NEWMAC RESOURCES INC.

Condensed Interim Consolidated Financial Statements

Three Months Period Ended December 31, 2017

(Unaudited - Expressed in Canadian Dollars)

(See Notice)

NOTICE TO READER

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim consolidated financial statements for the period ended December 31, 2017.

Newmac Resources Inc.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)
as at

	Note	December 31, 2017	September 30, 2017
Assets			
Current			
Cash and cash equivalents		208,423	267,770
Taxes recoverable		10,896	9,456
Prepaid expenses		19,880	19,344
Total current assets		239,199	296,570
Property and equipment	**7**	13,860	15,238
Exploration and evaluation assets	**8**	8,001,404	7,991,011
Reclamation bonds	**9**	19,000	33,000
Total assets		8,273,463	8,335,819
Liabilities and shareholders' equity			
Current			
Accounts payable and accrued liabilities	**10**	63,667	76,014
Due to related parties	**11**	75,163	73,136
Total current liabilities		138,830	149,150
Decommnissioning liabilities	**12**	37,500	37,500
Total liabilities		176,330	186,650
Shareholders' equity			
Share capital	**13**	13,306,748	13,306,748
Equity reserves		2,165,081	2,165,081
Accumulated other comprehensive loss		1,133	1,212
Deficit		(7,375,829)	(7,323,872)
Total shareholders' equity		8,097,133	8,149,169
Total liabilities and shareholders' equity		8,273,463	8,335,819
Continuance of operations	**2(c)**		
Commitment	**16**		

On behalf of the Board:

"Han Xin (Harrison) Wu" Director   *"Gong (Michael) Chen"* Director

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

Newmac Resources Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

		Three Months Ended December 31,	
	Note	**2017**	**2016**
Income			
Sales		**$ -**	$ 4,256
Cost of Sales		**-**	(1,265)
Net Income		**-**	2,991
Expenses			
Amortization		**1,757**	3,816
Insurance		**1,190**	1,190
Office and general		**367**	6,486
Professional fees		**638**	188
Rent		**-**	(816)
Salaries and wages	**11**	**43,634**	38,725
Transfer agent and filing fees		**5,760**	3,682
Travel and promotion		**-**	580
Utilities		**-**	1,302
Total Expenses		**53,346**	55,153
(Loss) before other items		**(53,346)**	(52,162)
Other income (expenses)			
Exchange gain/loss		**1,373**	8,607
Impairment of mineral properties		**-**	(32,680)
Interest income	**5 & 11(f)**	**16**	28
Miscellaneous income		**-**	3
Total other income/(loss)		**1,389**	(24,042)
Net (loss) for the period		**$ (51,957)**	$ (76,204)
Other comprehensive income/(loss):			
Currency translation adjustment		**(79)**	(1,546)
Comprehensive (loss) for the period		**$ (52,036)**	$ (77,750)
Basic and diluted (loss) per share		**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		**9,716,042**	9,716,042

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

Newmac Resources Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in Canadian Dollars)

	Share Capital				Equity		Accumulated Other				
	No. of Shares		Amount		Reserves		Comprehensive Loss		Deficit		Total
Balance, October 1, 2016	**9,716,042**	**$**	**13,306,748**	**$**	**2,165,081**	**$**	**3,659**	**$**	**(6,961,014)**	**$**	**8,514,474**
Net loss									(76,205)		(76,205)
Other comprehensive loss							(1,546)				(1,546)
Balance, December 31, 2016	**9,716,042**	**$**	**13,306,748**	**$**	**2,165,081**	**$**	**2,113**	**$**	**(7,037,219)**	**$**	**8,436,723**
Net loss									(286,653)		(286,653)
Other comprehensive loss							(901)				(901)
Balance, September 30, 2017	**9,716,042**	**$**	**13,306,748**	**$**	**2,165,081**	**$**	**1,212**	**$**	**(7,323,872)**	**$**	**8,149,169**
Net loss									(51,957)		(51,957)
Other comprehensive loss							(79)				(79)
Balance, December 31, 2017	**9,716,042**	**$**	**13,306,748**	**$**	**2,165,081**	**$**	**1,133**	**$**	**(7,375,829)**	**$**	**8,097,133**

Newmac Resources Inc.

Condensed Interim Consolidated Statements of Cash Flows
For the three months ended December 31, 2017 and 2016
(Unaudited - Expressed in Canadian Dollars)

	2017	2016
Operating Activities		
Net loss for the period	**$ (51,957)**	$ (76,204)
Items not involving cash		
Amortization	**1,757**	3,816
Impairment of leasehold improvements	**-**	32,680
Changes in non-cash working capital		
Taxes recoverable	**(1,182)**	(1,221)
Prepaid expenses	**-**	9,815
Inventory	**-**	(1,717)
Accounts payable and accrued liabilities	**(12,417)**	(28,216)
Cash (used in) operating activities	**(63,799)**	(61,047)
Investing Activities		
Reclamation bonds	**14,000**	-
Exploration and evaluation assets	**(10,393)**	(3,836)
Cash provided by/(used in) investing activities	**3,607**	(3,836)
Change in cash and cash equivalents during the period	**(60,192)**	(64,883)
Exchange differences on translation of foreign operations	**845**	(813)
Cash and cash equivalents, beginning of period	**267,770**	553,543
Cash and cash equivalents, end of period	**$ 208,423**	$ 487,847
Supplemental disclosures of cash flow information:		
Cash Paid for Interest	-	-
Cash Paid for Tax	-	-

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

1. NATURE OF OPERATIONS

Newmac Resources Inc. (the "Company" or "Newmac") was incorporated under the laws of the province of British Columbia on August 20, 2003 and is involved in the acquisition, exploration and evaluation of mineral properties located in British Columbia, Canada and the manufacturing and sale of clothing in China. The Company is traded on the TSX Venture Exchange ("TSX-V") under the symbol NER.

The head office and principal address are located at Suite 203, 2121 Kingsway, Vancouver, BC, Canada V5N 2T4 and the registered and records office of the Company is located at Suite 407, 1328 West Pender Street, Vancouver, BC, Canada V6E 4T1.

These consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on March 1, 2018.

2. BASIS OF PREPARATION

a) Statement of Compliance

These unaudited condensed interim consolidated statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

The policies applied in these unaudited condensed interim consolidated financial statements are consistent with policies disclosed in Note 4 of the audited consolidated financial statements for the year ended September 30, 2017. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2017.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

These consolidated financial statements are presented in Canadian dollars.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position 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:

(Unaudited - Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd…)

a) Mineral properties
Management has determined that exploratory drilling, exploration evaluation, and related costs incurred which have been capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and metallurgic information, scoping studies, accessible facilities and existing permits.

Management has considered IFRS 6 in assessing whether there are any indications that the Company's exploration and evaluation assets are impaired and has determined there to be none.

b) Income taxes
Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive loss.

c) Estimated reclamation provisions
The Company's provision for decommissioning liabilities represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs at the end of mine's life. The provision reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk free interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties. Adjustments to the carrying amounts of related mining properties can result in a change to future depletion expense.

4. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the financial statements of the parent company, Newmac Resources Inc., and its subsidiaries listed below:

			Equity Interest	
	Jurisdiction	Nature of Operations	2017	2016
Newmac Molybdenum Inc.	BC, Canada	Exploration	100%	100%
Newnac Foods Inc.	BC, Canada	Inactive	100%	100%
Newmac Company Limited	Hong Kong	Holding	100%	100%
Bonte Bebe (SZ) Co. Ltd.	Shenzen, China	Active	100%	100%

For the period ended December 31, 2017, the condensed interim consolidated financial statements include the accounts of Newmac Molybdenum Inc., Newmac Foods Inc., which was incorporated on May 28, 2015 under the laws of the Province of British Columbia, Newmac Company Limited which was incorporated on February 16, 2015 under the laws of Hong Kong and those of Bonte Bebe (SZ) Co. Ltd which was incorporated on November 12, 2015 under the laws of Shenzen, China.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd…)

Cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance or are readily redeemed into known amounts of cash without significant penalties to be cash equivalents.

Revenue recognition

The Company recognizes revenues on product sales at the point of sale. At the point of sale the following criteria for revenue recognition exist: title has transferred to the buyer, the Company no longer retains managerial involvement with the product associated with ownership, the amount of revenue and costs incurred with respect to the underlying transaction are measured reliably, and collection of the related receivable is probable.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined using the weighed average costing method. Net realizable value is the estimated selling price less applicable selling costs and estimated costs of completion.

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries Newmac Molybdenum Inc., Newmac Foods Inc. and Newmac Company Limited is the Canadian dollar. The functional currency for the subsidiary Bonte Bebe (SZ) Co. Ltd. is Chinese Renminbi. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date recognised in the statement of comprehensive loss or income.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets - mineral properties

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

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 included such costs as material used, surveying costs, drilling costs, payments made to contractors and depreciation on plant 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, mineral property expenditures in respect of that project are deemed to be impaired. As a result, those mineral property expenditures, in excess of estimated recoveries, are written off to the statement of comprehensive loss or income.

The Company assesses mineral properties for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its 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 under construction". Mineral property assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities including the sale of mineral interests are applied as a reduction to capitalized acquisition and exploration costs.

Exploration tax credits

The Company recognizes exploration tax credit amounts when the Company's application is approved by the taxation authorities or when the amount to be received can be reasonably estimated and collection is reasonably assured. The amount of the exploration tax credits reduces the Company's capitalized exploration and evaluation assets.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets - mineral properties (cont'd…)

Decommissioning liabilities

These provisions have been measured based on the Company's estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market conditions at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Impairment

At each reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication of impairment. If any indication exists, then the asset's recoverable amount is estimated to determine the extent of the impairment, if any. The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell. 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 assets.

An impairment loss is recognized in operations if the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. 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 in respect of goodwill is not reversed.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Property and equipment

Property and equipment is carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight line method over their estimated useful lives as follows:

Equipment	3 to 5 years
Furniture	5 years
Computer	2 to 3 years
Leasehold improvements	2 years

Property and equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, is regularly assessed and written off if applicable.

Assets are measured at historical cost less accumulated amortization and impairment losses. Amortization is charged on the straight line basis over the useful lives of these assets. Residual values, amortization methods and useful economic lives are reviewed and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of property and equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Financial instruments

Financial Assets

Financial assets are classified into one of the following categories: fair value through profit or loss, loans and receivables, available-for-sale, or held-to-maturity investments. The classification depends on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. Management determines the classification of its financial asset at initial recognition. The Company's accounting policy for each category is as follows:

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term and are classified as current assets. Derivatives are also categorized as held for trading unless they are designated as hedges.

(ii) Loans and receivables
These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivable are derecognized or impaired, as well as through the amortization process.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial Assets (cont'd…)

(iii) Available-for-sale Investments
Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally of the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchase and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

(iv) Held-to-maturity investments
The held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

The Company has classified its cash as fair value through profit and loss. The Company's loan receivable and reclamation bonds are classified as loans and receivables.

Impairment on Financial Assets
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities
Financial liabilities are classified as other financial liabilities based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

The Company's accounts payable and due to related parties are classified as other financial liability.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting, nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share-based payment transactions

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options. Options granted to consultants or other non-employees are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be readily measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

Provisions

Rehabilitation Provision
The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provisions (cont'd…)

Rehabilitation Provision (cont'd…)
The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability-specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period which they occur.

Other Provisions
Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Earning (Loss) per share

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

Accounting standards adopted in the current period

As of October 1, 2017, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements:

IAS 1 *Presentation of Financial Statements* - In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* - In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

IAS 36 *Impairment of Assets* - In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when and asset's or a CGU's recoverable amount is based on fair value less costs of disposal.

New accounting standard not yet effective:

IFRS 9 *Financial Instruments* - The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. The effective date is for the annual periods beginning on January 1, 2018.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statement of the Company has not been determined.

IFRS 15 *Revenue from Contracts with Customers* - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which supersedes IAS 18 – Revenue, IAS 11 – Construction Contracts and other interpretive guidance associated with revenue recognition. IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers to determine how and when an entity should recognize revenue. The standard also provides guidance on whether revenue should be recognized at a point in time or over time as well as requirements for more informative, relevant disclosures. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is currently evaluating the impact of IFRS 16 on its financial statements.

IFRS 16 *Leases* - *I*n January 2016, the IASB issued IFRS 16 – Leases, which supersedes IAS 17 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier adoption permitted, but only if also applying IFRS 15 – Revenue from Contracts with customers. The Company is currently evaluating the impact of IFRS 16 on its financial statements.

IFRS 2 *Share based payment* - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) 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 effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

(Unaudited - Expressed in Canadian Dollars)

5. LOAN RECEIVABLE

On June 30, 2014, the Company entered into a loan agreement to provide a short-term loan of $500,000 to a third party. The term of the loan was three months with an interest rate of 8% per annum, payable monthly. The loan was secured by a General Security Agreement by real property located in Vancouver, BC. All overdue interest is treated as principal and bears compound interest at 12% per annum, calculated daily and compounded monthly. On November 20, 2014, the Company extended the loan agreement to December 31, 2014 under the same terms. During the year ended September 30, 2015, the Company received the repayment of the loan receivable.

On January 26, 2015, interest income of $12,712 had been received and recorded in the consolidated statement of comprehensive loss.

6. INVENTORY

Inventory as at September 30, 2017:	
Finished goods – dress shirts	14,489
Raw materials - fabrics	14,766
	29,255
Write-down	(29,255)
	-

As of December 31, 2017, there was no inventory.

(Unaudited - Expressed in Canadian Dollars)

7. PROPERTY AND EQUIPMENT

	Equipment	Furniture	Computer	Leasehold Improvements	Total
Cost					
At October 1, 2016	$ 19,851	$ 3,514	$ 11,011	$ 36,350	$ 70,726
Additions	-	-	-	-	-
Disposals	-	-	-	(35,666)	(35,666)
Exchange rates movements	(303)	-	(120)	(684)	(1,107)
At December 31, 2016	$ 19,548	$ 3,514	$ 10,891	$ -	$ 33,953
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange rates movements	(443)	-	(175)	-	(618)
At September 30, 2017	$ 19,105	$ 3,514	$ 10,716	$ -	$ 33,335
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange rates movements	426	-	168	-	594
At December 31, 2017	$ 19,531	$ 3,514	$ 10,884	$ -	$ 33,929
Accumulated amortization					
At October 1, 2016	$ 4,699	$ 1,853	$ 4,748	$ 1,367	$ 12,667
Additions	779	176	809	2,012	3,776
Disposals	-	-	-	(3,354)	(3,354)
Exchange rates movements	(20)	-	(18)	(25)	(63)
At December 31, 2016	$ 5,458	$ 2,029	$ 5,539	$ -	$ 13,026
Additions	2,272	527	2,367	-	5,166
Disposals	-	-	-	-	-
Exchange rates movements	(48)	-	(47)	-	(95)
At September 30, 2017	$ 7,682	$ 2,556	$ 7,859	$ -	$ 18,097
Additions	778	176	808	-	1,762
Disposals	-	-	-	-	-
Exchange rates movements	108	-	102	-	210
At December 31, 2017	$ 8,568	$ 2,732	$ 8,769	$ -	$ 20,069
Net book value					
At October 1, 2016	$ 15,152	$ 1,661	$ 6,263	$ 34,983	$ 58,059
At December 31, 2016	$ 14,090	$ 1,485	$ 5,352	$ -	$ 20,927
At September 30, 2017	$ 11,423	$ 958	$ 2,857	$ -	$ 15,238
At December 31, 2017	$ 10,963	$ 782	$ 2,115	$ -	$ 13,860

(Unaudited - Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS - MINERAL PROPERTIES

The following mineral property acquisition and exploration costs were incurred on the Company's mineral properties.

For the period ended December 31, 2017	Crazy Fox	Moira	Total
Acquisition costs			
Balance, October 1, 2017 and December 31, 2017	183,702	-	183,702
Exploration costs			
Balance, October 1, 2017	7,807,309	-	7,807,309
Assay and sampling	1,878	-	1,878
Field supplies and rentals	(950)	-	(950)
Geological and field staff	5,375	-	5,375
Travel and accommodation	1,890	-	1,890
Reports and maps	2,200	-	2,200
Exploration for the period	10,393	-	10,393
Total exploration costs, December 31, 2017	7,817,702	-	7,817,702
Total mineral property costs, December 31, 2017	8,001,404	-	8,001,404

For the period ended September 30, 2017	Crazy Fox	Moira	Total
Acquisition costs			
Balance, October 1, 2016 and September 30, 2017	183,702	-	183,702
Exploration costs			
Balance, October 1, 2016	7,753,517	-	7,753,517
Field supplies and rentals	530	-	530
Geological and field staff	63,260	-	63,260
Other	1,000	-	1,000
Travel and accommodation	5,723	-	5,723
Exploration for the period	70,513	-	70,513
Less:			
Mineral tax credits	(16,721)	-	(16,721)
Net exploration for the period	53,792	-	53,792
Total exploration costs, September 30, 2017	7,807,309	-	7,807,309
Total mineral property costs, September 30, 2017	7,991,011	-	7,991,011

8. EXPLORATION AND EVALUATION ASSETS - MINERAL PROPERTIES (cont'd...)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge, titles to all of its properties are in good standing.

Crazy Fox Property, British Columbia

The Company entered into an agreement on September 22, 2005 to acquire a 100% interest in the Crazy Fox Property, located 20 km northwest of Little Fort, British Columbia. The Company acquired the property by issuing 10,000 shares (issued with a fair value of $78,250) and making payments totalling $100,000 (paid) over a 3-year period. An additional 200,000 shares will be issued to the vendors if and when a positive feasibility study is completed. A 3% net smelter royalty ("NSR") is reserved for the vendors of which 2% may be purchased at any time for $2,000,000 reducing the NSR to 1%.

Moira Property, British Columbia

On November 20, 2007, the Company entered into an agreement to acquire a 100% interest, subject to a 2% NSR, in the Moira Molybdenum project, located 18 km northwest of Clearwater, BC in consideration for $5,000 (paid) and 2,500 shares (issued with a fair value of $43,000). During the year ended September 30, 2016, the Company had decided to discontinue with the exploration of this property and recorded $112,614 as an impairment of exploration and evaluation assets in the consolidated statement of comprehensive loss.

(Unaudited - Expressed in Canadian Dollars)

9. RECLAMATION BONDS

The Company has posted refundable reclamation bonds for $19,000 (September 30, 2017 - $33,000) including $10,000 under a safekeeping arrangement with a financial institution relating to its exploration activities in British Columbia, Canada.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are due to service providers, mainly including exploration expenses, professional fees and consulting fees. All accounts payable and accrued liabilities for the Company fall due within the next 12 months.

11. RELATED PARTY TRANSACTIONS AND BALANCES

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Director. Short-term key management compensation consists of the following for the periods ended December 31, 2017 and 2016:

Transactions	2017	2016
	$	$
Salary:		
Director	-	6,000
Chief Executive Officer	9,000	18,000
Chief Financial Officer	7,500	7,500
Close family members of a director	-	-
	16,500	31,500

Balances	2017	2016
	$	$
Due to related parties:		
Director	62,288	41,555
Close family members of a director	12,875	12,889
	75,163	54,555

The amounts due to related parties are unsecured, non-interest bearing and due on demand.

(Unaudited - Expressed in Canadian Dollars)

12. DECOMMISSIONING LIABILITIES

The Company has recorded a decommissioning provision in connection with estimated reclamation costs with respect to its mining properties for Crazy Fox and Raft properties. The obligation is recognized based on the future reclamation costs estimated by management. The following table presents the reconciliation of the decommissioning liabilities:

	2017	2016
	$	$
Balance, beginning of year	37,500	39,000
Decommissioning provisions used	-	(1,500)
Balance, ending of year	37,500	37,500

The breakdown of the decommissioning liabilities by property is as follows:

	2017	2016
	$	$
Crazy Fox property	37,500	37,500
Raft property	-	-
	37,500	37,500

The decommissioning liability for Crazy Fox property in the amount of $37,500 was based on the assessment by management to evaluate the Company's liability to remediate and abandon its current properties. The amounts are measured at their present value. This amount has been included in the exploration and evaluation assets of the property. Currently, the Company is uncertain on the timing of settling these obligations.

The decommissioning liability for Raft property was based on management's estimation on restoring the Raft property subsequent to the disposal. During the year ended September 30, 2015, decommissioning expenses of $2,023 had been incurred for Raft property and $1,500 was estimated to be additional expenses required. The net amount of $5,023 had been recorded as reclamation expenses in the statement of comprehensive loss.

During the year ended September 30, 2016, the Company paid $1,500 of the estimated additional expenses as noted above. There were no other reclamation expenses required in the year.

13. SHAREHOLDERS' EQUITY

a. *Authorized*

Unlimited number of common shares without par value

b. *Approved share subdivision*

At the special shareholders' meeting held on December 5, 2013, shareholders approved a proposed share subdivision (the "Subdivision") at a ratio of up to ten new common shares for every existing common share. The effective date of the Subdivision, actual subdivision ratio and other implementation details will be determined in the future at directors' discretion. The Subdivision is also subject to the acceptance of the TSX-V. No subdivision has occurred as at December 31, 2017 or as of the date of approval of these consolidated financial statements.

c. *Issued and outstanding*

As of December 31, 2017, the Company has 9,716,042 (2016 – 9,716,042) common shares outstanding.

(Unaudited - Expressed in Canadian Dollars)

13. SHAREHOLDERS' EQUITY (cont'd…)

d. Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding, September 30, 2016	6,000,000	$ 0.10
Issued	-	$ -
Expired	-	$ -
Outstanding, September 30, 2017 and December 31, 2017	6,000,000	$ 0.10

The following warrants were outstanding and exercisable as of December 31, 2017:

Expiry Date	Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (Years)
23-Sep-18	$ 0.10	3,050,000	0.73
20-Jan-19	$ 0.10	2,950,000	1.05
Total		6,000,000	0.89

e. Options

Effective March 30, 2012, the Company adopted a new stock option plan. In accordance with the stock option plan, the Company is authorized to grant options to directors, employees and consultants, to acquire up to 10% of its issued and outstanding common stock. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years. Options granted to employees vest fully on grant. Options issued to investor relations consultants vest in stages over 12 months with one quarter of the options vesting in any three-month period.

The following is a summary of option transactions under the Company's stock option plan for the period ended December 31, 2017:

	Number of Options	Weighted Average Exercise Price
Outstanding, September 30, 2015	17,000	$ 3.00
Issued	-	$ -
Expired	(17,000)	$ 3.00
Outstanding, September 30, 2016 and 2017, and December 31, 2017	-	$ -

There were no stock options outstanding and exercisable as at December 31, 2017.

13. SHAREHOLDERS' EQUITY (cont'd...)

f. Shareholder rights plan

Effective February 15, 2009, the Board of Directors approved the adoption of a shareholder rights plan (the "rights plan"), authorizing the issuance of rights in respect of common shares outstanding. The rights entitle the holders to purchase additional securities of the Company. It has a term which expires no later than the date of the annual general meeting of the shareholders of the Company to be held in 2018. The rights plan has been implemented by way of a rights plan agreement which has been designed to protect shareholders from unfair take-over strategies, including the acquisition of control of the Company by a bidder in a transaction, or series of transactions, that may not treat all shareholders fairly, nor afford all shareholders an equal opportunity to share in the premium paid upon acquisition of control. The rights plan was also adopted to provide the Board with sufficient time, in the event of a take-over bid or tender offering for voting shares of the Company, to pursue alternatives which could enhance shareholder value.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

As at December 31, 2017, the Company's financial instruments are comprised of cash, reclamation bonds, accounts payable and amounts due to related parties. The carrying values of reclamation bonds, accounts payable and amounts due to related parties approximate their fair values due to the relatively short periods to maturity of these financial instruments. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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).

As at December 31, 2017, the fair value of cash of the Company was classified as Level 1 of the fair value hierarchy and is the sole financial asset recorded at fair value on a recurring basis.

Financial risk factors

The Company has exposure various risks from its use of financial instruments. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at December 31, 2017, the Company had current assets of $327,011 and current liabilities of $107,649. All of the Company's financial liabilities are subject to normal trade terms and due within one year.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

Interest rate risk
The Company has cash balances and no interest-bearing debt. The Company's current policy is to maintain cash in high credit quality banking institutions and does not believe interest rate risk to be significant.

Price risk
The Company's ability to raise financing may be impacted by fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Foreign currency risk
The Company has $157,505 bank deposits in US dollars and net liabilities and assets in Chinese Renminbi and Hong Kong Dollars and otherwise has no other significant assets or liabilities in foreign currencies. Fluctuations in exchange rates among the Canadian dollar, U.S. dollar and Chinese Renminbi could have a significant effect on the business, results of operations and financial condition of the Company. Based on the balances as at December 31, 2017, other things being equal, a 10% increase (decrease) in the exchange rate of converting U.S. dollars into Canadian dollars, and Chinese Renminbi to Canadian dollars would have resulted in an increase (decrease) of approximately $19,721 and $18,851 in earnings respectively before income taxes during the period ended December 31, 2017.

15. CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. It manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and will attempt to raise additional funds as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have not been changed over the period presented. The Company is not subject to any externally imposed capital requirements.

16. COMMITMENT

The Company entered into an office lease agreement in September 2013. The lease starts on January 1, 2014 and expires on October 31, 2016.

The Company also entered into a lease agreement for a store space located in China. The lease starts on June 20, 2016 and expires in 2 years. The minimum monthly lease payment is RMB30,600 (approximately $5,700) or 20% of the gross sales during the first year and is increased to 21% during the second year of the lease. In addition, the Company is required to pay for other monthly operating costs of RMB3,162 (approximately $600) over the 2 year lease term.

The lease in China was terminated and the Company impaired the leasehold improvements cost of $32,145 during the year ended September 30, 2017.

There is no commitment on leases as at December 31, 2017.

(Unaudited - Expressed in Canadian Dollars)

17. SEGMENTED INFORMATION

The Company has two geographic segments in Canadian and China. The Canadian operations are involved in the acquisition and exploration of mineral properties in Canada. The China operations are involved in the design and sales of clothing in China.

The Company's revenue and expenses are allocated to geographical segments as follows:

	Three Months Ended December 31, 2017			Three Months Ended December 31, 2016		
	Canada	China	Total	Canada	China	Total
Income						
Sales	$ -	$ -	$ -	$ -	$ 4,256	$ 4,256
Cost of Sales	-	-	-	-	(1,265)	(1,265)
Total income	-	-	-	-	2,991	2,991
Expenses						
Amortization	282	1,475	1,757	282	3,534	3,816
Insurance	1,190	-	1,190	1,190	-	1,190
Office and general	344	23	367	3,638	2,848	6,486
Professional fees	638	-	638	188	-	188
Rent	-	-	-	4,080	(4,896)	(816)
Salaries and wages	37,085	6,549	43,634	32,832	5,893	38,725
Transfer agent and filing fees	5,760	-	5,760	3,682	-	3,682
Travel and promotion	-	-	-	-	580	580
Utilities	-	-	-	-	1,302	1,302
Total expenses	45,299	8,047	53,346	45,892	9,261	55,153
(Loss) before other items	(45,299)	(8,047)	(53,346)	(45,892)	(6,270)	(52,162)
Other income (expenses)						
Exchange gain/loss	2,218	(845)	1,373	6,141	2,466	8,607
Impairment of leasehold improvements	-	-	-	-	(32,680)	(32,680)
Interest income	-	16	16	-	28	28
Miscellaneous income	-	-	-	-	3	3
Total other income/(loss)	2,218	(829)	1,389	6,141	(30,183)	(24,042)
Net (loss) for the period	$ (43,081)	$ (8,876)	$ (51,957)	$ (39,751)	$ (36,453)	$ (76,204)

(Unaudited - Expressed in Canadian Dollars)

17. SEGMENTED INFORMATION (cont'd…)

The Company's assets are located in Canada and China as follows:

	As at December 31, 2017			As at December 31, 2016		
	Canada	**China**	**Total**	**Canada**	**China**	**Total**
Assets						
Current						
Cash and cash equivalents	182,345	26,078	208,423	453,764	34,083	487,847
Taxes recoverable	1,329	9,567	10,896	2,615	9,151	11,766
Prepaid expenses	-	19,880	19,880	275	35,296	35,571
Inventory	-	-	-	-	30,097	30,097
Total current assets	183,674	55,525	239,199	456,654	108,627	565,281
Property and equipment	1,136	12,724	13,860	2,264	18,663	20,927
Exploration and evaluation assets	8,001,404	-	8,001,404	7,941,055	-	7,941,055
Reclamation bonds	19,000	-	19,000	33,000	-	33,000
Total assets	8,205,214	68,249	8,273,463	8,432,973	127,290	8,560,263
Liabilities and shareholders' equity						
Current						
Accounts payable and accrued liabilities	59,833	3,834	63,667	24,905	6,690	31,595
Due to related parties	-	75,163	75,163	-	54,444	54,444
Total current liabilities	59,833	78,997	138,830	24,905	61,134	86,039
Decommnissioning liabilities	37,500	-	37,500	37,500	-	37,500
Total liabilities	97,333	78,997	176,330	62,405	61,134	123,539
Shareholders' equity						
Share capital	13,306,748	-	13,306,748	13,306,748	-	13,306,748
Equity reserves	2,165,081	-	2,165,081	2,165,081	-	2,165,081
Accumulated other comprehensive loss	-	1,133	1,133	-	2,115	2,115
Deficit	(7,105,248)	(270,581)	(7,375,829)	(6,842,560)	(194,660)	(7,037,220)
Total shareholders' equity	8,366,581	(269,448)	8,097,133	8,629,269	(192,545)	8,436,724
Total liabilities and shareholders' equity	8,463,914	(190,451)	8,273,463	8,691,674	(131,411)	8,560,263