MACCABI VENTURES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

JUNE 30, 2017 AND 2016

NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017

The accompanying unaudited condensed interim financial statements of Maccabi Ventures Inc. (the "Company") for the period ended June 30, 2017, have been prepared by, and are the responsibility of, the Company's management.

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

MACCABI VENTURES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2017 AND DECEMBER 31, 2016
(Expressed in Canadian dollars)

	NOTE	June 30, 2017	December 31, 2016
ASSETS			
CURRENT			
Cash		$ 2,277	$ 29,818
Other receivable		1,788	499
Prepaid expenses		–	1,116
TOTAL CURRENT ASSETS		4,065	31,433
Exploration and evaluation asset	5	32,659	32,659
TOTAL ASSETS		**$ 36,724**	**$ 64,092**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 16,751	$ 12,691
Due to related party	7	14,774	2,774
TOTAL LIABILITIES		31,525	15,465
SHAREHOLDERS' EQUITY			
Share capital	6	420,366	420,366
Contributed surplus	6	63,644	63,644
Deficit		(478,811)	(435,383)
TOTAL SHAREHOLDERS' EQUITY		5,199	48,627
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 36,724**	**$ 64,092**

Approved and authorized by the Board on August 23, 2017

"Simon Yang" Director *"Philip Kwan"* Director

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

MACCABI VENTURES INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30,
(Expressed in Canadian dollars)

		Three months ended		Six months ended	
	Note	**2017**	**2016**	**2017**	**2016**
EXPENSES					
Consulting		$ –	$ –	$ –	$ 7,125
Filing Fees		3,754	6,425	10,684	9,011
Management fees	7	6,000	10,000	12,000	10,000
Office and miscellaneous		7,538	8,113	15,114	17,400
Professional fees		3,165	1,463	5,630	7,560
Property investigation		–	7,500	–	18,707
NET LOSS AND COMPREHENSIVE LOSS		$ (20,457)	$ (33,501)	$ (43,428)	$ (69,803)
LOSS PER SHARE – BASIC AND DILUTED		**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.01)**
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		**11,525,001**	**11,431,869**	**11,525,001**	**11,440,935**

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

MACCABI VENTURES INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

		Common Shares				
	NOTE	Number	Amount	Contributed Surplus	Deficit	Total
Balance December 31, 2015		11,400,001	$ 411,366	$ 63,644	$ (276,535)	$ 198,475
Shares issued for exploration and evaluation asset	6	50,000	4,500	–	–	4,500
Net loss and comprehensive loss for the period		–	–	–	(69,803)	(69,803
June 30, 2016		11,450,001	415,866	63,644	(206,732)	272,778
Shares issued for exploration and evaluation asset	6	75,000	4,500	–	–	4,500
Net loss and comprehensive loss for the period		–	–	–	(228,651)	(228,651)
December 31, 2016		11,525,001	420,366	63,644	(435,383)	48,627
Net loss and comprehensive loss for the period		–	–	–	(43,428)	(43,428)
June 30, 2017		11,525,001	$ 420,366	$ 63,644	$ (478,811)	$ 5,199

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

MACCABI VENTURES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR SIX MONTHS ENDED JUNE 30,
(Expressed in Canadian dollars)

	2017	2016
OPERATING ACTIVITIES		
Net loss for the year	$ (43,428)	$ (69,803)
Changes in non-cash working capital balances		
Other receivable	(1,289)	5,211
Prepaid expenses	1,116	7,125
Accounts payable and accrued liabilities	4,060	(12,034)
Due to related party	12,000	–
Cash used in operating activities	(27,541)	(69,501)
INVESTING ACTIVITIES		
Exploration and evaluation asset	–	(793)
Cash used in investing activities	–	(793)
CHANGE IN CASH	(27,541)	(70,294)
CASH, BEGINNING OF YEAR	29,818	174,276
CASH, END OF YEAR	**$ 2,277**	**$ 103,982**
SUPPLEMENTAL CASH DISCLOSURES		
Interest paid	$ –	$ –
Income taxes paid	$ –	$ –
NON-CASH TRANSACTIONS		
Shares issued for exploration and evaluation asset	$ 9,000	$ 4,500

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

1. NATURE OF OPERATIONS

Maccabi Ventures Inc. ("the Company") was incorporated on November 13, 2014 under the Laws of British Columbia and is an exploration stage public company of which shares trade on the Canadian Securities Exchange ("CSE") under the symbol of "MBE".

The Company is engaged in the acquisition, exploration and development of exploration and evaluation assets.

The Company's head office is Suite 820-1130 West Pender Street, Vancouver, British Columbia, Canada. The registered and records office is Suite 704 – 595 Howe Street, Vancouver, British Columbia, Canada.

Going Concern

These condensed interim financial statements have been prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of the business. The Company's ability to continue as a going-concern is dependent upon its ability to obtain additional financing and to achieve profitable operations in the future.

The Company's financing efforts to date are not sufficient in and of themselves to enable the Company to fund all aspects of its operations. Management will pursue funding initiatives if, as and when required to meet the Company's requirements on an ongoing basis. The outcome of these initiatives cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These condensed interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The condensed interim financial statements (the "Financial Statements") of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these Financial Statements comply with International Accounting Standard ("IAS") 34, Interim Financial Statements.

These condensed interim financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. These condensed interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2016.

These condensed interim financial statements were authorized for issuance in accordance with a resolution from the Board of Directors on August 23, 2017.

b) Basis of presentation

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments valued at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The accounting policies set out below have been applied consistently for the years presented in these condensed interim financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Exploration and evaluation asset

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

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral property projects are capitalized by property. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses the carrying value of the exploration and evaluation asset or which events and circumstances may indicate possible impairment. Impairment of an asset is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

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

When options are granted on the exploration and evaluation asset or the asset is sold, proceeds are credited to the cost of the asset. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain on profit or loss.

d) Share-based compensation

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred from contributed surplus to share capital. Charges for options that are forfeited before vesting are reversed from contributed surplus.

e) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve the issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants (“Warrants”). Depending on the terms and conditions of each equity financing agreement (“Agreement”), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued based on the residual value method. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of 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 are recognized in the statement of comprehensive loss.

g) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arise when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

h) Loss per share

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Income taxes

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

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

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

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

j) Financial assets

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

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash is classified as FVTPL.

Financial assets classified as loans and receivables or held to maturity assets are measured at amortized cost. As at June 30, 2017, the Company has not classified any financial assets as loans and receivables or held to maturity.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. At June 30, 2017, the Company has not classified any financial assets as available for sale.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial liabilities

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

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. At June 30, 2017, the Company has not classified any financial liabilities as FVTPL.

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 costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are classified as other financial liabilities.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. 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 condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim 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 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.

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

Significant accounting estimates

i. assessment of indications of impairment of the exploration and evaluation asset and related determination of the net realizable value and write-down of the asset where applicable;
ii. estimated value of the acquisition costs which are recorded in the statement of financial position;
iii. measurement of deferred income tax assets and liabilities; and
iv. inputs used in the Black-Scholes Option Pricing Model for determining the fair value of share-based payment transactions.

Significant accounting judgments

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

(Expressed in Canadian dollars)

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of the approval of the condensed interim financial statements, a number of standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

5. EXPLORATION AND EVALUATION ASSET

Copper King Project

	Acquisition Costs	**Exploration Costs**	**Total**
Balance, December 31, 2015	5,000	17,866	22,866
Acquisition costs	9,000	–	9,000
Other exploration costs	–	1,966	1,966
Exploration cost recovery	–	(1,173)	(1,173)
Balance, December 31, 2016 and June 30, 2017	$ 14,000	$ 18,659	$ 32,659

Pursuant to an option agreement dated November 28, 2014, with Rich River Exploration Ltd. (the "Optionor"), the Company was granted an option to acquire a 100% undivided interest in the Copper King Project property (the "Property"), located near Olsen Lake, north of Powel River, British Columbia.

To earn the 100% interest, the Company agreed to issue 625,000 common shares to the Optionor, make cash payments totalling $50,000, and incur a total of $400,000 in exploration expenditures as follows:

	Common Shares	**Cash**	**Exploration Expenditures**
Upon execution of the agreement (paid)	–	$ 5,000	$ –
Upon listing of the Company's common shares on the Canadian Securities Exchange (October 20, 2015) (the "Listing") (issued)	50,000	–	–
On or before October 20, 2016 (issued)	75,000	–	–
On or before October 20, 2017	100,000	–	–
On or before October 20, 2018	200,000	10,000	100,000
On or before October 20, 2019	200,000	15,000	100,000
On or before October 20, 2020	–	20,000	200,000
Total	625,000	$ 50,000	$ 400,000

The Optionor retains a 3% Net Smelter Returns royalty on the Property. The first 1% of the royalty can be purchased by the Company at $750,000 and the 2% remaining can be purchased for $900,000.

6. SHARE CAPITAL

a) Authorized

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

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

b) Escrow shares

Pursuant to the escrow agreements, 2,900,000 common shares issued and outstanding were escrowed and are scheduled for release at 10% on the listing date and at 15% on every six months from the date of listing, October 20, 2015. At June 30, 2017, 1,305,000 (December 31, 2016 – 1,740,000) common shares remained in escrow.

c) Common shares

(i) During the six months ended June 30, 2017 no new common shares of the Company were issued.

(ii) During the year ended December 31, 2016, 125,000 common shares of the Company with the fair value of $9,000 were issued to the Optionor of the Copper King property (Note 5).

(iii) During the year ended December 31, 2015, the Company issued 4,000,000 common shares at a price of $0.10 per share, raising gross proceeds of $400,000. The Company incurred cash share issuance costs of $72,990 in connection with the financing and non-cash share issuance costs of $26,144.

d) Preferred shares

As of June 30, 2017, no preferred shares have been issued.

e) Warrants

A summary of the Company's warrants are as follows:

	Number of Warrants	**Exercise Price**
December 31, 2014	2,500,000	$0.05
Issued	320,000	$0.10
December 31, 2015	2,850,000	$0.06
Expired	(2,500,000)	$0.05
December 31, 2016 and June 30, 2017	320,000	$0.10

As of June 30, 2017, the remaining contractual life of the warrants is 0.31 year.

On October 21, 2015, 320,000 warrants were issued as payment of finders fees in the initial public offering. Each warrant is exercisable into one common share of the Company at an exercise price of $0.10 and expires October 21, 2017. The Company recognized $26,144 representing the fair value of the warrants which was determined using the Black-Scholes Option Pricing Model at the issue date using the following assumptions:

	December 31, 2015
Expected option life (in years)	2
Risk-free interest rate	0.40%
Expected dividend yield	Nil
Expected stock price volatility	188%
Expected forfeiture rate	0%

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

f) Stock options

The Directors of the Company adopted a stock option plan on February 23, 2015 (the "Stock Option Plan"). The Stock Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of the Company's Common Shares issued and outstanding at the time such options are granted. The Stock Option Plan will be administered by the Company's Board of Directors, which will have full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Stock Option Plan to such the directors, officers, employees, management or consultants of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The exercise price of option grants will be determined by the Board of Directors, but will not be less than the closing market price of the Common Shares on the Exchange less allowable discounts at the time of grant. The Stock Option Plan provides that the number of Common Shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued Common Shares, if the individual is a director, officer, employee or consultant, or 1% of the issued Common Shares, if the individual is engaged in providing investor relations services, on a yearly basis. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

As of June 30, 2017, the Company has not granted any stock options.

7. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

At June 30, 2017, a balance of $14,774 (December 31, 2016 – $2,774) is due to a director.

Key management personnel include the directors of the Company. The remuneration of key management is as follows:

	June 30, 2017	**June 30, 2016**
Management fees	$ 12,000	$ –

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its mineral property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair Value of Financial Instruments

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – unadjusted quoted prices 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 or indirectly; and

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

	Fair Value Measurements			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash	$ 2,277	$ –	$ -	$ 2,277

Financial risk management objectives and policies

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

(i) *Currency risk*

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

Financial risk management objectives and policies (continued)

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instrument that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places this instrument with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.