QUADRO RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

Three Months Ended October 31, 2018

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of this financial report.

QUADRO RESOURCES LTD.
INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)

	Note	October 31, 2018	July 31, 2018
ASSETS			
Current assets			
Cash		$ 401,011	$ 522,702
Receivables	4	77,365	70,838
Prepaid expenses	7	31,884	13,000
		510,260	606,540
Non-current assets			
Exploration and evaluation assets	5	1,286,735	1,230,097
Total assets		$ 1,796,995	$ 1,836,637
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Trade and other payables	6	$ 44,368	$ 70,775
Amounts due to related parties	7	9,544	9,544
Total liabilities		53,912	80,319
Shareholders' equity (deficiency)			
Share capital	8	11,907,811	11,886,311
Share-based payments reserve	9	810,814	789,228
Deficit		(10,975,542)	(10,919,221)
Total shareholders' equity (deficiency)		1,743,083	1,756,318
Total liabilities and shareholders' equity (deficiency)		$ 1,796,995	$ 1,836,637

Nature of business and going concern (Note 1)
Commitments (Note 5)

The financial statements were authorized for issue by the Board of Directors on December 20, 2018 and were signed on its behalf by:

T. Barry Coughlan Director *Trevor Thomas* Director

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

QUADRO RESOURCES LTD.
INTERIM STATEMENTS OF COMPREHENSIVE LOSS
THREE MONTHS ENDED OCTOBER 31
(Unaudited – Prepared by Management)

	Note	2018	2017
EXPENSES			
Accounting and audit		$ 1,500	$ 3,000
Administrative		831	550
Legal fees		-	12,996
Management fees	7	24,000	18,000
Office and miscellaneous		1,865	3,669
Rent		2,625	1,500
Share-based payments	9	21,586	-
Transfer agent and regulatory fees		651	4,655
Travel and promotion		3,263	14,610
Loss and comprehensive loss for the period		$ (56,321)	$ (58,980)
Basic and diluted loss per common share	8	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding		27,552,900	8,430,578

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

QUADRO RESOURCES LTD.
INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Unaudited – Prepared by Management)

	Note	Number of shares	Share capital	Share-based payments reserve	Share subscription proceeds	Deficit	Total shareholders' equity
Balance, July 31, 2018		27,427,094	$ 11,886,311	$ 789,228	$ -	$ (10,919,221)	$ 1,756,318
Share-based payments	9	-	-	21,586	-	-	21,586
Acquisition of exploration and evaluation assets	9	500,000	21,500	-	-	-	21,500
Comprehensive loss for the period		-	-	-	-	(56,321)	(56,321)
Balance, October 31, 2018		27,927,094	$ 11,907,811	$ 810,814	$ -	$ (10,975,542)	$ 1,743,083

	Note	Number of shares	Share capital	Share-based payments reserve	Share subscription proceeds	Deficit	Total shareholders' equity (deficiency)
Balance, July 31, 2017		3,553,094	$ 9,607,269	$ 617,579	$ 115,000	$ (10,561,395)	$ (221,547)
Flow-through private placement	9	6,448,500	644,850	-	(115,000)	-	529,850
Non-flow-through private placement	9	7,310,000	731,000	-	-	-	731,000
Acquisition of exploration and evaluation assets	9	8,050,000	805,000	-	-	-	805,000
Shares issued for debt settlement	9	2,065,500	206,550	-	-	-	206,550
Share issuance costs	9	-	(93,310)	30,640	-	-	(62,670)
Comprehensive loss for the period		-	-	-	-	(58,980)	(58,980)
Balance, October 31, 2017		27,427,094	$ 11,901,359	$ 648,219	$ -	$ (10,620,375)	$ 1,929,203

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

QUADRO RESOURCES LTD.
INTERIM STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED OCTOBER 31
(Unaudited – Prepared by Management)

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		$ (56,321)	$ (58,980)
Item not affecting cash:			
Share-based payments		21,586	-
Changes in non-cash working capital items:			
Receivables		(6,527)	(5,020)
Prepaid expenses		(18,884)	-
Trade and other payables		(56)	(52,295)
Net cash used in operating activities		(60,202)	(116,295)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation assets		(61,489)	(9,000)
Net cash used in investing activities		(61,489)	(9,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		-	1,260,850
Share issuance costs		-	(62,670)
Advances from related party		-	17,116
Net cash provided by financing activities		-	1,215,296
Change in cash during the period		(121,691)	1,090,001
Cash, beginning of the period		522,702	116,570
Cash, end of the period		$ 401,011	$ 1,206,571

Supplemental disclosures with respect to cash flows (Note 13)

1. NATURE OF BUSINESS AND GOING CONCERN

Quadro Resources Ltd. (the "Company") was incorporated under the laws of British Columbia, Canada and maintains its head office and registered office at Suite 1500, 1040 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4H8. The Company is primarily engaged in the acquisition, exploration and development of exploration and evaluation assets in Canada. The Company is listed on the TSX Venture Exchange (TSX-V) under the symbol "QRO".

Going concern

These financial statements have been prepared 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 obligations in the normal course of operations.

In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

At present, the Company's operations do not generate cash flow. The Company has incurred losses since inception and had an accumulated deficit of $10,975,542 as at October 31, 2018 and a working capital of $456,348. The continuing operations of the Company are dependent upon its ability to raise adequate financing, identify economically recoverable reserves and to commence profitable operations in the future. Management believes that it has sufficient working capital to fund its operations for the next twelve months.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence. These adjustments could be material.

2. BASIS OF PREPARATION

These condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended July 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. BASIS OF PREPARATION (cont'd…)

Significant estimates and assumptions

The preparation of these financial statements requires management to make 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 period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

i) The determination of the fair value of stock options and warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

iii) Recorded costs of flow-through share premium liabilities reflect the premium received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainly and requires the Company to assess the value of non-flow through shares. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.

iv) Option or sale agreements, under which the Company may receive shares as payment, require the Company to determine the fair value of the shares received. Many factors can enter into this determination, including, if public shares, the number of shares received, the trading value of the shares, and volume of shares, and if non-public shares, the underlying asset value of the shares, or value of the claims under option or sale. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the shares received.

Significant judgments

The preparation of these financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

i) The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

2. BASIS OF PREPARATION (cont'd…)

Significant judgments (cont'd…)

ii) Recorded costs of mineral property interests and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its mineral property interests for signs of impairment. This is a highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgments based on information available, but there is no certainty that a property is or is not impaired.

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

iii) The classification of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's annual financial statements for the year ended July 31, 2018 were consistently applied to all the periods presented unless otherwise noted below.

New accounting policies

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual years beginning on or after January 1, 2018. These standards have been assessed to not have a significant impact on the Company's existing accounting policies or financial statement presentation:

<u>IFRS 15 – Revenue from Contracts with Customers</u>

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") is a new standard on revenue that will supersede the following standards: IAS 11 – Construction Contracts; IAS 18 – Revenue; IFRIC 13 – Customer Loyalty Programmes; IFRIC 15 – Agreements for the Construction of Real Estate; IFRIC 18 – Transfers of Assets from Customers; and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. This standard is effective for years beginning on or after January 1, 2018.

<u>IFRS 9 – Financial Instruments</u>

IFRS 9 – Financial Instruments ("IFRS 9") is a new standard on financial instruments that will replace IAS 39 – Financial Instruments: Recognition and Measurement. The standard addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value through profit or loss. This standard is effective for years beginning on or after January 1, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Future change

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2019, or later periods. The Company has not applied these new standards in preparing these financial statements. The following pronouncement is considered by the Company to be the most significant of several pronouncements that may affect the financial statements in future periods

IFRS 16 – Leases

IFRS 16 – Leases ("IFRS 16") is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract: the lessee and the lessor. IFRS 16 eliminates the classification of leases as either operating or finance leases, as is currently required by IAS 17 – Leases, and instead introduces a single lessee accounting model. This standard is effective for years beginning on or after January 1, 2019.

4. RECEIVABLES

	October 31, 2018	July 31, 2018
Sales tax recoverable	$ 74,609	$ 69,263
Rent recoverable	2,756	1,575
	$ 77,365	$ 70,838

5. EXPLORATION AND EVALUATION ASSETS

	Staghorn Property	Conche Property	Other	Total
Acquisition costs				
Option payments	$ 3,500	$ 18,000	$ -	$ 21,500
Deferred exploration expenditures				
Assaying	2,547	-	-	2,547
Equipment rental	1,046	2,095	-	3,141
Consulting	27,050	2,400	-	29,450
	30,643	4,495	-	35,138
Net costs for the period	34,143	22,495	-	56,638
Balance, beginning of the year	1,206,255	2,665	21,177	1,230,097
Balance, October 31, 2018	$ 1,240,398	$ 25,160	$ 21,177	$ 1,286,735

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Year ended July 31, 2018	Staghorn Property	Conche Property	Other	Total
Acquisition costs				
Option payments	$ 817,500	$ -	$ -	$ 817,500
Claim staking costs	-	2,665	21,177	23,842
	817,500	2,665	21,177	841,342
Deferred exploration expenditures				
Assaying	35,363	-	-	35,363
Drilling	142,782	-	-	142,782
Equipment rental	10,300	-	-	10,300
Consulting	177,697	-	-	177,697
Miscellaneous	13,360	-	-	13,360
Survey	7,422	-	-	7,422
Travel	46,598	-	-	46,598
Government grant	(44,767)	-	-	(44,767)
	388,755	-	-	388,755
Net costs for the year	1,206,255	2,665	21,177	1,230,097
Balance, beginning of the year	-	-	-	-
Balance, July 31, 2018	$ 1,206,255	$ 2,665	$ 21,177	$ 1,230,097

Staghorn Property

On June 6, 2017, the Company entered into an option agreement with Metals Creek Resources Corp. ("Metals Creek") and Benton Resources Inc. ("Benton") whereby the Company was granted an option to acquire a 100% interest in the Staghorn property, located in Newfoundland and Labrador, as well as all their rights to the Rose Gold property which is comprised of certain mineral claims contiguous to the Staghorn property. The Company issued 8,000,000 common shares (with a fair value of $800,000) to Metals Creek and Benton and earned a 100% interest in the Staghorn property.

To earn a 100% interest in the Rose Gold property, the Company is required to make cash payments of $42,500 and issue 450,000 common shares over a three year period as follows:

- Pay $2,500 (paid) and issue 50,000 common shares (issued with a fair value of $5,000) upon signing;
- Pay $10,000 (paid) and issue 100,000 common shares by October 17, 2018 (issued with a fair value of $3,500);
- Pay $15,000 and issue 150,000 common shares by October 17, 2019; and
- Pay $15,000 and issue 150,000 common shares by October 17, 2020.

The Rose Gold property is subject to a 2% net smelter returns royalty ("NSR") in favour of the original vendor. The Company has the right to buy back a 1% NSR for $1,000,000.

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Staghorn Property (cont'd…)

The Staghorn property is subject to NSR royalties as outlined below:

- A royalty granted to Metals Creek and Benton representing a 3 kilometer area of interest that is subject to a 3% NSR in favour of Metals Creek and Benton, of which a 2% NSR can be purchased by the Company at any time for $2,000,000.

- An existing royalty held by Ed Northcott and Gilbert Lushman representing a 3 kilometer area of interest that is subject to: i) a 2% NSR in favour of Ed Northcott and Gilbert Lushman, of which a 1% NSR can be purchased by the Company at any time for $1,000,000; and (ii) a 1% NSR in favour of Metals Creek and Benton.

Conche Property

During the year ended July 31, 2018, the Company acquired a one-third interest in the Conche property on the Great Northern Peninsula, Newfoundland and Labrador by staking. On July 3, 2018, the Company entered into an option agreement with Metals Creek and Benton, whereby the Company has an option to acquire a one-third interest held by each of Metals Creek and Benton in the Conche property.

To exercise the option, the Company is required to issue one million shares to each of Metals Creek and Benton over an 18-month period as follows:

- Issue 400,000 common shares upon regulatory approval (issued with a fair value of $18,000);
- Issue 600,000 common shares by March 27, 2019; and
- Issue 1,000,000 common shares by March 27, 2020.

Upon exercise of the option, Metals Creek and Benton will each retain a 1% NSR. The Company has a right to purchase a 0.5% NSR for $500,000 to each of Metals Creek and Benton.

Other properties

During the year ended July 31, 2018, the Company staked two claim blocks totaling 122 claim units in the St. Anthony area on the Great Northern Peninsula, Newfoundland and Labrador for $21,177.

6. TRADE AND OTHER PAYABLES

	October 31, 2018	July 31, 2018
Trade payables	$ 15,868	$ 43,025
Accrued expenses	28,500	27,750
	$ 44,368	$ 70,775

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

7. RELATED PARTY TRANSACTIONS

Included in amounts due to related parties are $5,294 (July 31, 2018 - $5,294) related to services rendered to the Company by a company controlled by a former director of the Company and $4,250 (July 31, 2018 - $4,250) in advances from the President of the Company. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

Included in prepaid expenses are $nil (July 31, 2018 - $8,000) of management fees advanced to the President and Chief Financial Officer of the Company.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the three month periods ended October 31 is as follows:

	2018	2017
Management fees	$ 24,000	$ 18,000
Share-based payments	17,435	-

The Company entered into the following related party transactions during the three months ended October 31, 2018:

a) Paid or accrued management fees of $18,000 (2017 - $18,000) to a company controlled by the President of the Company for management services provided.

b) Paid or accrued management fees of $6,000 (2017 - $nil) to the Chief Financial Officer of the Company for management services provided.

8. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At October 31, 2018, the Company had 27,927,094 common shares issued and outstanding (July 31, 2018 - 27,427,094).

Share consolidation

On July 4, 2017, the Company completed a consolidation of the Company's issued and outstanding common shares on a basis of one (1) post-consolidation common share for every two (2) pre-consolidation common shares. All information relating to basic and diluted loss per share and issued and outstanding common shares in these financial statements have been adjusted and restated retrospectively to reflect the share consolidation.

8. SHARE CAPITAL (cont'd…)

Share issuance (cont'd…)

During the three months ended October 31, 2018, the Company:

i) Issued 400,000 common shares pursuant to the Conche property agreement (Note 5) with a fair value of $18,000.

ii) Issued 100,000 common shares pursuant to the Rose Gold property agreement (Note 5) with a fair value of $3,500.

During the year ended July 31, 2018, the Company:

i) Completed a private placement of 7,310,000 non-flow-through units at a price of $0.10 per non-flow-through unit and 6,448,500 flow-through units at a price of $0.10 per flow-through unit for gross proceeds of $1,375,850. Each non-flow-through unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 18 months at a price of $0.15. Each flow-through unit is comprised of one common share and one-half of a share purchase warrant; each whole warrant entitles the holder to acquire one additional common share for a period of 18 months at a price of $0.20. There was no value assigned to the warrant component of the units. In connection with the private placement, the Company paid finders' fees consisting of $59,391 in cash and 591,910 warrants which are exercisable into one common share of the Company at $0.15 for a period of 18 months. The agent's warrants were valued at $29,092 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 1.56%, an expected life of 1.5 year, annualized volatility of 114% and a dividend rate of 0%). The Company also incurred filing expenses and other share issuance costs of $19,875 in connection with the private placement. There was no premium received by the Company on issuance of the flow-through shares.

ii) Issued 8,000,000 common shares pursuant to the Option Agreement (Note 5) with a fair value of $800,000.

iii) Issued 50,000 common shares pursuant to the Rose Gold property agreement (Note 5) with a fair value of $5,000.

iv) Issued 2,065,550 common shares to settle debt of $206,550 due to the President of the Company.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended October 31, 2018 was based on the loss attributable to common shareholders of $56,321 (2017 - $58,980) and a weighted average number of common shares outstanding of 27,552,900 (2017 - 8,430,578).

9. SHARE-BASED PAYMENTS

Stock options

The Company has adopted an incentive rolling stock option plan (the "Plan") under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to a maximum of 20% of the total number of issued and outstanding shares of the Company. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors. The exercise price of options granted under the Plan shall not be less than the closing price of the Company's shares on the trading day immediately preceding the date of grant, less the discount permitted under the Exchange's policies.

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, July 31, 2017	-	$	-
Granted	1,950,000		0.10
Balance, July 31, 2018 and October 31, 2018	1,950,000	$	0.10
Exercisable at October 31, 2018	1,218,750	$	0.10
Weighted average fair value of options granted during the period	$ nil		(2017 - $nil)

The options outstanding at October 31, 2018 have an exercise price of $0.10 and a weighted average remaining contractual life of 4.22 years.

For the three months ended October 31, 2018, the Company recognized share based payment expense of $21,586 (2017 - $nil) for the portion of stock options that vested during the period.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	2018	2017
Risk-free interest rate	-	-
Expected life of options	-	-
Annualized volatility	-	-
Dividend rate	-	-

9. SHARE-BASED PAYMENTS (cont'd…)

Warrants

The Company uses the residual value method with respect to the measurement of share purchase warrants issued with private placement units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on residual value basis, wherein the fair value of the common shares is based on the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants. Agents' warrants are measured at fair value on the date of the grant as determined using a Black-Scholes option pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, July 31, 2017	-	$	-
Warrants issued	10,534,250		0.17
Agents' warrants issued	591,910		0.15
Balance, July 31, 2018 and October 31, 2018	11,126,160	$	0.16
Exercisable at October 31, 2018	11,126,160	$	0.16

The warrants outstanding at October 31, 2018 have an exercise price in the range of $0.15 to $0.20 and a weighted average remaining contractual life of 0.45 year.

As at October 31, 2018 the following warrants were outstanding:

	Number of Warrants		Exercise Price	Expiry Date
Warrants				
	7,310,000	$	0.15	April 12, 2019
	3,224,250		0.20	April 12, 2019
	10,534,250			
Agents' warrants				
	591,910	$	0.15	April 12, 2019
	11,126,160			

10. FINANCIAL INSTRUMENTS AND RISK

The Company classified its financial instruments as follows: cash is classified as fair value through profit or loss, receivables as loans and receivables, trade and other payables, and amounts due to related parties are classified as other financial liabilities and are measured at amortized cost. Information on certain types of financial instruments is included elsewhere in these financial statements as follows: receivables (Note 5); trade and other payables (Note 6); and amounts due to related parties (Note 7).

The carrying amounts of receivables, trade and other payables, and amounts due to related parties carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with its cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. The Company's receivables consist of rental recovery due from sublease office tenants and sales tax recoverable due from the Canadian government. Management does not expect these counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2018, the Company had a cash balance of $401,011 to settle trade and other payables of $44,368 and due to related parties of $9,544. The Company's trade and other payables have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term maturity.

11. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows. There have been no changes in these levels and no changes in classifications during the three months ended October 31, 2018.

	Level 1	Level 2	Level 3	Total
October 31, 2018				
Cash	$ 401,011	$ -	$ -	$ 401,011
July 31, 2018				
Cash	$ 522,702	$ -	$ -	$ 522,702

12. SUPPLEMENTAL CASH FLOW INFORMATION

Significant non-cash investing and financing transactions during the three months ended October 31, 2018 included:

a) The Company issued 500,000 common shares pursuant to mineral property agreements with a total value of $21,500.

b) Included in trade and other payables are $12,434 related to exploration and evaluation assets.

Significant non-cash investing and financing transactions during the three months ended October 31, 2017 included:

a) The Company issued 8,050,000 common shares pursuant to mineral property agreements with a total value of $805,000.

b) The Company issued 2,065,550 common shares to settle debt of $206,550 due to the President of the Company.

c) The Company issued 591,910 agent's warrants with a fair value of $30,640 as financing fees for a private placement.

13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to ensure adequate working capital is available to fund both the business development plans and the working capital requirements of each annual operating cycle. In the management of capital, the Company includes shareholders' equity (deficiency) in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management.

There were no changes in the Company's approach to capital management during the three months ended October 31, 2018. The Company is not subject to externally-imposed capital requirements.