RAVENQUEST BIOMED INC.
(formerly RAVENCREST RESOURCES INC.)
(An Exploration Stage Enterprise)

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Condensed Interim Financial Statements
For the nine months ended July 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Stated in Canadian Dollars)

The accompanying unaudited condensed interim financial statements of Ravenquest Biomed Inc. for the nine months ended July 31, 2017 have been prepared by management and approved by the Audit committee and the Board of Directors of the Company.

RAVENQUEST BIOMED INC.
(formerly RAVENCREST RESOURCES INC.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Unaudited – Prepared by Management)
(Stated in Canadian Dollars)

	July 31, 2017	October 31, 2016
ASSETS		
Current		
Cash	$ 681,709	$ 604
GST and other receivable	10,926	4,095
	692,635	4,699
Reclamation bond – Note 3	4,000	4,000
	$ 696,635	$ 8,699
LIABILITIES		
Current		
Accounts payable and accrued liabilities – Note 5	$ 632,728	$ 375,282
Shareholder loans – Note 5	826,613	83,619
	1,459,341	458,901
SHAREHOLDERS' DEFICIT		
Share capital – Note 4	1,833,381	1,833,381
Share-based payment reserve – Note 4	130,202	-
Deficit	(2,726,289)	(2,283,583)
	(762,706)	(450,202)
	$ 696,635	$ 8,699

Nature and Continuance of Operations – Note 1

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

/s/ *Anton J. Drescher* Director
Anton J. Drescher

/s/ *Henk Van Alphen* Director
Henk Van Alphen

RAVENQUEST BIOMED INC.
(formerly RAVENCREST RESOURCES INC.)
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
For the nine months ended July 31, 2017 and 2016
(Unaudited – Prepared by Management)
(Stated in Canadian Dollars)

	Three months ended July 31, 2017	Three months ended July 31, 2016	Nine months ended July 31, 2017	Nine months ended July 31, 2016
Expenses				
Filing fees	$ 12,200	$ 1,500	$ 17,469	$ 7,143
Foreign exchange loss	8,302	-	8,302	-
Interest	6,364	-	6,364	-
Management fees – Note 5	24,000	12,000	56,000	36,000
Office	1,154	643	3,698	1,966
Professional fees	12,760	5,306	17,510	9,706
Rent	2,100	1,200	6,300	3,600
Share-based compensation	130,202	-	130,202	-
Meals and entertainment	1,582	-	6,122	-
Travel	706	-	2,103	-
Telephone	541	447	2,253	1,671
Transaction costs (Note 8i)	182,891	-	182,891	-
Transfer agent fees	1,842	827	3,492	2,742
Net and comprehensive loss for the period	$ (384,644)	$ (21,923)	$ (442,706)	$ (62,828)
Basic and diluted loss per share	$ (0.02)	$ (0.00)	$ (0.02)	$ (0.00)
Weighted average number of shares outstanding	29,000,000	29,000,000	29,000,000	29,000,000

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

RAVENQUEST BIOMED INC.
(formerly RAVENCREST RESOURCES INC.)
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
For the nine months ended July 31, 2017 and 2016
(Unaudited – Prepared by Management)
(Stated in Canadian Dollars)

	Share Capital		Share-based		
	Number of share	**Amount**	**Payment Reserve**	**Deficit**	**Total**
Balance as at October 31, 2015	29,000,000	$ 1,833,381	$ -	$(2,202,125)	$ (368,744)
Loss for the period	-	-	-	(62,828)	(62,828)
Balance as at July 31, 2016	29,000,000	1,833,381	-	(2,264,953)	(431,572)
Loss for the period	-	-	-	(18,630)	(18,630)
Balance as at October 31, 2016	29,000,000	1,833,381	-	(2,283,583)	(450,202)
Share-based compensation	-	-	130,202	-	130,202
Loss for the period	-	-	-	(442,706)	(442,706)
Balance as at July 31, 2017	29,000,000	$ 1,833,381	$ 103,202	$(2,726,289)	$ (137,698)

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

RAVENQUEST BIOMED INC.
(formerly RAVENCREST RESOURCES INC.)
STATEMENTS OF CASH FLOWS
For the nine months ended July 31, 2017 and 2016
(Unaudited – Prepared by Management)
(Stated in Canadian Dollars)

	Nine months ended July 31, 2017	Nine months ended July 31, 2016
Operating Activities		
Net loss for the period	$ (442,706)	$ (62,828)
Items not affecting cash		
Share-based compensation	130,202	-
Change in non-cash working capital accounts		
GST and other receivable	(6,831)	(471)
Accounts payable and accrued liabilities	257,446	37,230
	(61,889)	(26,069)
Financing Activity		
Shareholder loans received	742,994	25,175
Change in cash during the period	681,105	(894)
Cash, beginning of the period	604	1,526
Cash, end of the period	$ 681,709	$ 632
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

Non-cash Transactions:

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flow.

	2017	2016
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	$ -	$ 57,297

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

Note 1 Nature and Continuance of Operations

Ravenquest Biomed Inc. (formerly Ravencrest Resources Inc.) is a British Columbia coporatino. The Company's principal place of business is #507-837 West Hastings Street, Vancouver BC, Canada.

Subsequent to July 31, 2017, the Company changed its name from Ravencrest Resources Inc. to Ravenquest Biomed Inc.

The Company is in the exploration stage, currently focused on the exploration of mineral property interests located in Canada. The recoverability of amounts from the property will be dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying property, the ability of the Company to obtain necessary financing to complete the development of the property and upon future profitable production or proceeds from the sale thereof.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. As of July 31, 2017, the Company had not yet achieved profitable operations and had accumulated a deficit of $2,726,289 (October 31, 2016 – $2,283,583) and had a working capital deficiency of $766,706 (October 31, 2016 – $454,202). The Company expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. If the Company should be unable to continue as a going concern, realization of its assets and settlement of its liabilities in other than the normal course of the business may be at amounts significantly different from those in the financial statements. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business when they come due.

Note 2 Significant Accounting Policies

Basis of presentation

These condensed interim financial statements for the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended October 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim financial statements were authorized for issue by the Board of Directors on September 29, 2017.

Note 2 Significant Accounting Policies *(continued)*

Basis of presentation *(continued)*

These condensed interim financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale or fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Significant accounting estimates and judgments

The preparation of these condensed interim 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and in future periods, if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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 estimated amounts of reclamation and environmental obligations from past exploration.

Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The evaluation and determination of the material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern is a critical judgment.

Cash and cash equivalents

Cash and cash equivalents consist of cash held with banks and highly liquid short-term investments in high interest saving accounts which can be withdrawn at any time, which, in the opinion of management, is subject to an insignificant risk of changes in value. As at July 31, 2017 and October 31, 2016, the Company held only cash.

Note 2 Significant Accounting Policies *(continued)*

Financial instruments

a) Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL")

A financial asset is classified as FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition material transaction costs are recognized in profit or loss as incurred. Financial assets designated as FVTPL are measured at fair value, and changes therein are recognized in profit or loss. The Company does not have any financial assets classified as FVTPL.

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Cash and other receivables have been classified as loans and receivables.

Held-to-maturity

Held-to-maturity financial assets are measured at amortized cost. The Company has classified the reclamation bond as held-to-maturity.

Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as available-for-sale or not classified in any other financial asset category. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income (loss) and classified as a component of equity. The Company does not have any financial assets classified as AFS.

Note 2 Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

a) Financial assets *(continued)*

Impairment of financial assets

The Company assesses at each reporting date whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the financial asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from accumulated other comprehensive income (loss) to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

b) Financial liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities and FVTPL.

Other financial liabilities

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. 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 exactly 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 accrued liabilities and shareholder loans are classified as other financial liabilities.

Note 2 Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

b) Financial liabilities *(continued)*

FVTPL

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 unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss. The Company has not classified any financial liabilities as FVTPL.

Mineral exploration and evaluation expenditures

a) Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

b) Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine development cost". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Note 2 Significant Accounting Policies *(continued)*

Mineral exploration and evaluation expenditures *(continued)*

b) Exploration and evaluation expenditures *(continued)*

As the Company currently has no operational income, any incidental revenue earned in connection with exploration activities are applied as a reduction to capitalized exploration costs when received.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Impairment of non-current assets

Non-current assets are evaluated at each reporting date by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

In calculating recoverable amount, if applicable, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social, legal, and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount.

The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

Reversal of impairment

An impairment loss is reversed if there is an indication that 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 depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Note 2 Significant Accounting Policies *(continued)*

Provisions for environmental rehabilitation

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate. The liability is recognized at the time environmental disturbance occurs and the resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows based on engineering and environmental reports prepared by third-party industry specialists and/or internal expertise, and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Additional disturbances and changes in closure and reclamation estimates are accounted for as incurred with a change in the corresponding capitalized cost. Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of mine.

Share capital

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. The Company's common shares are classified as equity instruments.

Commissions paid to agents, and other directly attributable share issuance costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred.

Note 2 Significant Accounting Policies *(continued)*

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Note 2 Significant Accounting Policies *(continued)*

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Changes in Accounting Policies

The following standard is effective for reporting periods beginning January 1, 2018. The Company is currently evaluating the effect of adoption on its future results and financial position:

IFRS 9 Financial Instruments addresses classification and measurement of financial assets. It 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 or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Note 3 Reclamation Bond

The Company has entered into a safekeeping agreement with the Government of British Columbia for its term deposit to comply with the requirements for reclamation work on its Siwash property.

Note 4 Share Capital

Authorized: unlimited common shares without par value

Stock-based Compensation Plan

During the year ended October 31, 2008 the Company adopted a stock option plan (the “Plan”) to grant directors and employees common share purchase options.

Pursuant to the Option Plan, options may be granted to officers, directors, employees and consultants (the “Participants”) of the Company or its affiliates. Options may be granted for a maximum of 5 years, and vesting is subject to the discretion of the Board. The maximum number of common shares reserved for issuance upon exercise of options granted thereunder may not exceed 10% of the total number of the issued common shares at the time the options are granted. Under the Option Plan, no one Participant may be granted options to purchase more than 5% of the number of issued common shares and no more than 2% of the issued common shares may be granted to any one consultant in any twelve month period. No more than an aggregate of 2% of the issued common shares may be granted to an employee conducting investor relations activity in any twelve month period.

The price at which common shares may be acquired upon the exercise of an option may not be less than the price permitted under the rules of any stock exchange or exchanges on which the common shares are listed.

Subject to the foregoing restrictions, and certain other restrictions set forth in the Option Plan, our Board is authorized to provide for the granting of options and the exercise and method of exercise of options under the Plan. Options granted under the Option Plan are non-assignable. Options are subject to early termination in the event of the death of a participant or in the event a participant ceases to be an officer, director, employee or consultant.

Stock Options

As at July 31, 2017 and October 31, 2016, there were no stock options issued or outstanding.

(Stated in Canadian Dollars)

Note 4 Share Capital *(continued)*

Share Purchase Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants
Balance, October 30, 2015 and 2016	-
Granted	5,600,000
Balance, July 31, 2017	5,600,000

The following weighted average assumptions were used for the Black-Scholes valuation of the warrants:

	2017	2016
Risk-free interest rate	0.91%	-
Expected life of option	1 year	-
Expected dividend yield	0%	-
Expected stock price volatility	147.43%	-

Note 5 Related Party Transactions

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

Key management personnel compensation comprised of the following:

	Nine Months Ended July 31, 2017	Nine Months Ended July 31, 2016
Management fees to a company with a common officer	$ 56,000	$ 36,000
	$ 56,000	$ 36,000

As at July 31, 2017 accounts payable and accrued liabilities include $263,200 (October 31, 2016 - $208,600) owing to a company with a common officer.

As at July 31, 2017 the Company has $120,534 (October 31, 2016 - $83,619) in loans payable owing to a director who is also a shareholder of the Company. The loans are unsecured, non-interest bearing and due on demand.

Note 6 Financial Instruments

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and reclamation bond are exposed to credit risk, the maximum exposure being their carrying amounts on the statements of financial position. The Company reduces its credit risk on cash and reclamation bond by placing these instruments with institutions of high credit worthiness. As at July 31, 2017, the Company is not exposed to any significant credit risk.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rate. The Company does not believe it is exposed to significant currency risk as funds are held in Canadian currency and there are no significant foreign exchange currency transactions.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk that the value of financial instruments will change due to movement in market interest rates. The Company does not hold interest-bearing debt with long-term maturities and therefore does not believe that interest rate risk is significant. The Company does not use derivative instruments to reduce its interest rate risk as the Company's management believes that the likely financial impact of interest rate changes does not justify using derivatives.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. As at July 31, 2017 the Company has a working capital deficiency of $766,706 (October 31, 2016 - $454,202). The Company addresses its liquidity risk through equity financing obtained through the sale of common shares and loans from shareholders.

Note 6 Financial Instruments *(continued)*

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, other receivables, reclamation bond, accounts payable and accrued liabilities, and shareholder loans. The fair value of these financial instruments approximates their carrying values.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – valuation techniques, using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 July 31, 2017 and October 31, 2016, the Company did not have any financial instruments carried at fair value on the statements of financial position.

Note 7 Capital Management

The Company's objective when managing capital is to safeguard the Company'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 considers the items included in shareholders' equity (deficit) as capital. 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. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended July 31, 2017 and 2016.

Note 8 Subsequent Events

Subsequent to July 31, 2017, the Company:

i) purchased capital assets and business operations of 1052486 B.C. Ltd., 1052543 B.C. Ltd., 1052503 B.C. LTD., and 1052624 B.C. Ltd., (each a "CL2G Entity" and collectively "CL2G") based on an asset purchase agreement dated September 25, 2017. As consideration for the purchase of the assets and business operations of CL2G the Company issued 8,080,000 common shares to the shareholders of CL2G, at fair value of $0.30 per share (the "CL2G Consideration Shares").

   The CL2G acquisition and the issuance of the CL2G Consideration shares constituted a Fundamental Change pursuant to Policy 8 of the Canadian Securities Exchange.

   During the period ended July 31, 2017, in connection with the purchase, the Company has incurred transaction costs of $182,891.

ii) completed a private placement for 21,000,000 shares at a price of $0.30 per share for total proceeds of $6,300,000.

iii) entered into a share purchase agreement, and acquired approximately 99 2/3% interest in Alberta Green Biotech Inc. ("AGB") by issuing 8,533,612 common shares of Ravenquest to AGB shareholders.

   a) In connection with the closing of the AGB acquisition, Ravenquest issued 57,206 warrants at an exercise price of $3.49 per share with an expiry date of September 4, 2020. The warrants were fair valued at $8,000 using the Black-Scholes Option Pricing Model with following inputs, $0.30 stock price, $3.49 exercise price, 125% volatility, 0% forfeiture rate, 0.70% discount rate, 3 year term.

iv) completed a bridge financing of $700,000 from certain accredited investors (the "Bridge Loan") . The Bridge Loan accrues 8% interest per annum, is unsecured and has a maturity date of 12 months. The lenders providing the Bridge Loan received 5,600,000 warrants ("the Bonus Warrants"). The Bonus Warrants have an exercise price of $0.05 and will expire May 25, 2018. The Bonus Warrants were fair valued at $132,000 using the Black-Scholes option pricing model with the following inputs, $0.05 stock price, $0.05 exercise price, 125% volatility, 0% forfeiture rate, 0.70% discount rate, 12 month term, and have been recorded to share-based payment reserves and against the carrying amount of loan payable as financing cost. The financing cost will be accreted over the term of the loan.

v) arranged a credit facility on August 1, 2017 of $600,000 to AGB pursuant to a credit facility agreement. The credit facility accrues 8% interest per annum, is unsecured, and has a maturity of 24 months from the date of the first advance.