note 8) | 18,237,190 | 17,948,650 |
| Other equity (Note 8) | 941,627 | 766,652 |
| Deficit | (19,549,418) | (19,835,354) |
| | (370,601) | (1,120,052) |
| | \$ 86,180 | \$ 11,424 |

Nature of Operations (Note 1)
Going Concern (Note 2)
Subsequent Events (Note 16)

Approved and authorized by the Board of Directors on September 29, 2017.

On behalf of the Board:

“Michael Burns”

 Director

“Anthony Jackson”

 Director

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

NAVIS RESOURCES CORP. (formerly Star Minerals Group Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND NINE MONTHS ENDED
(Expressed in Canadian Dollars)

| | For the three months ended | | For the nine months ended | |
|---|----------------------------|------------------|---------------------------|---------------------|
| | July 31, 2017 | July 31, 2016 | July 31, 2017 | July 31, 2016 |
| Operating Expenses | | | | |
| Bank fees | \$ 16 | \$ 177 | \$ 377 | \$ 743 |
| Consulting fees (Note 9) | 40,500 | - | 118,500 | - |
| Filing fees | 6,749 | 1,050 | 14,932 | 15,051 |
| Insurance | - | - | - | 9,000 |
| Management fees (Note 9) | - | 2,394 | 5,000 | 122,654 |
| Office expense | 1,503 | (110) | 848 | 5,554 |
| Professional fees | - | - | 18,284 | - |
| Property examination | - | - | - | 4,476 |
| Transfer agent | 2,092 | (1,199) | 12,934 | 3,991 |
| Travel and promotion | - | - | - | 2,409 |
| Total Operating Expenses | (50,860) | (2,312) | (170,875) | (163,878) |
| Other Income (Expenses) | | | | |
| Property write-off | - | - | - | (340,154) |
| Gain on sale of investments | - | - | - | 987 |
| Gain on settlement of debt (Note 8) | 2,120 | 15,000 | 458,072 | 250,645 |
| Interest income (expense) | (79) | - | (1,261) | 175 |
| Loss on sale of assets | - | - | - | (2,051) |
| Foreign exchange loss | - | - | - | (496) |
| Loss on revaluation of investment (Note 10) | - | - | - | (2,093) |
| Total Other Income (Expenses) | 2,041 | 15,000 | 456,811 | (92,987) |
| Income (loss) for the period | \$ (48,819) | \$ 12,688 | \$ 285,936 | \$ (256,865) |
| Translation adjustment | - | - | - | 41,680 |
| Comprehensive income (loss) for the period | \$ (48,819) | \$ 12,688 | \$ 285,936 | \$ (215,185) |
| Income (loss) from continuing operations per share – basic and diluted | \$ (0.006) | \$ 0.003 | \$ 0.041 | \$ (0.064) |
| Weighted average common shares – basic and diluted | 8,621,416 | 3,986,262 | 6,999,095 | 3,986,262 |

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

NAVIS RESOURCES CORP. (formerly Star Minerals Group Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED
(Expressed in Canadian Dollars)

| | July 31, 2017 | July 31, 2016 |
|---|----------------------|----------------------|
| Cash flows used in operating activities | | |
| Income (loss) for the period | \$ 285,936 | \$ (256,865) |
| Items not involving cash: | | |
| Loss on revaluation of investment | - | 2,093 |
| Gain on sale of investment | - | (987) |
| Gain on settlement of debt | (458,072) | - |
| Accrued interest | 1,180 | - |
| Non-cash working capital item changes: | | |
| Receivables | (11,485) | (1,374) |
| Prepaid expenses | (66,000) | 19,000 |
| Accounts payable and accrued liabilities | (80,687) | (173,238) |
| | (329,128) | (411,371) |
| Cash flows provided by investing activities | | |
| Proceeds from sale of exploration and evaluation assets | - | 15,000 |
| Loss on sale of property, plant and equipment | - | 2,051 |
| Exploration and evaluation assets | - | 340,154 |
| Proceeds from sale of investment | - | 7,164 |
| | - | 364,369 |
| Cash flows provided by financing activities | | |
| Issuance (repayment) of promissory notes | (23,601) | 23,601 |
| Share issued | 350,000 | 24,166 |
| | 326,399 | 47,767 |
| Increase (decrease) in cash | (2,729) | 765 |
| Cash, beginning of period | 3,578 | 4,911 |
| Cash, end of period | \$ 849 | \$ 5,676 |

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

NAVIS RESOURCES CORP. (formerly Star Minerals Group Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE NINE MONTHS ENDED JULY 31, 2017 AND 2016
(Expressed in Canadian Dollars)

| | Number of Shares | Capital Stock | Share-based Payment Reserve | Deficit | Total Shareholders' Deficiency |
|--|---------------------|----------------------|--------------------------------|------------------------|-----------------------------------|
| Balance October 31, 2015 | 3,886,262 | \$ 17,924,483 | \$ 766,652 | \$ (19,380,684) | \$ (689,549) |
| Foreign translation adjustment | - | - | - | 41,680 | 41,680 |
| Share issuance | 100,000 | 24,167 | - | - | 24,167 |
| Loss for the period | - | - | - | (256,865) | (256,865) |
| Balance July 31, 2016 | 3,986,262 | \$ 17,948,650 | \$ 766,652 | \$ (19,595,869) | \$ (880,567) |
| | | | | | |
| | Number of Shares | Capital Stock | Share-based Payment Reserve | Deficit | Total Shareholders' Deficiency |
| Balance October 31, 2016 | 3,986,262 | \$ 17,948,650 | \$ 766,652 | \$ (19,835,354) | \$ (1,120,052) |
| Shares issued for debt settlement (Note 8) | 1,135,154 | 113,515 | - | - | 113,515 |
| Shares issued for private placement (Note 8) | 3,500,000 | 175,025 | 174,975 | - | 350,000 |
| Income for the period | - | - | - | 285,936 | 285,936 |
| Balance July 31, 2017 | 8,621,416 | \$ 18,237,190 | \$ 941,627 | \$ (19,549,418) | \$ (370,601) |

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

1. Nature of Operations

Navis Resources Corp. (the “Company”) was incorporated in British Columbia and is extra provincially registered in Alberta. The records office is 800-1199 West Hastings Street, Vancouver, BC V6E 3T5. The Company subsequently continued as a corporation under the jurisdiction of Saskatchewan and is a reporting issuer in Ontario due to having shares listed on the Canadian Securities Exchange (the “CSE”).

In April 2014, the Company incorporated a subsidiary company in the State of Montana. The subsidiary, Star Minerals Group US LLC, (“Star US”) is the operating company for projects within the United States. Star US was the operator of a gold placer property in Montana, as further discussed in Note 15. During the year ended October 31, 2015, the Company ceased these operations (Note 15).

In December 2015, the Company changed its name from Star Minerals Group Ltd. to Navis Resources Corp. which reflects a change in direction of the Company from a mineral-focused exploration company to a more diversified portfolio including the acquisition and development of oil and natural gas and helium assets. The Company is also in the process of exploring its mineral interests and has not determined whether these properties contain ore reserves that are economically recoverable.

To date, the Company has not earned significant revenues from its exploration and evaluation properties and is considered to be in the exploration stage.

2. Going Concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at July 31, 2017, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and /or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

3. Basis of Preparation and Statement of Compliance

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, “*Interim Financial Reporting Standards*” (“IAS 34”), 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”). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Critical accounting estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Critical Judgments

Going concern

The preparation of these condensed interim consolidated financial statements requires management to make judgments regarding the ability of the Company to continue as a going concern as discussed in Note 2.

Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Group. These condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency. The functional currency of the parent is the Canadian dollar. The functional currency of Star US was changed from US dollars to Canadian dollars as at November 1, 2015 after it ceased its previous operation.

Treatment of lease

The Company, through Star US, entered into a lease agreement on the placer gold operation in Montana during the year ended October 31, 2014. The Company was required to make minimum lease payments and was the operator of the property. As a result, management had determined that the lease be recorded as a finance lease. The Company shut down operations in Montana during the 2015 fiscal year due to the decline in the economic feasibility of the project. Since the project is permanently terminated, the finance lease was written off and the finance lease obligation was extinguished during the year ended October 31, 2015.

Discontinued operations

The allocation of expenses between continuing and discontinued operations is dependent on management’s assessment of the activities required to operate the US and Canadian operations.

3. Basis of Preparation and Statement of Compliance – continued

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

Significant estimates made by management affecting the financial statements include:

Depreciation and valuation of property, plant and equipment and finance lease

Property, plant and equipment are depreciated over the estimated useful life of the assets. Changes in the estimated useful lives could increase or decrease the amount of depreciation recorded during the year. When there are indications that property, plant and equipment may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs of disposal. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Fair value of stock options and warrants

Determining the fair value of stock options and warrants requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of shareholders' equity.

3. Basis of Preparation and Statement of Compliance – continued

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

4. Significant Accounting Policies

The accounting policies followed by the Company are set out in Note 4 to the audited consolidated financial statements for the year ended October 31, 2016, and have been consistently followed in the preparation of these condensed interim consolidated financial statements.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after November 1, 2016. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018
- IFRS 15: New standard that discusses revenue recognition in contracts, effective for annual periods beginning on or after January 1, 2018

Other Accounting Standards

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

5. Property, Plant and Equipment

| | Exploration and Office Equipment | Computer Hardware | Mine Asset | Total |
|--|--|----------------------|------------|------------|
| Cost at October 31, 2015 | \$ 50,567 | \$ 5,427 | \$ 582,443 | \$ 638,437 |
| Disposals | (50,567) | (5,427) | (582,443) | (638,437) |
| Cost at October 31, 2016 and July 31, 2017 | \$ - | \$ - | \$ - | \$ - |
| Accumulated depreciation at October 31, 2015 | \$ 49,404 | \$ 4,539 | \$ 582,443 | \$ 636,386 |
| Disposals | (49,404) | (4,539) | (582,443) | (636,386) |
| Accumulated depreciation at October 31, 2016 and July 31, 2017 | \$ - | \$ - | \$ - | \$ - |
| Net book value at October 31, 2015 | \$ 1,163 | \$ 888 | \$ - | \$ 2,051 |
| Net book value at October 31, 2016 and July 31, 2017 | \$ - | \$ - | \$ - | \$ - |

6. Exploration and Evaluation Assets

| | Black Lake | Hoidas Lake | Total |
|--|-------------|-------------|-------------|
| Balance, October 31, 2015 | \$ - | \$ 340,154 | \$ 340,154 |
| Impairment | - | (340,154) | (340,154) |
| Balance, October 31, 2016 and July 31, 2017 | \$ - | \$ - | \$ - |
| Cumulative Totals | Black Lake | Hoidas Lake | Total |
| Acquisitions costs | \$ 3,112 | \$ - | \$ 3,112 |
| Administration costs | 225 | - | 225 |
| Consulting | 16,247 | - | 16,247 |
| Drilling | 371,536 | - | 371,536 |
| Geology | - | 340,154 | 340,154 |
| Permits | 199 | - | 199 |
| Recovery | (114,000) | - | (114,000) |
| Impairment | (277,319) | (340,154) | (617,473) |
| Balance, October 31, 2016 and July 31, 2017 | \$ - | \$ - | \$ - |

6. Exploration and Evaluation Assets – continued

(a) Black Lake

The Company had a 100% interest in two staked claims along the Northern rim of the Athabasca Basin, in the vicinity of Stony Rapids in Northern Saskatchewan. In the 2014 fiscal year the Company entered into a joint venture agreement with Lakeland Resources Inc. (“Lakeland”). Under the terms of the joint venture agreement, Lakeland had the right to earn a 100-per-cent interest in the two claims by making cash payments totaling \$60,000 and issuing 60,000 common shares over a 12-month period. The Company retained the option of a 25-per-cent buyback for four times the exploration moneys spent by Lakeland to the date that the buyback option was exercised. The buyback option was exercisable at any time up to a 90-day period following the completion and publication of an NI 43-101-compliant resource estimate.

In 2014, Lakeland paid the Company \$40,000 and issued 40,000 common shares and in the 2015 fiscal year, Lakeland paid the Company a further \$20,000 and issued 20,000 common shares (Note 10). As such, the Company no longer has an interest in this property and the costs were written off in the statement of operations.

(b) Hoidas Lake

The Company had entered into a joint venture agreement with Great Western Minerals Group Ltd. (“GWMG”) whereby the Company had the right to acquire a 25% participating interest in the Hoidas Lake project by financing and completing a preliminary economic assessment report (“PEA”) in respect of the Hoidas Lake project by January 2016 and an additional 26% participating interest by financing and completing a bankable feasibility study within four years of the acquisition of the initial 25% interest. The Hoidas Lake project is located in Northern Saskatchewan, within Saskatchewan’s Northern Mining District. The Company had entered into a Joint Venture Agreement with the new owners of the project, a private Canadian company, to acquire a 60% interest in the Hoidas Lake project by making a payment of \$25,000 cash and issuing 500,000 common shares of the Company before July 31, 2016. The purchase option and Joint Venture Agreement on Hoidas Lake was terminated and therefore the costs were written off in the statement of operations during the year ended October 31, 2016.

(c) Fort à la Corne

The Company has multiple claims within the Fort à la Corne region of Northern Saskatchewan. The Company holds a 100% interest in 9 of the claims and the remaining 10 claims are under joint venture where the Company holds a 50% interest with the other 50% interest being held by Karoo Exploration Corp. (formerly United Uranium Corp.), a related party. Management has no current plans for this property and the Company wrote off the entire project during the year ended October 31, 2014.

7. Prepaid Expenses

| | July 31, 2017 | October 31, 2016 |
|------------|---------------|------------------|
| Consulting | \$ 66,000 | \$ - |

8. Capital Stock and Other Equity Reserve

The authorized capital stock of the Company is an unlimited number of common shares and unlimited number of preferred shares issuable in series.

On July 21, 2017, the Company consolidated all of its issued and outstanding common shares on a 10 for one basis. The consolidation has reduced the common shares issued and outstanding from 86,214,159 pre-consolidated common shares to 8,621,416 post-consolidated common shares.

During the nine months ended July 31, 2017, the Company issued 1,135,154 common shares from treasury in settlement for \$567,577 of debt and recognized a gain on debt settlement of \$455,952.

On February 6, 2017, the Company has closed its non-brokered private placement of 3,500,000 units at a price of \$0.10 per unit to raise total proceeds of \$350,000. Each unit comprised one common share of the issuer and one common share purchase warrant of the issuer. Each warrant will be exercisable into a common share of the Company at an exercise price of \$0.50 with a two-year expiry.

During the year ended October 31, 2016 the Company issued 100,000 common shares from treasury in lieu of \$24,167 of debt.

As at July 31, 2017, the Company had 8,621,416 (October 31, 2016 - 3,986,262) common shares outstanding.

Stock Options

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and contractors of the Company as well as persons providing ongoing services to the Company. The aggregate number of shares issuable under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. Unless otherwise determined by the board of directors of the Company (the "Board"), the exercise price of options equals at least the closing price of the common shares on the day prior to the date of the grant. Stock options vest in accordance with the determination of the Board at the time of the grant and may be granted for up to a ten-year term.

A summary of the Company's outstanding stock options as at July 31, 2017 is as follows:

| | Number of Options | Weighted Average Exercise Price |
|--|-------------------|---------------------------------|
| Outstanding and exercisable, October 31, 2015 | 195,000 | \$ 0.70 |
| Forfeited | (145,000) | 0.80 |
| Outstanding and exercisable, October 31, 2016 and July 31, 2017 | 50,000 | \$ 0.50 |

| Number of Shares Under Option | Exercisable | Exercise Price | Remaining Life (years) | Expiry Date |
|-------------------------------|-------------|----------------|------------------------|-----------------|
| 50,000 | 50,000 | \$ 0.50 | 8.18 | October 1, 2025 |

8. Capital Stock and Other Equity Reserve – continued

Options Granted

The Company granted 50,000 stock options valued at \$500 during the year ended October 31, 2015. During the periods ended October 31, 2016 and July 31, 2017 the Company did not grant any stock options.

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of stock options granted. The Black-Scholes Option Pricing Model was developed for use in estimating the fair value of traded options that have no vesting restrictions. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

Warrants

During the period ended July 31, 2017, the Company issued 3,500,000 warrants at an exercise price of \$0.50 with a two-year expiry. During the year ended October 31, 2016, 99,248 warrants at an exercise price of \$1.05, 10,000 warrants with an exercise price of \$0.60 and 137,507 warrants at an exercise price of \$1.00 expired unexercised.

A summary of the Company's outstanding warrants as at July 31, 2017 is as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|------------------------------|--------------------|---------------------------------|
| Outstanding October 31, 2015 | 246,755 | \$ 1.00 |
| Expired | (246,755) | 1.00 |
| Outstanding October 31, 2016 | - | \$ - |
| Issued | 3,500,000 | 0.50 |
| Outstanding July 31, 2017 | 3,500,000 | \$ 0.50 |

Other Equity

| | Share-based payment | Warrants | Total |
|------------------------------------|---------------------|------------|------------|
| Balance, October 31, 2015 and 2016 | \$ 713,180 | \$ 53,472 | \$ 766,652 |
| Warrants | - | 174,975 | 174,975 |
| Balance, July 31, 2017 | \$ 713,180 | \$ 228,447 | \$ 941,627 |

Reserve

Share-based payment and warrant reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

9. Related Party Transactions

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and companies owned by these individuals.

Remuneration attributed to key management personnel can be summarized as follows:

| | For the periods ended July 31, | |
|----------------------|---------------------------------------|-------------|
| | 2017 | 2016 |
| Short-term benefits* | \$ 57,500 | \$ 167,010 |

*Include base salaries, pursuant to contractual employment or consultancy and management arrangements, included in management fees and fees paid for property examinations

During the period ended July 31, 2017, the Company incurred consulting fees of \$26,000 (2016 - \$nil) to a consultant related to an officer.

As at July 31, 2017, accounts payable includes \$217,211 (October 31, 2016 - \$619,548) due to related parties. The amounts due to related parties are non-interest bearing and unsecured, with no fixed terms of repayment.

10. Investments

During the year ended October 31, 2014, the Company acquired 40,000 shares of Lakeland Resources Inc., and on November 1, 2014 the Company acquired a further 20,000 shares, under terms of a joint venture agreement (Note 6). 49,667 shares were sold during the year ended October 31, 2015. During the year ended October 31, 2016, the remaining 10,333 shares were sold.

| | |
|---|-----------|
| Balance, October 31, 2014 | \$ 22,000 |
| Cost of additions | 12,000 |
| Sale of shares | (23,053) |
| Loss on sales of shares and revaluation | (2,677) |
| Balance, October 31, 2015 | 8,270 |
| Sale of shares | (7,164) |
| Loss on sale of shares and revaluation | (1,106) |
| Balance, October 31, 2016 and July 31, 2017 | \$ - |

11. Loans Payable

During the year ended October 31, 2016, the Company issued a promissory note to a third party in the amount of \$23,601. The promissory note is due on demand, bears an interest rate of 10% per annum and is secured with a first charge on the property held in the Fort a la Corne region of Northern Saskatchewan. During the period ended July 31, 2017, the promissory note was repaid in full.

During the year ended October 31, 2016, the Company received a loan of \$1,868 from a third party. The loan was due on demand, unsecured and non-interest bearing.

12. Financial and Capital Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivable. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

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 a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at July 31, 2017:

| | Within one year | Between one and five years | More than five years |
|----------------|-----------------|-------------------------------|-------------------------|
| Trade payables | \$ 454,913 | \$ - | \$ - |
| Loan payable | 1,868 | - | - |
| | \$ 456,781 | \$ - | \$ - |

12. Financial and Capital Risk Management – continued

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's promissory note bears a fix internet rate; therefore, is not exposed to interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk as it incurs expenditures that are primarily denominated in Canadian dollars.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of working and share capital. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

| | July 31, 2017 | October 31, 2016 |
|-------------------------------------|---------------|------------------|
| Fair value through profit and loss: | | |
| Cash | \$ 849 | \$ 3,578 |
| | \$ 849 | \$ 3,578 |

Financial liabilities included in the statement of financial position are as follows:

| | July 31, 2017 | October 31, 2016 |
|---------------------------------------|---------------|------------------|
| Non-derivative financial liabilities: | | |
| Trade payables | \$ 454,913 | \$ 1,094,776 |
| Loan payable | 1,868 | 25,469 |
| | \$ 456,781 | \$ 1,120,245 |

12. Financial and Capital Risk Management – continued

Fair value

The fair value of the Company's financial assets and liabilities approximates their carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at July 31, 2017 and October 31, 2016:

| | As at July 31, 2017 | | |
|------|---------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Cash | \$ 849 | \$ - | \$ - |

| | As at October 31, 2016 | | |
|------|------------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Cash | \$ 3,578 | \$ - | \$ - |

13. Segment Information

The Company operated in two reportable and operating segments, being the acquisition, exploration and evaluation of mineral resources in Canada and a placer gold operation in the United States. The United States operation was discontinued during the year ended October 31, 2015. As such, the Company only has one continuing segment, being the Canadian operations. Details of the US segment's discontinued operations are included in Note 15.

14. Supplemental Disclosure with Respect to Cash Flow

The non-cash transactions during the period ended July 31, 2017 that affected cash flows from investing and financing activities were:

- a) Settlement of debt valued at \$567,577 through issuance of 1,135,154 shares in the common stock.

The non-cash transactions during the year ended October 31, 2016 that were excluded from the statement of cash flows were:

- a) Sale of property and equipment for \$2,051 in settlement of \$15,000 of accounts payable; and
- b) Settlement of debt valued at \$24,167 through issuance of 100,000 shares in the common stock.

15. Discontinued Operations

Discontinued operations consist of the Company's US gold placer mine operations, which have been classified as discontinued because the Company ceased operations during the year ended October 31, 2015 (Note 1).

| Operating information: | For the year ended October 31, 2015 |
|---|--|
| Revenue, net of royalties of \$23,903 | \$ 729,661 |
| Cost of sales | (598,106) |
| Depreciation of property, plant and equipment | (93,901) |
| Depreciation of finance lease | (58,334) |
| Finance expense | (44,796) |
| Reclamation cost | (12,444) |
| Impairment of property, plant and equipment | (493,958) |
| Loss on disposal of property, plant and equipment | (80,129) |
| Gain on finance lease extinguishment | 30,892 |
| Loss from discontinued operations | \$ (621,115) |

Cost of sales related to discontinued operations includes total personnel expenses of \$274,057.

| Cash used in: | For the year ended October 31, 2015 |
|---|--|
| Operating activities | \$ 53,494 |
| Financing activities | (42,340) |
| Investing activities | - |
| Transfers to continuing operations, net | (14,249) |
| Total cash used in discontinued operations | \$ (3,095) |

16. Subsequent Events

On September 15, 2017, the Company has released the results of its annual general and special meeting held on September 1, 2017. The proposed consolidation of the Company's shares with one post-consolidated share for ten pre-consolidated shares was approved by a majority of the shareholders. The Company is planning to proceed with the share consolidation with the previous terms.

On September 21, 2017, the Company has closed a non-brokered flow-through private placement for two million flow-through units at a price of five cents per unit to raise total proceeds of \$100,000. Each unit will comprise one flow-through share of the Company and one common share purchase warrant of the Company. Each warrant will be exercisable into a common share of the Company at an exercise price of 10 cents with a one-year expiry.