Canadian Zeolite Corp.

(Formerly Canadian Mining Company Inc.)

Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the three months ending September 30, 2017 and 2016

MANAGEMENT`S RESPONSIBILITY FOR FINANCIAL REPORTING AND NOTICE TO READER

The accompanying condensed consolidated interim financial statements (unaudited) of Canadian Mining Company Inc. (the “Company”) for the three months ended September 30, 2017 (the “Interim Financial Statements”) are the responsibility of the Company’s management and have been prepared by Management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these Interim Financial Statements in accordance with International Financial Reporting Standards for Interim Financial Statements.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the Interim Financial Statements, they must be accompanied by a notice indicating that the Interim Financial Statements have not been reviewed by an auditor.

The Company’s independent auditor has not performed a review of these Interim Financial Statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of Interim Financial Statements by an entity’s auditor.

Canadian Zeolite Corp.
(formerly Canadian Mining Company Inc.)

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2017	June 30, 2017
Assets		
Current		
Cash and cash equivalents	**$ 783,877**	$ 641,694
Receivables	**13,753**	4,641
Related party loans and advances (note 9)	**-**	108,308
	797,630	754,643
Non-current		
Exploration and evaluation assets (note 7)	**236,927**	242,880
Reclamation and other deposits (note 8)	**21,550**	21,550
	$ 1,056,107	$ 1,019,073
Liabilities		
Current		
Accounts payable and accrued liabilities (note 9)	**$ 62,055**	$ 35,210
Related party loans and advances (note 9)	**30,710**	23,119
	92,765	58,329
Non-Current		
Decommissioning provision (note 8)	**20,000**	20,000
Related party promissory note (note 9)	**775,000**	775,000
	795,000	795,000
Shareholders' Equity		
Share subscriptions received (note 10(ii))	**-**	130,000
Share capital (note 10(ii))	**12,823,649**	12,560,919
Contributed surplus	**2,109,511**	1,857,598
Deficit	**(14,764,818)**	(14,382,774)
	168,342	165,743
	$ 1,056,107	$ 1,019,073

Nature of operations and going concern (note 1)
Commitments (note 14)
Subsequent events (note 13)

These consolidated financial statements were authorized for issue by the Board of Directors on November 29, 2017. They are signed on behalf of the Board of Directors by:

(Signed) "*Ray Paquette*", Director (Signed) "*David Kepkay*", Director

Canadian Zeolite Corp.
(formerly Canadian Mining Company Inc.)

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

Three months ended September 30,		**2017**		2016
Income				
Royalties received (note 5)	**$**	**6,675**	$	4,822
Less: transferred to exploration and evaluation assets (note 5)		**(6,675)**		(4,822)
Expenses				
Administrative (note 7)	**$**	**37,805**	$	60,271
Consulting fees		**32,471**		137,376
Interest (note 7)		**7,750**		8,524
Investor relations		**5,000**		-
Management fees (note 7)		**27,000**		27,000
Professional fees		**17,000**		19,625
Share-based compensation (note 7 and 8)		**251,953**		20,102
Provision for doubtful accounts (note 6)		**3,105**		2,867
Net and comprehensive loss	**$**	**382,044**	$	275,765
Loss per share - basic and diluted	**$**	**0.01**	$	0.01
Weighted average number of common shares outstanding		**30,190,065**		21,774,264

Canadian Zeolite Corp.
(formerly Canadian Mining Company Inc.)

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Three months ended September 30,	**2017**	2016
Cash provided by (used for):		
Operating activities		
Net loss	**$ (382,044)**	$ (275,765)
Add items not affecting cash:		
Share-based compensation	**251,913**	20,102
Accrued interest income (note 6)	**(3,105)**	(2,867)
Accrued professional fees	**11,000**	9,000
Provision for doubtful accounts (note 6)	**3,105**	2,867
	(119,131)	(246,663)
Changes in non-cash working capital items		
Receivables	**(9,112)**	(3,489)
Accounts payable and accrued liabilities	**15,845**	(124,417)
	(112,398)	(374,569)
Financing activities		
Proceeds of private placements	**-**	300,000
Share issue expenses	**-**	(8,295)
Proceeds of options exercised	**-**	7,125
Proceeds of warrants exercised	**132,730**	60,000
Repayments from related party	**108,308**	**-**
Advances from/(to) related parties	**7,590**	(24,904)
	248,628	333,926
Investing activities		
Exploration and evaluation expenditures paid	**(722)**	(5,741)
Exploration and evaluation expenditures recovered	**-**	-
Royalties received	**6,675**	4,822
Reclamation deposits paid	**-**	-
	5,953	(919)
Increase (decrease) in cash and cash equivalents	**142,183**	(41,562)
Cash and cash equivalents, beginning of period	**641,694**	390,440
Cash and cash equivalents, end of period	**$ 783,877**	$ 348,878
Cash and cash equivalents consists of the following:		
Cash in banks	**$ 783,877**	$ 348,878

Supplemental cash flow information (note 6)

Canadian Zeolite Corp.
(formerly Canadian Mining Company Inc.)

Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Shares number	Share capital $	Share Subscriptions $	Contributed surplus $	Deficit $	Total $
Balance, July 1, 2016	21,084,862	11,174,959	-	801,172	(12,527,591)	(551,460)
			-			
Share private placements	1,000,000	300,000		-	-	300,000
Share options granted	-	-	-	20,102	-	20,102
Share options exercised	75,000	10,600	-	(3,475)	-	7,125
Warrants value assigned	-	(30,000)	-	30,000	-	-
Share issue costs	-	(16,508)	-	8,214	-	(8,294)
Warrants exercised	500,000	65,305	-	(5,305)	-	60,000
Loss for the period	-	-	-	-	(275,765)	(275,765)
Balance September 30, 2016	**22,659,862**	**11,504,356**	-	**850,708**	**(12,803,356)**	**(448,292)**
Balance, July 1, 2017	29,718,528	12,560,919	130,000	1,857,598	(14,382,774)	165,743
Warrants exercised	673,667	262,730	(130,000)	-	-	132,730
Share options granted	-	-	-	251,913	-	251,913
Loss for the period	-	-	-	-	(382,044)	(382,044)
Balance September 30, 2017	**30,392,195**	**12,823,649**	-	**2,109,511**	**(14,764,818)**	**168,342**

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1. Nature of operations and going concern

Canadian Zeolite Corp. (formerly Canadian Mining Company Inc.) (the "Company" or "Canadian Zeolite") is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol CNZ. The Company is an exploration stage public company whose principal business activities are the acquisition, exploration and evaluation of mineral properties.

The head office and the registered and records office is located at Suite 1400, 1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3.

The consolidated financial statements of the Company have been prepared based on the basis of accounting principles 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 liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of the going concern assumption. The Company has generated limited revenue from operations, increasing by fifty percent on the prior year's quarter, and has incurred a net and comprehensive loss of $382,044 during the three months ending September 30, 2017. The loss includes share-based compensation of $251,913, comprising two thirds of the loss incurred in the first quarter of the 2018 financial year. As at September 30, 2017, the Company's deficit was $14,764,818. The Company continues to rely upon raising additional capital to meet its present and future commitments, and the continued support of certain shareholders and trade creditors and on achieving profitable commercial operations to remain viable.

The recoverability of the amounts reported for exploration and evaluation assets is dependent upon the quantity of economically recoverable resources, the ability of the Company to obtain financing to complete exploration and development of the properties, the timing of legislative or regulatory developments relating to environmental protection and achieving future profitable operations or receiving favorable proceeds from the disposition thereon.

The consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable mining operations or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net loss comprehensive loss, and statements of financial position classifications used.

2. Basis of presentation

Statement of compliance
These consolidated financial statements have been 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").

Approval of consolidated financial statements
The consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 29, 2017.

Basis of consolidation
During the year ended June 30, 2017, the Company entered into a Vend-In Agreement and Arrangement Agreement, which resulted in Canadian Mining Company of Arizona Inc. and Canadian Mining Corp. no longer being subsidiaries of the Company at June 30, 2017 (see note 5).

Basis of measurement
The accounting policies applied in these consolidated financial statements are presented in note 3 and are based on IFRS issued and outstanding as of November 29, 2017. These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Significant accounting estimates and judgments
The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Significant accounting policies

Financial instruments

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

(i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

(ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

(iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash and cash equivalents have been measured at fair value using Level 1 inputs.

The Company has classified its cash and cash equivalents as at FVTPL. Receivables and related party loans and advances are classified as loans and receivables. Accounts payable and accrued liabilities, related party loans and advances and related party promissory note are classified as other financial liabilities, all of which are measured at amortized cost.

3. Significant accounting policies (continued)

Financial instruments (continued)

The Company's financial instruments at September 30, 2017 are as follows:

	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
Financial assets				
Cash and cash equivalents	$ -	$ -	$ 783,877	$ -
Reclamation and other deposits	21,550	-	-	-
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 92,765
Related party promissory note	-	-	-	775,000

Unless otherwise disclosed their carrying values approximate their fair values due to the short-term nature of these instruments.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Exploration and evaluation assets

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

Exploration and evaluation assets and expenditures
Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials 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 and share based payments to employees and consultants, are expensed in the period in which they occur.

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

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

3. Significant accounting policies (continued)

Exploration and evaluation assets and expenditures (continued)
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 “mines under construction”. Exploration and evaluation 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 are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Impairment
An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit (“CGU”), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset’s fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Reclamation deposits
Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits.

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 rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

3. Significant accounting policies (continued)

Rehabilitation provision (continued)

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 costs 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 in 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.

Flow-through shares

The Company from time to time, may issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share 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 the liability and recognizes 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 portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

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.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

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

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

3. Significant accounting policies (continued)

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

Loss per share
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/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Comprehensive loss
Comprehensive loss consists of net loss and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the periods presented, the Company did not have any transactions or events from sources other than the Company's shareholders.

Foreign currency transactions
Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net loss or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Share capital
Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. Significant accounting policies (continued)

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

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

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

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

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

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

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

Valuation of equity units issued in private placement
The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measureable component based on fair value and then the residual value, if any to the less easily measureable component. The fair value of common shares issued in private placement was determined to be the more easily measureable component and are valued at their fair value, as determined by the closing bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to contributed surplus.

3. Significant accounting policies (continued)

New accounting standards

The Company has adopted these accounting standards effective July 1, 2016. The adoption of the standards and amendments had no material impact on the consolidated financial statements:

Amendments to IAS 1 Presentation of Financial Statements
These amendments clarify existing IAS 1 requirements resulting from the Disclosure Initiative. It is designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements.

Amendments to IFRS 7 Financial Instruments
The amendments clarify the applicability of the amendments to IFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

Amendments to IAS 34 Interim Financial Reporting
These amendments clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and require a cross reference.

Standards and interpretations issued but not yet effective

The following accounting standards and amendments are effective for future periods.

Amendments to IAS 7 Statement of Cash Flows
These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

These amendments are effective for reporting periods beginning on or after January 1, 2017.

Amendments to IAS 12 Income Taxes
These amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value.

These amendments are effective for reporting periods beginning on or after January 1, 2017.

IFRS 15 Revenue from Contracts with Customers
The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

This standard is effective for reporting periods beginning on or after January 1, 2018.

3. Significant accounting policies (continued)

Standards and interpretations issued but not yet effective (continued)

IFRS 9 Financial Instruments
This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

This standard is effective for reporting periods beginning on or after January 1, 2018.

Amendments to IFRS 2 Share-based Payment
These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions.

These amendments are effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

This standard is effective for reporting periods beginning on or after January 1, 2019.

4. Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount 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.

Critical judgments

The preparation of our consolidated financial statements requires us to make judgments regarding the going concern of the Company as discussed in Note 1.

Key sources of estimation uncertainty

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

Share-based payments
We measure our share-based payment expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumption about them.

Financial Instruments
The fair values of financial instruments are estimated based upon market and third party inputs. These estimates are subject to change with fluctuations in commodity prices, interest rates, foreign currency exchange rates and estimates of non-performance risk.

Deferred Tax Assets and Liabilities
The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

Exploration and Evaluation Expenditures
The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

4. Significant accounting judgments, estimates and assumptions (continued)

Key sources of estimation uncertainty (continued)

Title to Mineral Property Interests
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

5. Disposal of subsidiaries

On February 17, 2017 the Company announced that it had entered into a Vend-In Agreement and an Arrangement Agreement (the "Arrangement") with its wholly owned subsidiary, Canadian Mining Corp., ("Canadian Mining") pursuant to which the Company agreed to transfer the shares it held in Canadian Mining Company of Arizona Inc.("CMCA"), which holds title to the Bullard Pass Property, located in Arizona, USA, to Canadian Mining in exchange for cash and shares in Canadian Mining. Pursuant to the Arrangement, Canadian Mining and its wholly-owned subsidiary, CMCA, were spun out of the Company whereby the existing shareholders of the Company received one share of Canadian Mining for every five shares of the Company held at the record date. The Company's shareholders also received one warrant in Canadian Mining for every five warrants of the Company held at the record date.

Closing of the Arrangement was subject to a number of condition precedents, including but not limited to the following:

1. Canadian Mining Corp. completing an offering of at least $650,000;

2. The Arrangement being approved by two-thirds of the Company's shareholders, warrant holders and option holders at an Annual General and Special Meeting;

3. The granting from the Supreme Court of British Columbia of an interim order authorizing the securities holders to approve the Arrangement and a final order approving the Plan of Arrangement;

4. The common shares of Canadian Mining being listed for trading on the TSX Venture Exchange.

The conditions precedent were complied with and the transaction was completed on June 2, 2017.

5. Disposal of subsidiaries (continued)

The disposition was recorded at the fair value of the consideration received, which has been allocated to the assets disposed of as follows:

Consideration received:		
Related party loan receivable	$	16,243
Net assets disposed of:		
Exploration and evaluation assets	$	16,243

The operations of the subsidiaries have been included in these consolidated financial statements up to the date of disposal. The related party loan receivable was received subsequent to year-end.

6. Supplemental cash flow information

The following outlines the supplemental cash flow details during the three months ending September 30, 2017 and 2016:

	2017	2016
Cash paid during the period		
Interest	**$ -**	$ -
Cash received during the period		
Interest	**-**	**-**
Non-cash transactions:		
Options exercised to settle related party debt	**-**	**-**
Settlement of accounts payable relating to exploration and evaluation expenditures	**-**	**-**
Accounts payable and accrued liabilities converted to promissory note	**-**	-
Related party loan receivable on disposition of exploration and evaluation assets	**-**	-
Related party loans and advances converted to promissory note	**-**	-
Issuance of broker warrants	**-**	-

7. Exploration and evaluation assets

The Company has interests in two mineral properties, being Sun Group and Bromley Creek, located in British Columbia as at September 30, 2017.

A summary of the capitalized acquisition and exploration expenditures on the Company's exploration and evaluation assets for the three months ending September 30, 2017 and year ending June 30, 2017 are as follows:

	(US) Bullard Pass ($)	(CAN) Bromley Creek ($)	(CAN) Sun Group ($)	**Total ($)**
Acquisition costs				
Balance at July 1, 2016	3,058	58,712	-	**61,770**
Additional claims staked	-	662	-	**662**
Disposal of subsidiaries (Note 5)	(3,058)	-	-	**(3,058)**
Balance as at June 30, 2017	-	59,374	-	**59,374**
Exploration costs				
Balance at July 1, 2016	8,475	53,102	120,479	**182,056**
Additions during the year:				
Claim fees	4,710	616	-	**5,326**
Site expenses	-	5,520	-	**5,520**
Geological	-	8,200	-	**8,200**
Asset retirement costs	-	15,000	5,000	**20,000**
Costs recouped	-	(2,849)	-	**(2,849)**
Royalties received	-	(21,562)	-	**(21,562)**
Total additions during the year	4,710	4,925	5,000	**14,635**
Less: disposal of subsidiaries (Note 5)	(13,185)	-	-	**(13,185)**
	(8,475)	4,925	5,000	**1,450**
Balance as at June 30, 2017	-	58,027	125,479	**183,506**
Total as at June 30, 2017	**-**	**117,401**	**125,479**	**242,880**

7. Exploration and evaluation assets (continued)

	(CAN) Bromley Creek ($)	(CAN) Sun Group ($)	Total ($)
Acquisition costs			
Balance at July 1, 2017 and September 30, 2017	59,374	-	**59,374**
Exploration costs			
Balance at July 1, 2017	58,027	125,479	**183,506**
Additions during the year:			
Site expenses	722	-	**722**
Royalties received	(6,675)	-	**(6,675)**
Total additions during the year	(5,953)	-	**(5,953)**
Balance at September 30, 2017	52,074	125,479	**177,553**
Total as at September 30, 2017	**111,448**	**125,479**	**236,927**

Bromley Creek, British Columbia, Canada

The Company has a Zeolite project in the Bromley Creek area located near Princeton, British Columbia. The mineral property claims have been leased from the British Columbia government and have expiration dates through to July 2018, all of which are renewable for varying amounts. A thirty year mining lease for two of the zeolite claims was granted in 2000 and a quarry permit was issued in 2001 and in 2015.

The Company's property interest is its Bromley Creek Zeolite Project consists of a total of one mineral lease and seven mineral claims.

On November 30, 2015, the Company entered into a Mining Operations with Purchase Option Agreement with Absorbent Products Limited ("APL"). The purchase option terms grant APL the right to acquire a 50% interest in the Company's Bromley Creek Zeolite Project for a total purchase price of $725,000. The purchase price may be paid by APL through cash or earn-in by payment of royalties to the Company of $9.00 per metric ton mined and removed from the site. The parties have also entered into an Agency Agreement pursuant to which APL will pay to the Company a commission on all applicable sales of mineral mined or zeolite processed from the Bromley Creek Zeolite Project. During the three months ended September 30, 2017, royalties received from APL under the Agreement amounted to $6,675 (2016 - $4,822).

Sun Group, British Columbia, Canada

In March 2004, the Company acquired a contiguous claim group located in the Similkameen Mining District of British Columbia. The total claim area is 948.935 hectares.

During the year ending June 30, 2013, the Company completed a 2-phase drill program. Data obtained from this exercise was used in the preparation of the 43-101 resource report and to confirm the size and grade of the Zeolite deposit.

On November 30, 2015, the Company entered into a Mining Operations with Purchase Option Agreement with Absorbent Products Limited ("APL"). The purchase option terms grant APL the right to acquire a 50% interest in the Company's Sun Group Zeolite Project for a total purchase price of $725,000. The purchase price may be paid by APL through cash or earn-in by payment of royalties to the Company of $9.00 per metric ton mined and removed from the site. The parties have also entered into an Agency Agreement pursuant to which APL will pay to the Company a commission on all applicable sales of mineral mined or zeolite processed from the Sun Group Zeolite Project.

Bullard Pass Gold Property, Arizona, United States

During the year ended June 30, 2017, the Company transferred its interest in the Bullard Pass Property to Canadian Mining Corp. pursuant to a Vend-In Agreement and an Arrangement Agreement (see Note 5).

8. Reclamation and other deposits

	Note	**September 30, 2017**	June 30, 2017
Reclamation bonds and security deposit			
Reclamation bonds held in term deposits - Canada	(i)	**$ 20,000**	$ 20,000
Security deposits paid – Canada	(ii)	**1,550**	1,550
		21,550	21,550
Other deposit			
Refundable deposit	(iii)	**81,500**	81,500
Accrued interest	(iii)	**74,552**	71,447
		156,052	152,947
Provision for doubtful accounts	(iii)	**(156,052)**	(152,947)
		-	-
Total		**$ 21,550**	$ 21,550

8. Reclamation and other deposits (continued)

(i) Prior to commencement of exploration of a mineral property in British Columbia, a company is required to post a reclamation bond against any potential land restoration costs that may be incurred in the future on certain properties, which is refunded to the Company upon completion of reclamation to the satisfaction of the Inspector of Mines. The Company has posted reclamation bonds of $20,000 (2016 - $20,000) with the Province of British Columbia, Canada. The reclamation bonds are held in term deposits which bear interest at a weighted average rate of 0.59% per annum (2016 - 0.61%).

As part of the Mining Operations with Purchase Option Agreement with APL (note 7), APL has agreed to assume all environmental liabilities accruing on or after the date of execution of the Agreement relating to the Bromley Creek property and only during such time where APL is the operator of the Bromley Creek Mine. Should APL default on this obligation, the Company will ultimately be responsible for all environmental liabilities relating to the property.

(ii) Included in other deposits is $1,550 (2016 - $1,550) paid by the Company as a security deposit on its leased premises in Vancouver, British Columbia.

During a prior year, the Company entered into a formal letter of intent with a private British Columbia company to acquire a 640 acre coal lease (the “Property”) in Wyoming’s Powder River Basin area whereby the Company would have the exclusive right and option to earn a 100% interest in the Property in consideration of a total purchase price of $1,200,000, consisting of an initial refundable deposit of $120,000 upon execution of the letter of intent, the issuance of common shares equal to $600,000 upon receipt of a 43-101 compliant Technical Report indicating the presence of an economic deposit acceptable to the Company, and the balance of cash totaling $480,000 on terms yet to be determined by the parties. In 2011, failing the delivery of the 43-101 report, the Company determined the Property did not warrant investment. Accordingly, the Company requested return of the deposit and, due to the vendor’s inability to return same, entered into a forbearance agreement dated December 8, 2010 in respect of collection of the deposit. In accordance with the agreement the balance of the deposit was to be repaid together with interest at 8% per annum, commencing on June 23, 2010 as follows:

$12,000 plus interest on or before December 31, 2010; $8,000 plus interest on or before January 15, 2011; $50,000 plus interest on or before February 15, 2011; and $50,000 plus interest on or before March 15, 2011. The terms of the agreement were not complied with by the vendor, and subsequent promissory notes were executed which again were not fulfilled by the vendor. To date the Company has recovered $38,500 (2016 - $38,500). There is significant uncertainty as to collection of the remaining amount. The Company has made a provision for doubtful accounts of $156,052 (2016 - $152,947), which includes $74,552 in accrued interest (2016 - $71,447).

9. Related party transactions and balances

During the three months ending September 30, 2017, the Company entered into various transactions with related parties. The related parties consist of officers, directors and shareholders or companies controlled directly or indirectly by them. Details of the transactions and balances owing or receivable are as follows:

(i) The Company recorded management fees of $27,000 (2016 - $27,000) to a director and officer.

(ii) The Company repaid loans and advances owing to a director and officer amounting to $10,144 (2016 - $5,404).

(iii) The Company has accrued interest expense of $7,750 (2016 - $8,500) in respect of promissory notes owing to a director and officer of the Company.

(iv) The Company paid fees to an officer of the Company for accounting services included in administrative expenses of $6,000 (2016 - $4,500).

(v) The Company paid fees to an officer of the Company for corporate secretarial services included in administrative expenses of $6,000 (2016 - $4,500).

(vi) At September 30, 2017, amounts totaling $30,710 (2016 - $626,000) owing to related parties are included in accounts payable and accrued liabilities.

The above transactions were in the normal course of operations and were recorded at the exchange value which was the amount of consideration established and agreed to by the related parties.

Compensation paid to key management personnel and non-executive directors is as follows:

		2017		2016
Senior management compensation	**$**	**39,000**	$	36,000
Interest on promissory notes	**$**	**7,750**	$	8,500

10. Share capital

(i) Authorized

Unlimited number of common shares.

(ii) Issued and outstanding:

During the three months ending September 30, 2017:

Warrant holders exercised 673,667 warrants. Gross proceeds amounted to $262,730.

At September 30, 2017, the Company had 30,392,195 common shares issued and outstanding.

During the year ending June 30, 2017:

On September 6, 2016, the Company completed the issuance 1,000,000 share units of a private placement at $0.30 per unit. The gross proceeds were $300,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at $0.40 per share. The warrants expire on September 6, 2017 and have been assigned a nominal amount of $1,000 under the residual value method. Share issue costs incurred amounted to $16,508, which includes 18,666 broker warrants valued at $8,213. The broker warrants are exercisable at $0.40 per share for a period of one year.

During the year ending June 30, 2017 option holders exercised 1,640,000 options for proceeds of $159,150. During the same period, warrant holders exercised 5,993,666 warrants for proceeds of $857,967.

During the year ending June 30, 2017, the Company received share subscription receipts of $130,000 from the exercise of 333,334 warrants. The shares from this exercise were issued subsequent to year-end.

At June 30, 2017, the Company had 29,718,528 common shares issued and outstanding.

During the year ending June 30, 2016:

On October 31, 2015, the Company completed the issuance 1,700,000 share units of the first tranche of 2,100,000 share units of a private placement at $0.075 per unit. The gross proceeds were $127,500. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at $0.12 per share. The warrants expire on October 31, 2016 and have been valued at $nil using the residual value method.

On December 3, 2015, the Company completed the issuance of 400,000 share units of the second tranche of 2,100,000 share units of a private placement at $0.075 per unit. The total proceeds were $30,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at $0.12 per share. The warrants expire on December 3, 2016 and have been valued at $nil using the residual value method. Finder fees of $9,000 were paid in connection with the financing. Additional share issue costs incurred amounted to $866.

10. Share capital (continued)

(ii) Issued and outstanding (continued)

On June 8, 2016, the Company completed the issuance 670,000 share units of the first tranche of 4,200,000 share units of a private placement at $0.10 per unit. The gross proceeds were $67,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at $0.15 per share. The warrants expire on June 8, 2016 and have been valued at $nil using the residual value method.

On June 22, 2016, the Company completed the issuance 3,530,000 share units of the first tranche of 4,200,000 share units of a private placement at $0.10 per unit. The gross proceeds were $353,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at $0.15 per share. The warrants expire on June 22, 2016 and have been valued at $nil using the residual value method. Finder fees of $5,360 were paid in connection with the financing. Additional share issue costs incurred amounted to $2,850.

During the year ending June 30, 2016 option holders exercised 480,000 options resulting in a $35,700 reduction in amounts owed to related parties. During the same period, warrant holders exercised 400,000 warrants for proceeds of $48,000.

At June 30, 2016, the Company had 21,084,862 common shares issued and outstanding.

(iii) Stock option plan

The Company has adopted, and its shareholders have approved, a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange, and the options may be exercisable for a period of up to five years. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority.

10. Share capital (continued)

(iii) Stock option plan (continued)

The following is a summary of changes in options during the period ending September 30, 2017 and 2016:

	Number of options	Weighted average price
Balance at July 1, 2016	**2,050,000**	**0.092**
Options exercised - August 23, 2016	(75,000)	0.095
Options granted - August 25, 2016	75,000	0.370
Options granted – October 31, 2016	200,000	0.300
Options exercised - November 10, 2016	(100,000)	0.090
Options exercised - November 22, 2016	(200,000)	0.065
Options granted – November 30, 2016	100,000	0.730
Options exercised - November 30, 2016	(100,000)	0.095
Options exercised - December 13, 2016	(75,000)	0.095
Options exercised - December 14, 2016	(25,000)	0.370
Options granted - December 14, 2016	100,000	0.930
Options exercised - December 21, 2016	(100,000)	0.090
Options granted - January 6, 2017	200,000	1.060
Options exercised - February 17, 2017	(15,000)	1.060
Options cancelled - February 17, 2017	(185,000)	1.060
Options granted - March 1, 2017	100,000	0.640
Options exercised - April 24, 2017	(250,000)	0.135
Options exercised - May 10, 2017	(600,000)	0.065
Options exercised - May 22, 2017	(100,000)	0.065
Options expired - May 22, 2017	(100,000)	0.065
Options granted - May 29, 2017	1,400,000	0.485
Options cancelled - June 16, 2017	(100,000)	0.930
Balance at June 30, 2017	**2,200,000**	**$ 0.414**
Options granted July 18, 2017	466,000	0.500
Options granted Aug 25, 2017	200,000	0.420
Balance at September 30, 2017	**2,866,000**	**$ 0.428**

10. Share capital (continued)

(iii) Stock option plan (continued)

The fair value of the stock options recognized during the period ended September 30, 2017 as calculated using the fair value method was $251,913 (2016 - $20,102). The fair value was calculated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate range of 1.19% to 1.45% (2016 - 0.42% to 0.58%); average annual volatility factor of the expected market price of the Company's common shares of 113% to 115% (2016 – 113% to 154%); expected dividend yield of 0.00% (2016 - 0.00%) and an expected life of the options of two years (2016 - two years). The weighted average life of the options outstanding is 1.51 years (2016 – 1.50 years). A summary of stock options outstanding and exercisable at September 30, 2017 is set out below:

Number outstanding	Number exercisable	Exercise price	Expiry date
350,000	350,000	$ 0.135	June 22, 2018
50,000	50,000	$ 0.370	August 25, 2018
200,000	200,000	$ 0.300	October 31, 2018
100,000	100,000	$ 0.730	November 30, 2018
100,000	100,000	$ 0.640	March 1, 2019
1,400,000	1,400,000	$ 0.485	May 29, 2019
466,000	466,000	$ 0.500	July 18, 2019
200,000	200,000	$ 0.420	Aug 25, 2019
2,866,000	**2,866,000**		

(iv) Share purchase warrants

The following is a summary of changes in warrants during the period ending September 30, 2017 and 2016:

	Number of warrants	Weighted average exercise price
Balance at July 1, 2016	**5,900,000**	**0.14**
Issued on private placements	1,018,666	0.40
Warrants exercised	(1,700,000)	0.12
Warrants exercised	(93,666)	0.40
Warrants exercised	(1,350,000)	0.14
Warrants exercised	(2,850,000)	0.15
Balance at June 30, 2017	**925,000**	**0.39**
Warrants exercised	(620,334)	0.39
Warrants expired	(304,666)	0.12
Balance at September 30, 2017	**-**	**-**

11. Segmented information

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's principal operations are carried out in Canada. At September 30,2017, exploration activities are carried out only in Canada. Segment assets by geographical location are as follows:

As at September 30, 2017	**Canada**	**Mexico**	**Total**
Current assets	$ 796,033	$ 1,597	**$ 797,630**
Exploration and evaluation assets	236,927	-	**236,927**
Reclamation and other deposits	21,550	-	**21,550**
	$ 1,054,510	$ 1,597	**$ 1,056,107**

As at June 30, 2017	Canada	Mexico	Total
Current assets	$ 753,046	$ 1,597	**$ 754,643**
Exploration and evaluation assets	242,880	-	**242,880**
Reclamation and other deposits	21,550	-	**21,550**
	$ 1,017,476	$ 1,597	**$1,019,073**

The net and comprehensive loss was entirely attributable to Canada for both years.

12. Comparative figures

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

13. Subsequent events

(i) On November 7, 2017, the Company closed a non-brokered private placement of 2,947,267 share units at $0.30 per unit for gross proceeds of $884,180. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at $0.75 until November 10, 2018. Each warrant is subject to an acceleration condition which may be instituted by the Company in the event of the Company's common shares trade at or above $1.00 for ten consecutive days.

(ii) The Company entered into a binding Letter of Intent ("LOI") to acquire a 100% interest in Earth Innovations Inc. ("Earth Innovations") from a privately held Canadian company (the "Seller"). Pursuant to the terms of the LOI, the Company will issue to the Seller 3,000,000 common shares of the Company, which shares shall be subject to an 18-month escrow schedule. In addition, the Company will pay $100,000 in cash, payable $50,000 upon closing and $50,000 in six months from the closing date of the transaction. The agreement is subject to various other terms and conditions. The Company anticipates closing this transaction on or about November 30, 2017.

13. Subsequent events (continued)

The acquisition is subject to various approvals, including by shareholders of the Seller and the TSX Venture Exchange.

(iii) On November 7, 2017, the Company granted 300,000 options with an exercise price of $0.38 per share and a one year expiry term, to a consultant.

14. Commitments

During November 2016, the Company terminated its office lease agreement and entered into a lease agreement at a new location for a two year period commencing January 01, 2017 with monthly payments of $1,550 per month. At September 30, 2017, the commitment in terms of the lease amounted to $23,250.

The Company has entered into two consulting agreements that have three year terms expiring June 30, 2020 and require aggregate monthly payments of $16,500 or $198,000 per annum.

On August 31, 2017, the Company entered into an investor relations agreement for an initial six month term ending February 28, 2018. At September 30, 2017, the commitment in terms of this agreement amounted to $25,000.

15. Capital management

The Company manages its capital structure and makes adjustments based on the funds available in order to support continued operation and future business opportunities. 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 its capital to be equity.

The Company’s operations are currently not generating positive cash flow; as such, the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed. Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund their operations. The current financial markets are very difficult and there is no certainty with respect to the Company’s ability to raise capital. However, the Company feels that it has sufficient working capital to continue with planned activities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended September 30, 2017. The Company is not subject to externally imposed capital requirements.

16. Financial instruments and risk management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its foreign bank deposits of $1,597 (2016 - $1,597).

As all bank accounts in Canada are held with a major bank in Canada, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company normally maintains sufficient cash to meet the Company's business requirements. At September 30, 2017, the cash balance of $783,877 are sufficient to meet its obligations related to its accounts payable and accrued liabilities of $92,765. The Company will need to raise additional capital in the future to fund its administrative and exploration and evaluation expenditures as well as service its long term debt obligations.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange 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.

a. *Interest rate risk*
   The Company is not subject to material interest rate risk as its interest bearing instruments are subject to fixed rates.
b. *Currency risk*
   The Company is exposed to foreign currency risk as certain monetary financial instruments are denominated in United States and Mexican currencies. At September 30, 2017, total assets include cash of US$15,845 (2016 - US$865) and cash of Mexican pesos 12,100 (2016 - Mexican pesos 12,100). The Company has not entered into any foreign currency contracts to mitigate this risk. The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in the US dollar by 10% (2016 - 10%) would increase or decrease the net loss by $1,585 (2016 - $54) and a change in the absolute rate of exchange in the Mexican pesos by 10% (2016 - 10%) would increase or decrease the net loss by $135 (2016 - $132) in these consolidated financial statements.