Oriental Non-ferrous Resources Development Inc.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

(Expressed in Canadian Dollars)

Management's Responsibility for Financial Reporting

To the Shareholders of Oriental Non-ferrous Resources Development Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The executive director is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

January 29, 2018

(Signed)	*(Signed)*
"Eugene Beukman"	*" Sheng Wang"*
Chief Executive Officer	Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Oriental Non-ferrous Resources Development Inc.:
We have audited the accompanying consolidated financial statements of Oriental Non-ferrous Resources Development Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2017 and September 30, 2016, and the consolidated statements of operations and comprehensive loss, change in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Oriental Non-ferrous Resources Development Inc. as at September 30, 2017 and September 30, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which discloses matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Vancouver, British Columbia

January 29, 2018

MNP LLP
Chartered Professional Accountants

Oriental Non-ferrous Resources Development Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	September 30, 2017	September 30, 2016
Assets	$	$
Current Assets		
Cash	98,303	172,348
Prepaid and other receivable	16,117	357
Total Current Assets	114,420	172,705
Non-current Assets		
Exploration and evaluation assets (Note 7)	1,793,027	1,768,577
Total Assets	1,907,447	1,941,282
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	49,056	125,133
Due to shareholders (Note 9)	108,539	2,471
	157,595	127,604
Shareholders' Equity		
Share capital (Note 8)	891,665	691,665
Share reserve (Note 8)	2,400,342	2,400,342
Contributed surplus (Note 8)	1,864,010	1,864,010
Deficit	(3,407,383)	(3,144,927)
Currency translation reserve	1,218	2,588
	1,749,852	1,813,678
Total Liabilities and Shareholders' Equity	1,907,447	1,941,282

Nature of Operations (Note 1)
Going Concern (Note 2)

Approved by:

"Eugene Beukman"
Director

"Sheng Wang"
Director

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

Oriental Non-ferrous Resources Development Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Years Ended September 30, 2017	2016
Expenses	$	$
Bank fees	323	825
Foreign exchange gain	-	(132)
Office expenses	8,726	28,444
Payroll expenses	107,074	107,914
Professional fees	106,689	330,813
Project expenses	134	5,780
Regulatory filing expenses	24,495	19,496
Rent and utilities	3,487	3,123
Share-based payments (Note 8, 9)	-	1,864,010
Travel and entertainment	11,528	22,564
	(262,456)	(2,382,837)
Loss from operations	(262,456)	(2,382,837)
Other Comprehensive Loss		
Item to be reclassified to profit or loss in subsequent period:		
Exchange loss on translation	(1,370)	(12,154)
Comprehensive loss for the year	(263,826)	(2,394,991)
Basic and diluted loss per share	(0.00)	(0.03)
Weighted average number of common shares outstanding - basic and diluted	77,549,372	77,354,167

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

Oriental Non-ferrous Resources Development Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Years Ended September 30, 2017	2016
	$	$
Cash provided by (used in):		
Operations:		
Net loss for the year	(262,456)	(2,382,837)
Share-based payments	-	1,864,010
Foreign exchange loss	-	180
Change in non-cash working capital balances:		
Prepaid expenses and other receivable	(15,760)	1,422
Amount due to related parties	105,382	(4,328)
Accounts payable and accrued liabilities	(76,020)	37,445
	(248,854)	(484,108)
Investing:		
Exploration and evaluation assets	(25,140)	(33,196)
Financing:		
Proceeds received from private placement	200,000	-
Effect of foreign exchange on cash	(51)	(10,296)
Change in cash	(74,045)	(527,600)
Cash, beginning of year	172,348	699,948
Cash, end of year	98,303	172,348
Supplemental Cash Flow Information		
Interest paid	-	-
Income taxes paid	-	-

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

Oriental Non-ferrous Resources Development Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Share capital	Share reserve	Contributed surplus	Deficit	Currency translation reserve	Total
		$	$	$	$	$	$
Balance, September 30, 2015	77,354,167	691,665	2,400,342	-	(762,090)	14,742	2,344,659
Net loss for the year	-	-	-	-	(2,382,837)	-	(2,382,837)
Share-based compensation	-	-	-	1,864,010	-	-	1,864,010
Currency translation	-	-	-	-	-	(12,154)	(12,154)
Balance, September 30, 2016	77,354,167	691,665	2,400,342	1,864,010	(3,144,927)	2,588	1,813,678
Net loss for the year	-	-	-	-	(262,456)	-	(262,456)
Share issued for cash	250,000	200,000	-	-	-	-	200,000
Currency translation	-	-	-	-	-	(1,370)	(1,370)
Balance, September 30, 2017	77,604,167	891,665	2,400,342	1,864,010	(3,407,383)	1,218	1,749,852

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

1. NATURE OF OPERATIONS

Oriental Non-ferrous Resources Development Inc. (the "Company" or 'Oriental") was incorporated under the *Business Corporations Act* of British Columbia on August 20, 2015. The head and registered office of the Company is 5148 Williams Road, Richmond, British Columbia, V7E 1K1. The Company's principal business activity is the acquisition, exploration and development of mineral properties.

On September 10, 2015, the Company acquired 100% of Genuine Success Global Limited ("GSG"), a company incorporated on May 20, 2014 under the laws of British Virgin Islands, by way of share exchange.

GSG owns 100% of Tunshan Xiangdong Co., Ltd. ("Tunshan"), a mineral exploration company incorporated on August 31, 2007 under the laws of Mongolia. The head and registered office of the Company is located at #9-78, Suite 22, 1st khoroo, Bayangol district, Ulaanbaatar city, Mongolia. Tunshan has acquired mineral exploration license with expiry date of July 31, 2020. The mineral properties are located in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia totalling 1,073 hectares. Tunshan has also acquired mineral mining license with expiry date of September 5, 2044 covering 42.12 hectares of same areas in the mineral exploration license in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia.

2. BASIS OF PREPARATION

a) Statement of Compliance

These consolidated statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements of the Company for the years ended September 30, 2017 and 2016 were authorized for issuance by the board of directors on January 29, 2018.

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as at fair value through profit or loss that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries GSG and Tunshan. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

All material inter-company transactions and balances have been eliminated for the purpose of these consolidated financial statements.

2. BASIS OF PREPARATION (continued)

c) Going Concern

These audited consolidated financial statements have been prepared by management on the basis of IFRS applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company is in the process of exploring its mineral property in Mongolia. The Company's ability to continue as a going concern and the recoverability of the amounts capitalized for mineral properties and related deferred exploration expenditures are dependent upon the ability of the Company to raise additional financing in order to complete the exploration and development of its resource properties and acquire additional mineral properties, the discovery of economically recoverable reserves, the attainment of future profitable production or proceeds from disposition of the Company's resource properties. The outcome of these matters cannot be predicted at this time.

These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the consolidated statements of operations and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not appropriate.

	September 30, 2017	September 30, 2016
Deficit	$3,407,383	$3,144,927
Working capital (deficiency)	($43,175)	$45,101

The above factors cast significant doubt regarding the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments and estimates

The preparation of these consolidated financial statements in conformity of IFRS requires management to make judgments, estimates 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. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

The following judgments and estimates are those deemed by management to be material to the Company's consolidated financial statements.

Estimates

(i) Impairment of exploration and evaluation assets
Determining if there are any facts and circumstances indicating impairment losses or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

(ii) Deferred tax liabilities and assets
Deferred tax liabilities and assets are measured at tax rates expected to apply in the period during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the end of the reporting period of the financial information. The measurement of liabilities and deferred tax assets reflects the tax consequences that result from the manner in which the Company expects, at the end of the reporting period of the financial information, to recover or settle the carrying amount of its assets and liabilities.

Judgments

(i) Going concern
Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the years ended September 30, 2017 and 2016. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there are significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

Foreign Currency Translation

The functional currency for the Company and GSG is Canadian dollars. The functional currency for Tunshan is Chinese Renminbi ("RMB") as this is the principal currency of the economic environment in which Tunshan operates. The reporting currency of the Company is Canadian dollars.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation (continued)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statements of operations and comprehensive loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value is determined.

Assets and liabilities of entities with functional currencies are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. Gains or losses resulting from these translation adjustments are included in shareholders' equity as currency translation reserve. On disposal of the foreign operation the cumulative translation differences recognized in equity are reclassified to consolidated statements of operations and comprehensive loss.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less. As at September 30, 2017 and 2016 the cash and cash equivalents consist of cash only. As at September 30, 2017, cash and cash equivalents consist of $73,477 (September 30, 2016: $149,038) bank deposit and $24,826 (September 30, 2016: $23,310) cash held in the trust account of the Company's lawyer. The Company's lawyer maintains its trust accounts on deposit with a Canadian chartered bank.

Financial Instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash, accounts payable and accrued liabilities, and due to shareholders. At initial recognition management has classified financial assets and liabilities as follows:

i) Financial assets
The Company has determined its cash as FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with Company's documented risk management or investment strategy. Financial instruments FVTPL are measured at fair value and changes therein are recognized in income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

ii) Financial liabilities
The Company has determined its accounts payable and accrued liabilities, and due to shareholders as other financial liabilities and is initially recorded at fair value and subsequently measured at amortization costs by using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property assets within property, plant, and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Exploration Tax Credits

The Company accounts for mining tax credits on eligible exploration expenditures as a deduction from its mineral properties interests, on a property by property basis, and will be charged to operations on the same basis as the deferred acquisition and exploration and development expenditures. The exploration tax credits are recognized on a cash basis, whereby the amount will be recorded only when refund received from corresponding tax authority.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Any income tax on profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax
Current tax is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the statements of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities:

- are generally recognized for all temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings (Loss) Per Share

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

In accordance with IFRSs, the equity structure in the consolidated financial statements following a reverse acquisition reflects the equity structure of the legal acquirer (the accounting acquiree), including the equity interests issued by the legal acquirer to effect the business combination.

Comprehensive Income (Loss)

Comprehensive income is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which IFRS requires be recognizing in a period, but excluding from net income for that period.

Related Party 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. Parties are also considered to be related if they are subject to common control. 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.

Impairment of assets

At the end of each reporting period, the Company assesses all cash generating units to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning, restoration and similar liabilities ("Asset retirement obligation")

The Company records the present value of estimated costs of legal and constructive obligations required to restore the site in the period in which the obligation is incurred. The nature of these restoration activities include dismantling and removing structures, rehabilitating mines and tailings dam, dismantling facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

The future obligations for well closure activities are estimated by the Company using well closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Since the obligations are dependent on the laws and regulations of the countries in which the wells operate, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies.

As the estimate of the obligations is based on future expectations, a number of assumptions and judgments are made by Management in the determination of closure provisions. The closure provisions are more uncertain into the future the closure activities are to be carried out.

The present value of decommissioning and site restoration provision is recorded as a long term liability as incurred and records an increase in the carrying value of the related asset by a corresponding amount. The provision is discounted using a nominal, risk free pre-tax discount rate. Charges for accretion and restoration expenditures are recorded as operating activities. The related decommissioning provision is recorded as part of the mineral property and depreciated accordingly. In subsequent periods, the carrying amount of the liability is accreted by a charge to the statement of comprehensive loss to reflect the passage of time and the liability is adjusted to reflect any changes in the timing of the underlying future cash flows.

Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the decommissioning provision, and a corresponding change in the carrying amount of the related long lived asset. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, or provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date and the cost is charged to the statement of operations and comprehensive loss.

The Company has no asset retirement obligations recognized as of September 30, 2017 and 2016.

New accounting pronouncements

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 Financial Instruments (New)
In July 2014, the IASB issued IFRS 9, Financial Instruments, will replace IAS 39, Financial Instruments: Recognition and Measurement, and some of the requirements of IFRS 7, Financial Instruments: Disclosures. The objective of IFRS 9 is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The IASB has determined the revised effective date for IFRS 9 will be for annual periods beginning on or after January 1, 2018.

IAS 7 Statement of Cash Flows
In February 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows. These amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments apply for annual periods beginning on or after January 1, 2017.

IFRS 2 Share-based payment
The IASB issued has published amendments to IFRS 2, Share-based Payment. The new requirements could affect the classification and/or measurement of cash settled share-based payments, classification of share-based payments settled net of tax advantage, and share-based payment from cash-settled to equity settled – and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments apply for annual periods beginning on or after January 1, 2018.

Capital Management

The Company 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 property interests. 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 Company considers capital to consist of shareholders' equity.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied on shareholder funding to finance all of its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

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 is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS

Financial instruments recorded at fair value

The Company's financial assets consist of cash and cash equivalents. The estimated fair values of cash and cash equivalents approximate their respective carrying values due to the short period to maturity. The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements – Financial Instruments – Disclosures.

For the years ended September 30, 2017 and 2016, the fair value of cash was measured using Level 1 inputs.

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair values of other financial instruments, which include accounts payable and due to shareholders approximate their carrying values due to the relatively short-term maturity of these instruments.

Risk factors

The Company has exposure to liquidity risk, market risk, and credit risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(a) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in savings accounts with high-credit quality financial institutions which are available on demand by the Company for its programs.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2017, the Company had cash of $98,303 (September 30, 2016: $172,348), against the total current liabilities of $157,595 (September 30, 2016: $127,604). The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash and future funding from shareholders.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS

Financial instruments recorded at fair value (continued)

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i. 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 short-term interest rate through the interest earned on cash and cash equivalents; however, management does not believe this exposure is significant given cash amount is minimum.

ii. Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's daily operation is carried out in Mongolia and Canada and its functional currency is Canadian dollar and RMB, which gives rise to foreign currency translation risk from fluctuations and volatility of foreign exchange rate between the Mongolian Tugrik, Canadian dollar, and the RMB. Management believes the impact of fluctuations of one foreign currency over another is not material. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

(c) Credit risk

Credit risk is the potential risk of loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash. Management does not believe this exposure is significant given cash amount is minimum.

(Expressed in Canadian Dollars)

5. SEGMENT DISCLOSURE

The Company operates in one reporting segment only, which is the acquisition, exploration and development of mineral properties. All of the Company's operations are located in Mongolia.

The Company's comprehensive loss by geographic locations for the years ended September 30, 2017 and 2016 are as follows:

Net Loss		**Year ended September 30, 2017**		**Year ended September 30, 2016**
Canada	$	246,757	$	2,289,895
Mongolia		15,699		92,942
Total	$	262,456	$	2,382,837

The Company's total assets by geographic locations are as follows:

Net Assets		**September 30, 2017**		**September 30, 2016**
Canada	$	113,366	$	171,587
Mongolia		1,794,081		1,769,695
Total	$	1,907,447	$	1,941,282

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Kharganii am-1 Molybdenum Property located in the Töv aimag in Mongolia

Through Tunshan, the Company holds mineral exploration license with expiry date of July 31, 2020. The mineral properties are located in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia totalling 1,073 hectares. The mineral exploration license fee up to July 31, 2018 has been paid on time.

Through Tunshan, the Company has also holds mineral mining license with expiry date of September 5, 2044 covering 42.12 hectares of same areas in the mineral exploration license in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia.

As at September 30, 2017 and 2016, the Company had capitalized the following expenditures:

Balance, September 30, 2015	$1,736,396
Other geological work	33,195
Effect of movements in exchange rates	(1,014)
Balance, September 30, 2016	1,768,577
Other geological work	24,667
Effect of movements in exchange rates	(217)
Balance, September 30, 2017	$1,793,027

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized Share Capital

Under the Articles of the Company, the Company is authorized to issue unlimited shares with no par value.

On December 19, 2016, the Company closed a non-brokered private placement for 250,000 common shares of the Company at a price of $0.80 per share for gross proceeds of $200,000. The shares issued pursuant to the private placement are subject to a four (4) month hold period that expires on April 20, 2017. Proceeds raised from the sale of the shares will be used for claim maintenance fees, general property and geological review.

As at September 30, 2017, the share capital and share reserve of the Company was $891,665 and $2,400,342, respectively (September 30, 2016: share capital and share reserve of $691,665 and $2,400,342, respectively).

Share Reserve

Additional contribution made by shareholders to support the Company's daily operation is recorded as capital contribution over the authorized share capital and has been recognized as share reserve under shareholders' equity. For the years ended September 30, 2017 and 2016, $nil additional contribution was made by shareholders.

Escrowed Shares

Pursuant to an escrow agreement, 53,250,000 shares are subject to the following escrow release schedule:

Release Date	Escrowed, beginning of period	Release	Escrowed, end of period
Mar.18, 2016	53,250,000	5,325,000	47,925,000
Sept. 18, 2016	47,925,000	7,987,500	39,937,500
Mar.18, 2017	39,937,500	7,987,500	31,950,000
Sept. 18, 2017	31,950,000	7,987,500	23,962,500
Mar.18, 2018	23,962,500	7,987,500	15,975,000
Sept. 18, 2018	15,975,000	7,987,500	7,987,500
Mar.18, 2019	7,987,500	7,987,500	-

As at September 30, 2017, the Company has 23,962,500 escrow shares (September 30, 2016: 39,937,500)

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Stock Options

The fair value of stock options is recognized as share-based compensation accounted for over the period of the options and the related credit is included in contributed surplus.

On June 13, 2016, the Company adopted a stock option plan (the "Plan") and granted its directors, officers and consultants stock options to purchase a total of 5,000,000 common shares of the Company in accordance with the Plan and subject to the policies of the Canadian Securities Exchange. The Options are vested upon grant with an exercise price of $0.375 per share and expire on June 13, 2026.

A summary of changes in the Company's share purchase options is as follow:

	Number of options		Weighted average exercise price
Balance, September 30, 2015	-	$	-
Granted	5,000,000		0.375
Balance, September 30, 2017 and 2016	5,000,000		0.375
Options exercisable at the end of year	5,000,000		0.375

Share-based compensation of $1,864,010 was recognized during the year ended September 30, 2016 with the following assumptions used in calculating the fair value of stock options using the Black-Scholes Option Pricing Model.

	2016
Share price at date of grant	$0.375
Risk-free interest rate	0.62%
Expected life (in years)	5 years
Expected volatility*	246.0%
Dividend rate	0%
Exercise price at date of grant	0.375
Fair value of options granted at market value	$0.372

* Expected volatility is calculated based on comparable companies' historical volatility.

No options were granted during the year ended September 30, 2017.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2017 and 2016, the Company paid following management in the form of director and officer fees and share-based compensation:

	Year ended September 30,	
	2017	2016
	$	$
Management fees – President	15,385	10,238
Management fees – CFO	72,000	79,263
Directors' fees	9,000	6,938
Share-based compensation	-	1,491,208

As at September 30, 2017, the Company owed $108,539 to a shareholder of the Company (September 30, 2016: $2,471). This amount represented expenses paid by the shareholder on behalf of the Company.

All transactions with related parties have been in the normal course of operations and were measured at their exchange amounts established and agreed to by the related parties. Any amounts due to related parties were unsecured, non-interest bearing and have no specific repayment terms.

9. INCOME TAX

The Company and its subsidiaries are subject to income tax laws in their respective tax jurisdictions,
which are the same as their respective place of incorporation.

	Years Ended September 30,	
	2017	**2016**
Net Loss before tax and other comprehensive loss	$ (262,456)	$ (2,382,837)
Statutory tax rate	26%	26%
Expected income tax (recovery)	(68,239)	(619,538)
Non-deductible items	164	485,564
Change in deferred tax asset not recognized	68,075	133,974
Total income taxes expense (recovery)	$ -	$ -

(Expressed in Canadian Dollars)

9. INCOME TAX (continued)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at September 30, 2017 and 2016 are comprised of the following::

	Years ended September 30,			
		2017		2016
Tax losses carryforward	$	17	$	-
Exploration and evaluation assets		(17)		(18)
Property and equipment		-		18
Net deferred tax asset (liability)	$	-	$	-

The unrecognized deductible temporary differences are as follows:

	Years ended September 30,			
		2017		2016
Tax losses carryforward – Canada	$	701,449	$	482,122
Property and equipment – Mongolia		-		2,379
Tax losses carryforward – Mongolia		436,586		729,805
Unrecognized deductible temporary differences	$	1,138,035	$	1,214,306

Non-capital losses carryforward – Canada

As at September 30, 2017, the Company has not recognized a deferred tax asset in respect of non-capital losses carryforward of approximately $701,449 (2016: $482,122) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in 2035 to 2037.

Expiry		
2035	$	73,023
2036		382 238
2037		246,188
Total:	$	701,449

(Expressed in Canadian Dollars)

9. INCOME TAX (continued)

Non-capital losses carryforward – Mongolia

As at September 30, 2017, the Company has not recognized a deferred tax asset in respect of non-capital losses carryforward of approximately $436,586 (2016: $729,805) which may be carried forward to apply against future year income tax for Mongolian income tax purposes, subject to the final determination by taxation authorities, expiring in 2018 to 2022.

Expiry		
2018	$	129,457
2019		168,726
2020	89,915	
2021		32,152
2022		16,336
Total:	$	436,586

10. PROPOSED ACQUISITION

The Company has entered into an agreement with Maple Beauty Global Limited ("MBGL") to acquire a mineral mining license to an iron and zine mine known as the Khaldun iron-zinc mine located in Govi-Ugtaal, Middle Govi (Dundgovi) province, Mongolia. In connection with the acquisition of the Khaldun iron-zinc mine, the Company has entered into a three-cornered amalgamation agreement (the "Agreement") dated February 7, 2017, with Genuine Success Global Limited ("GSGL"), a wholly-owned subsidiary of the Company, and MBGL, pursuant to which the Company will acquire the business and assets of MBGL, including the Khaldun iron-zinc mine. Under the terms of the Agreement, MBGL and GSGL will amalgamate (the "Amalgamation") under the BVI Business Companies Act and continue as one corporation ("Amalco") that is a wholly-owned subsidiary of the Company, which will carry on the business of MBGL following the Amalgamation.

Pursuant to the Agreement, each holder of MBGL shares will receive five hundred (500) common shares of the Company for each share of MBGL held for a deemed aggregate purchase price of $20,000,000. Upon completion of the Amalgamation, it is expected that former MBGL shareholders will hold 25,000,000 common shares of the Company, at a deemed price of $0.80 per share, representing 32.21% of the 77,604,167 issued and outstanding common shares of the Company. A "Resources Development and Utilization Plan for Khaldun Iron (Zinc) Mine, Govi-Ugtaal Sum, Middle Govi (Dundgovi) Province, Mongolia" has been prepared by Shandong Lianchuang Architectural Design Co., Ltd. on behalf of the Company. The Company has also engaged a qualified person to prepare a technical report in compliance with the standards set out in National Instrument 43-101 Standards of Disclosure for Mineral Projects.

10. PROPOSED ACQUISITION (continued)

GSGL and MBGL are related parties by virtue of certain common shareholders, six of whom are not insiders of the Company and one of whom, ZhengXin Liu, is an insider of the Company by virtue of his indirect control of Long Harvest Ventures Limited, which holds 15,000,000 common shares of the Company, representing 19.33% of the issued and outstanding common shares of the Company. Mr. Liu owns 10,000 shares of MBGL and as a result of the amalgamation will receive 5,000,000 common shares of the Company representing 4.88% of the issued and outstanding common shares of the Company after the amalgamation (and together with the shares held by Long Harvest Ventures Limited, Mr. Liu will hold an aggregate of 20,000,000 common shares of the Company, representing 19.54% of the issued and outstanding common shares of the Company after the amalgamation).

Shareholders of the Company have approved the Amalgamation at the meeting of the shareholders of the Company on June 6, 2017.

Closing of the Amalgamation (“Closing”) is subject to certain conditions, including regulatory approval.