Sulliden Mining Capital Inc.

(An Exploration Stage Mining Company)

ANNUAL
CONSOLIDATED FINANCIAL STATEMENTS

For the years ended

July 31, 2017 and 2016

(expressed in Canadian dollars)

-audited-

October 30, 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Sulliden Mining Capital Inc.

We have audited the accompanying consolidated financial statements of Sulliden Mining Capital Inc., which comprise the consolidated statements of financial position as at July 31, 2017 and July 31, 2016, and the consolidated statements of operations and comprehensive loss, consolidated statement of cash flows, and consolidated statements of changes in shareholders' equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

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

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

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

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sulliden Mining Capital Inc. as at July 31, 2017 and July 31, 2016 and its financial performance and their cash flows for the years then ended in accordance with IFRS.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

SULLIDEN MINING CAPITAL INC.

Annual Consolidated Statements of Financial Position

AUDITED

(Expressed in Canadian dollars)

As at	Notes		July 31, 2017		July 31, 2016
ASSETS					
Current assets					
Cash and cash equivalents		$	1,023,175	$	1,317,302
Investments, at fair market value through profit and loss	5		14,693,725		18,008,203
Loans receivable	6		314,075		359,945
Amounts receivable and other			156,043		221,788
Prepaid expenses			12,119		94,543
Total current assets			16,199,137		20,001,781
Non-current assets					
Investment in associate	7		4,777,972		4,569,754
Exploration and evaluation assets	8		960,739		329,390
TOTAL ASSETS		$	21,937,848	$	24,900,925
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		$	1,524,865	$	417,621
Total current liabilities			1,524,865		417,621
SHAREHOLDERS' EQUITY					
Share capital	10		27,362,833		26,540,163
Share purchase warrant reserve	11		783,195		468,081
Share-based payment reserve	12		468,006		570,408
Accumulated other comprehensive (loss)/income			(131,799)		47,615
Accumulated deficit			(8,069,252)		(3,142,963)
Total shareholders' equity			20,412,983		24,483,304
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	21,937,848	$	24,900,925

Commitments and contingencies (Note 18)
Subsequent events (Note 20)

Approved by the Board of Directors:

Signed “Pierre Pettigrew”, Director

Signed “Justin Reid”, Director

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

SULLIDEN MINING CAPITAL INC.

Annual Consolidated Statements of Operations and Comprehensive (Loss)/Income
AUDITED
(Expressed in Canadian dollars)

			For the years ended July 31, 2017		2016
Expenses	Note				
Share-based payments	12	$	168,947	$	935,284
Professional, consulting and management fees	13		3,902,339		4,947,565
General and administrative expenses	14		680,268		657,353
			4,751,554		6,540,202
Other (income)/expenses					
Interest income			(17,580)		(291,099)
Interest expense and set up fee			15,006		-
Loan arrangement fees earned	6		(5,000)		(296,216)
Royalty buy-back earned	7		(1,256,700)		-
Foreign exchange loss			37,902		147,608
Loss from investment in associate	7		389,784		863,390
Realized gain on sale of investments	5		(3,114,573)		(4,678,471)
Unrealized loss/(gain) on investments	5		4,125,896		(6,529,871)
Impairment of loan receivable	6		-		2,195,900
Net (loss)/income for the period			(4,926,289)		2,048,557
Other comprehensive income/(loss):					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation - associate	7		(179,414)		144,371
Net comprehensive (loss)/income for the period		$	(5,105,703)	$	2,192,928
Net (loss)/income per share					
Basic and diluted		$	(0.13)	$	0.06
Weighted average common shares outstanding					
Basic			37,808,056		36,862,851
Diluted			37,808,056		37,057,400

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

SULLIDEN MINING CAPITAL INC.
Annual Consolidated Statements of Cash Flows
AUDITED
(Expressed in Canadian dollars)

	Note	For the years ended July 31, 2017	2016
CASH FLOWS FROM:			
Operating activities			
Net (loss)/income for the year		$ (4,926,289)	$ 2,048,557
Items not involving cash			
Share-based payments	12	168,947	935,284
Loss from investment in associate	7	389,784	863,390
Royalty received from investment in associate		(1,256,700)	-
Realized gain on sale of investments	5	(3,114,573)	(4,678,471)
Unrealized loss/(gain) on investment	5	4,125,896	(6,529,871)
Impairment of loan receivable	6	-	2,195,900
Interest and arrangement fees earned		(22,023)	(587,315)
Foreign exchange loss		4,014	199,953
		(4,630,944)	(5,552,573)
Net change in non-cash working capital items:			
Amounts receivable and prepaid expenses		148,169	(231,665)
Accounts payable and accrued liabilities		1,154,054	28,492
		1,302,223	(203,173)
Cash flows used in operating activities		(3,328,721)	(5,755,746)
Financing activities			
Private placement proceeds		1,150,000	-
Share issue costs		(12,216)	-
Payment for restricted share units		(322,155)	-
Cash flows from financing activities		815,629	-
Investing activities			
Sale of fixed-income investments		-	12,800,211
Purchase of investments		(6,124,366)	(11,836,909)
Proceeds from sale of investments	5	7,658,222	7,973,426
Royalty received from investment in associate		1,256,700	-
Loans issued	6	(550,717)	(3,630,520)
Loans repayment	6	532,464	923,282
Interest and arrangement fees received	6	74,018	533,370
Exploration and evaluation assets	8	(631,349)	(195,264)
Change in exploration and evaluation payables		3,993	-
Cash flows from investing activities		2,218,965	6,567,596
Net change in cash and cash equivalents		(294,127)	811,850
Cash and cash equivalents, beginning of the year		1,317,302	505,452
Cash and cash equivalents, end of the year		$ 1,023,175	$ 1,317,302
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash		$ 973,175	$ 1,267,302
Cash equivalents		50,000	50,000
		$ 1,023,175	$ 1,317,302

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

SULLIDEN MINING CAPITAL INC.

Annual Consolidated Statements of Changes in Shareholders' Equity
AUDITED
(Expressed in Canadian dollars)

	Note	Number of Shares		Share Capital		Share purchase warrant reserve		Share-based payment reserve		Accumulated other comprehensive (loss)/income		Deficit		Total Shareholders' equity
Balance as at July 31, 2016		36,862,851	$	26,540,163	$	468,081	$	570,408	$	47,615	$	(3,142,963)	$	24,483,304
Private placement financing		4,600,000		834,886		315,114		-		-		-		1,150,000
Cost of issue		-		(12,216)		-		-		-		-		(12,216)
Share-based compensation	12	-		-		-		219,753		-		-		219,753
Purchase of restricted share units	12	-		-		-		(322,155)		-		-		(322,155)
Other comprehensive loss - associate	7	-		-		-		-		(179,414)		-		(179,414)
Net loss for the period		-		-		-		-		-		(4,926,289)		(4,926,289)
Balance as at July 31, 2017		**41,462,851**	**$**	**27,362,833**	**$**	**783,195**	**$**	**468,006**	**$**	**(131,799)**	**$**	**(8,069,252)**	**$**	**20,412,983**
Balance as at July 31, 2015		36,862,851	$	26,540,163	$	468,081	$	(159,172)	$	(96,756)	$	(5,193,049)	$	21,559,267
Share-based compensation		-		-		-		731,109		-		-		731,109
Expiry of stock options, value reallocation		-		-		-		(1,529)		-		1,529		-
Other comprehensive income - associate	7	-		-		-		-		144,371		-		144,371
Net income for the period		-		-		-		-		-		2,048,557		2,048,557
Balance as at July 31, 2016		**36,862,851**	**$**	**26,540,163**	**$**	**468,081**	**$**	**570,408**	**$**	**47,615**	**$**	**(3,142,963)**	**$**	**24,483,304**

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

1. NATURE OF OPERATIONS

Sulliden Mining Capital Inc. ("SMC" or the "Company") was incorporated under the *Business Corporations Act* (Ontario) on June 10, 2014 and was a wholly-owned subsidiary of Sulliden Gold Corporation Ltd. ("Sulliden"). Pursuant to an arrangement between Rio Alto Mining Limited and Sulliden, whereby Rio Alto acquired the shares of Sulliden, shareholders of Sulliden received 0.10 of a common share of the Company. The Company assumed Sulliden's interests in the East Sullivan property in Quebec and was capitalized with $24.76 million in cash.

The head office of the Company is located at 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5 and the registered office of the Company is located at the same address. The Company's shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "SMC".

In May 2016, Sulliden Moçambique, Lda, was incorporated in Mozambique, and became a 100% owned subsidiary of the Company. There is currently no activity in this subsidiary. The registered office of this subsidiary is located at Rua Damião de Góis, Numero 371, Maputo Cidade, Moçambique.

In June 2016, a numbered company, 2507868 Ontario Inc., was incorporated under the *Business Corporations Act* (Ontario) and became a 100% owned subsidiary of the Company. This subsidiary's registered office is located at 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5. Activity with respect to this subsidiary relates to the Troilus project.

The Company owns a 98% interest in the issued and outstanding shares of Daos International Ltd. ("Daos"), a Mauritius company. See Note 4.

2. BASIS OF PRESENTATION

The audited annual consolidated financial statements of the Company have been prepared by management in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") effective for the Company's reporting for the period ended July 31, 2017.

The accounting policies as set out below were consistently applied to all the periods presented unless otherwise noted.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on October 30, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of measurement

The annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss except for assets held for sale which is measured at fair value less cost of disposal. These annual financial statements are presented in Canadian Dollars, which is the Company's presentation currency.

b) Principles of consolidation

All entities in which the Company has a controlling interest (Note 1) are fully consolidated from the date that control commences until the date that the control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortized cost. Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest-bearing securities with maturities at the date of purchase of three months or less.

d) Fixed income investments

Fixed income investments, consisting of guaranteed investment certificates with maturities at the date of purchase of three months or more, are carried in the statement of financial position at amortized cost.

e) Amounts receivable and other

Amounts receivable and other receivables are amounts that are due from others in the normal course of business. If collection is expected in one year or less, they are classified as current assets; if not, they are presented as noncurrent assets and discounted accordingly. Accounts receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method less any provision for impairment.

f) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss, loans and receivables, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition. Where the Company expects to realize the asset or discharge the liability within twelve months, it is recorded as a current asset or liability; otherwise, it is recorded as a long-term asset or liability.

Financial assets and liabilities at fair value through profit and loss

Financial assets and liabilities at fair value through profit and loss are considered to be held for trading. A financial asset or liability classified in this category is acquired principally for the purpose of selling or redeeming in the short-term. Derivatives are included in this category unless they are designated as hedges. Financial assets and liabilities carried at fair value through profit and loss are initially recognized at fair value and are subsequently re-measured to their fair value at the end of the reporting period. Realized and unrealized gains and losses arising from changes in the fair value of these financial assets or liabilities are included in the statement of operations in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. The Company classifies its accounts receivable, other assets and cash and cash equivalents in the statement of financial position, as loans and receivables. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Other financial liabilities

Other financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognized in the statement of operations over the period to maturity using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Financial instruments (continued)

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Impairment of financial assets

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An evaluation is made as to whether a decline in fair value is significant or prolonged based on indicators such as significant adverse changes in the market, economic or legal environment.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the investments mature or are sold and substantially all the risks and rewards of ownership have been transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognized within interest and other income and finance costs, respectively.

g) Investments in associates

An associate is an entity over which the Company has significant influence, but not control, and is neither a subsidiary, nor an interest in a joint venture. Investments in which the Company has the ability to exercise significant influence are accounted for by the equity method. Under this method, the investment is initially recorded at cost and adjusted thereafter to record the Company's share of post-acquisition earnings or loss of the investee as if the investee had been consolidated. The carrying value of the investment is also increased or decreased to reflect the Company's share of capital transactions, including amounts recognized in other comprehensive income ("OCI"), and for accounting changes that relate to periods subsequent to the date of acquisition. Where there is objective evidence that the investment in associates is impaired, the amount of impairment, calculated as the difference between the recoverable amount of the associate and its carrying value, is deducted from the carrying value and recognized as a loss in the statements of operations.

h) Exploration and evaluation assets

Exploration and evaluation assets include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves. Costs incurred before the Company has obtained the legal right to explore an area are recognized in the statement of operations and comprehensive income (loss).

Exploration and evaluation relating to the acquisition of, exploration for and development of mineral properties are capitalized and include, but are not restricted to: drilling, trenching, sampling, surveying and gathering exploration data; calculation and definition of mineral resource; test work on geology, metallurgy, mining, geotechnical and geophysical; and conducting geological, geophysical, engineering, environmental, marketing and financial studies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Exploration and evaluation assets (continued)

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation activities involve the search for mineral resources/reserves, the assessment of technical and operational feasibility and the determination of an identified mineral reserve's commercial viability. Once the legal right to explore has been acquired, exploration and evaluation expenditures less recoveries are capitalized by property.

Capitalized exploration and evaluation assets for a project are classified as such until the project demonstrates technical feasibility and commercial viability. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalized exploration and evaluation assets are transferred to mine development costs. Technical feasibility and commercial viability generally coincides with the establishment of proven and probable reserves and/or a decision to commence construction of a mine; however, this determination may be impacted by management's assessment of certain modifying factors including: legal, environmental, social and governmental factors. All subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within mine development costs.

All capitalized exploration and evaluation assets are monitored for indications of impairment. Indicators of impairment include, but are not limited to:

- the period for which the right to explore is less than one year;
- further exploration expenditures are not anticipated;
- a decision to discontinue activities in a specific area; and
- the existence of sufficient data indicating that the carrying amount of an exploration and evaluation asset is unlikely to be recovered from the development or sale of the asset.

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that mine development assets are not expected to be recovered, they are charged to operations.

i) Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is highly probable. They are measured at the lower of their carrying value amount and fair value less costs of disposal. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in the income statement. Once classified as held for sale, non-current assets are no longer amortized. Non-current assets and the assets of a disposal group classified as held for sale are presented separately from the other assets on the statements of financial position when the sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale, which should be expected to be completed within one year from the date of classification. The liabilities of a disposal group classified as held for sale are presented separately from the other liabilities on the statements of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of property and equipment and mine development assets

Property and equipment and mine development assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying value may not be recoverable. At each reporting date, the Company conducts an internal review of asset values which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future metals prices, trends in production costs, and other market factors are also monitored to assess for indicators of impairment. If any indications of impairment exist, an estimate of the asset's recoverable amount is calculated, being the higher of fair value less costs to sell and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount based on the Company's calculations, then an impairment charge is recorded to the statement of operations and the carrying amount of the asset on the statement of financial position is reduced to its recoverable amount.

Fair value less costs of disposal is determined as the amount that would be recovered from the sale of an asset in an arm's length transaction between knowledgeable and willing parties. Fair value less costs of disposal is generally determined as the present value of estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, and discounted by an appropriate post-tax discount rate to arrive at a net present value.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development discounted by an appropriate pre-tax discount rate. As such, these assumptions differ from those used in calculating fair value less costs of disposal.

In considering for indicators of impairment and performing impairment calculations, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). Cash generating units are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The estimates of future discounted cash flows are subject to risks and uncertainties, including proven and probable reserves and a portion of measured and indicated resources that are reasonably expected to be converted into proven and probable reserves, future metals prices, discount rates, estimated capital and operating costs and exchange rates.

A previously recognized impairment loss on property and equipment is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in impairment. This reversal is recognized in the statement of operations and is limited to the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized in prior years.

k) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note (note 12).

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded-vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of operations and comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Share-based payments (continued)

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service. For those options that expire after vesting, the recorded value is transferred to retained earnings (deficit).

Restricted Share Units (“RSU”)

RSUs are granted to officers and employees under the terms of the Company's RSU Incentive Plan. The Company recognizes compensation expense equal to the market value of the common shares of the Company at the date of grant based on the number of RSUs expected to vest, recognized over the term of the vesting period using the graded vesting method, with a corresponding credit to share-based payment reserve for equity settled RSUs. The RSUs vest in three equal tranches. Compensation expense is adjusted for subsequent changes in management’s estimate of the number of RSUs that are expected to vest. The effect of these changes is recognized in the period of change. A trustee acting on behalf of the RSU holders purchases shares of the Company from the open market to distribute to RSU holders as compensation. These shares are restricted and reserved in trust for issuances. Upon settlement of equity settled RSUs, any difference between the cost of the shares purchased on the open market and the amount of credited to share-based payment reserve remains in share-based payment reserve.

Deferred Share Units (“DSUs”)

DSUs are granted to the Company’s non-executive directors under the terms of the Company's DSU Incentive Plan. The initial fair value of the DSU compensation liability is calculated at the date of grant based on the Company's share price on grant date. Subsequently, at each reporting date and on settlement, the DSU compensation liability is remeasured, with any change in fair value recorded as compensation expense in the statement of loss and comprehensive loss in the period. The fair value of the DSUs is marked to the quoted market price of the Company's common shares at each reporting date. The DSUs are settled in cash. The DSUs vest based on the pro-rata number of days each independent director remains a director of the Company until term, except in the event of an earlier change of control, in which case, the DSUs will vest fully upon such change of control.

l) Earnings/loss per share

Earnings (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. No exercise or conversion is assumed during periods in which a net loss is incurred as the effect is anti-dilutive.

m) Investment income

Investment income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Investment income is on an accrual basis, by reference to the principal outstanding and at the effective interest rate applicable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Foreign exchange translation

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the statement of financial position date. Non-monetary items are translated into Canadian dollars at the exchange rate in effect on the respective transaction dates. Revenues and expenses are translated at average rates for the period, except for amortization, which is translated on the same basis as the related asset. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year unless the monetary item forms part of the reporting entity's net investment in a foreign operation, in which case, exchange gains or losses are reflected in other comprehensive income.

o) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the annual statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) New and future accounting pronouncements

The Company has adopted the following amendments, effective August 1, 2016:

IAS 12 – Income Taxes (“IAS 12”) was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument’s holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. There was no material effect on the financial statements with the adoption of this policy.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is considering the potential impact of the adoption of IFRS 9.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") addresses how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, 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. The Section provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions. The standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company intends to adopt the new Standard on its effective date and is currently considering the potential impact on its financial reporting.

IFRS 16, *Leases* (‘IFRS 16”) replaces IAS 17, *Leases* (“IAS 17”). The new model requires the recognition of almost all lease contracts on a lessee’s statement of financial position as a lease liability reflecting future lease payments and a ‘right-of-use asset’ with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is evaluating the impact of the adoption of IFRS 16 and at this time the Company does not anticipate a material impact to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions about future events that affect the amounts reported in these condensed interim financial statements and related notes to the financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Assets and disposal groups held for sale -- As security for default on the loan with APIO Africa Ltd ("APIO"), in June 2016, the Company received 8,169 shares of APIO's subsidiary, Daos, a Mauritius company. As a result, the Company owned an 82% interest in Daos. The Company appointed three members to the board of Daos in June 2016 and controls the board of Daos. In October 2016, Daos issued additional shares to the Company in compensation for costs incurred by the Company related to Daos and the APIO loan. As at July 31, 2017, the Company owns 98% of the issued and outstanding shares of Daos. The Company is in the process of selling the assets of Daos in order to recoup the defaulted loan. The Company has valued the assets at $nil and has concluded that there is no constructive obligation on the part of the Company with respect to the Daos liabilities. Estimates are made, assumptions are used and management judgement is exercised in this assessment. These are subject to various risks and uncertainties which may ultimately have an effect on the expected recovery of these assets.

- Investment in Aguia Resources Ltd. ("Aguia") – On April 7, 2015, the Company's President and CEO, Mr. Justin Reid, was appointed to the Board of Directors of Aguia as Managing Director. As a result, management re-assessed the level of influence that the Company had with respect to Aguia and determined that the Company had significant influence despite owning less than 20% of the outstanding common shares of Aguia at that time. In January 2016, the Company's newly appointed President, Mr. Paul Pint, was also appointed a director and Chairman of the board of Aguia. On this basis, the investment, which had been accounted for as Fair Value Through Profit and Loss ("FVTPL") on the statement of financial position prior to April 7, 2015, is now considered an associate and is accounted for using the equity method. In addition, management determined the value of its 1% net smelter return royalty ("NSR") on the Rio Grande project held by Aguia to be $nil at the time of acquisition based on the uncertainty due to the early stage of the project. The buyout option on the royalty has since been exercised by Aguia. The Company reviews the carrying value of the investment whenever events or changes in circumstances indicate that impairment may be present. Estimates are made and assumptions are used in this review, and these are subject to various risks and uncertainties which may ultimately have an effect on the expected recoverability of the carrying value of this investment.

- Investment in Euro Sun Mining ("Euro Sun"), formerly Carpathian Gold Inc. – On May 19, 2016, the Company acquired units of Euro Sun (Note 5) such that, on a non-diluted basis, the Company owned 7.9% of the outstanding common shares of Euro Sun at that time. Two of the Company's board members, Mr. Stan Bharti and Mr. Peter Tagliamonte, were appointed to the board of Euro Sun in May 2016. Mr. Tagliamonte was appointed Chairman of the board. In August 2016, the Company's CEO, Justin Reid, was appointed to the board of Euro Sun. The Company assessed the level of influence that the Company has over Euro Sun at July 31, 2017 and concluded that the Company does not have significant influence based in part on the lack of management presence at Euro Sun. Mr. Tagliamonte, as Chairman of the Board of Euro Sun does not have special voting rights. As a result, the investment in Euro Sun has been accounted for as FVTPL on the statement of financial position as at July 31, 2017. Estimates are made and assumptions are used in this review, and these are subject to various risks and uncertainties which may ultimately have an effect on the expected recoverability of the carrying value of this investment.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Valuation of exploration and evaluation assets - The Company carries its mineral properties at cost less any impairment losses. The Company capitalizes exploration and evaluation costs, which are related to specific projects, until the commercial feasibility of the project is determinable or the project is determined to be impaired. Costs are charged to operations when a property is abandoned or when impairment in value has been determined. The Company reviews the carrying values of mining properties and related expenditures whenever indicators of impairment exist or changes in circumstances indicate that their carrying values may not be recoverable. In undertaking this review, management is required to make significant estimates which are subject to various risks and uncertainties. Estimates may include, but are not limited to estimates of future metal prices, capital and operating costs, the quantities of mineral reserves to be mined and expected recoveries of minerals contained in ore, the ability to convert resources into economically mineable reserves, discount rates and; in the case of fair value less costs of disposal, the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs of disposal the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties and exploration and evaluation assets.

- Income taxes and recoverability of potential deferred tax assets - In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-based payments - Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(Expressed in Canadian dollars unless otherwise noted)

5. INVESTMENTS

As at July 31, 2017, the Company carried investments in certain public resource and other sector companies. These securities are classified as fair value through profit or loss ("FVTPL"). As at July 31, 2017, these securities have an estimated fair value of $14,693,725 (July 31, 2016: $18,008,203) (see Note 16).

Public Issuer	Note	Security description		Cost		Estimated Fair value
Current assets						
Belo Sun Mining Corp.*		212,994 common shares	$	47,268	$	138,446
Aberdeen International Inc.*	i	3,951,000 common shares		607,550		533,385
		4,790,000 warrants		221,436		108,254
Trigon Metals Inc. (formerly Kombat Copper Inc.)*	ii	1,726,356 common shares		732,969		517,907
		795,833 warrants		216,090		130,537
Euro Sun Mining (formerly Carpathian Gold Inc.)*	iii	4,032,425 common shares		3,453,131		4,193,722
		1,966,213 warrants		1,655,949		129,573
African Gold Group		11,111,111 common shares		608,365		611,111
	iv.	11,111,111 warrants		391,635		318,889
Black Iron Inc.		13,924,089 common shares		703,204		1,113,927
QMX Gold Corporation		4,863,000 common sharse		459,092		1,920,885
Fura Gems Inc.		3,500,000 common shares		796,448		1,295,000
ARHT Media Inc.		1,777,000 common shares		367,801		168,815
	v.	2,000,000 warrants		312,189		43,000
Others				2,514,136		3,470,274
			$	13,087,263	$	14,693,725

* Investments in related party entities –see Note 17.

i. During the year ended July 31, 2015, the Company acquired units of Aberdeen International Inc. with each unit comprising of one common share and one share purchase warrant, and each warrant entitling the Company to acquire one common share at a price of $0.30 until November 24, 2019. The warrants were revalued at July 31, 2017 at an estimated value of $108,254 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 65.1%; risk-free interest rate of 1.31% and an expected average life of 2.3 years.

ii. In November 2016, Kombat Copper Inc. changed its name to Trigon Metals Inc. ("Trigon") and consolidated its shares on a basis of 10 old shares for 1 new share. As a result, all share amounts and warrant exercise prices related to Trigon have been adjusted to reflect this share consolidation.

During the year ended July 31, 2015, the Company acquired 400,000 units of Trigon, where each unit was comprised of one common share and one share purchase warrant, with each warrant entitling the Company to acquire one common share at a price of $1.00 until February 17, 2017. These warrants have expired during the year unexercised.

5. INVESTMENTS (continued)

In May 2016, the Company sold 400,000 common shares of Trigon, and subsequently acquired 462,500 units of Trigon. Each unit was comprised of one common share and one share purchase warrant, with each warrant entitling the Company to acquire one common share at a price of $1.30 until May 17, 2019The warrants were revalued at July 31, 2017 at an estimated value of $53,604 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 141%; risk-free interest rate of 1.31% and an expected average life of 1.8 years.

In May 2017, the Company entered into a subscription agreement with Trigon subscribing for 666,667 units of Trigon. Each unit was comprised of one common share and one-half of a common share purchase warrant, with each full warrant entitling the Company to acquire one common share of Trigon at a price of $0.40 per share until June 1, 2020. The warrants were revalued at July 31, 2017 at an estimated value of $76,933 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 151%; risk-free interest rate of 1.37% and an expected average life of 2.8 years.

The Company has continued to acquire shares of Trigon from the market such that the Company is carrying 1,726,356 shares at July 31, 2017.

iii. In May 2016, the Company acquired 3,932,425 units of Euro Sun. Each unit is comprised of one common share and one-half of a common share purchase warrant, with each whole warrant entitling the Company to acquire one common share at a price of $2.18 until May 19, 2018. The warrants were revalued at July 31, 2017 at an estimated value of $129,573 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 74%; risk-free interest rate of 1.15% and an expected average life of 0.8 years. The Company acquired an additional 100,000 shares of Euro Sun from the market during the year ended July 31, 2017.

iv. In April 2017, the Company acquired units of African Gold Group. Each unit is comprised of one common share and one share purchase warrant, where each warrant entitles the Company to acquire one common share of African Gold Group at a price of $0.12 until April 25, 2020. The grant date fair value of the warrants was estimated to be $391,635 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 120%; risk-free interest rate of 0.81% and an expected average life of three years. The warrants were revalued at July 31, 2017 at an estimated value of $318,889 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 120%; risk-free interest rate of 0.78% and an expected average life of 3 years.

v. The Company's investment in ARHT Media Inc. includes 2,000,000 warrants which were valued on grant at $312,189. The warrants were revalued at July 31, 2017 at an estimated value of $43,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 105%; risk-free interest rate of 0.72% and an expected average life of 1.8 years.

For the year ended July 31, 2017, the Company sold investments for gross proceeds of $6,477,885, incurring commissions of $53,460 and realizing a gain on sale of investments of $3,019,842. For the year ended July 31, 2016, the Company sold investments for gross proceeds of $7,156,208, incurring commissions of $50,025. As a result, the Company recognized a gain on sale of investments of $4,678,471 for the year ended July 31, 2016. As a result of the fair value adjustment to the investments held by the Company at July 31, 2017, an unrealized loss of $4,125,896 was recognized for the year ended July 31, 2017, (year ended July 31, 2016: a gain of $6,529,871).

(Expressed in Canadian dollars unless otherwise noted)

6. LOANS RECEIVABLE

The Company's loan receivable balances as at July 31, 2017 and 2016 are made up of the following:

Due from:		July 31, 2017		July 31, 2016
ANM Inc. (a)	$	314,075	$	-
QMX Gold Corp. (b)		-		353,945
Emerita Resources Corp. (c)				6,000
Balance	$	314,075	$	359,945

a) In July 2017, the Company entered into a convertible note purchase agreement with ANM Inc., purchasing a non-negotiable convertible promissory note for US$250,000 ($323,875). Unless the note is converted, principal and accrued interest will be due to the Company in January 2018. Interest accrues at a rate of 12% per annum. The principal and any accrued interest will convert automatically in the event ANM Inc. consummates an equity financing prior to the maturity date with aggregate proceeds of not less than US$3,000,000. The principal and interest will convert into the number, class and series of securities as those issued by ANM Inc. in their equity financing at a price per share equal to 95% of the price per security for that financing. This note is unsecured. An amount of $1,950 was accrued in interest, and the Company recognized a foreign exchange loss of $11,750 as at July 31, 2017.

b) The Company's loan receivable with QMX Gold Corporation ("QMX") was due and outstanding at July 31, 2016 and had a carrying value of $353,945 at July 31, 2016, which included $300,000 as loaned funds, $50,000 as an arrangement fee due and $3,945 in interest accrued to July 31, 2016. Interest of 12% and default interest of an additional 5% was charged during the year ended July 31, 2017. The loan including default interest was repaid on October 25, 2016. Interest and default interest of $nil and $14,177 was earned for the year ended July 31, 2017 on this loan (July 31, 2016: $3,945).

c) The Company had an amount outstanding from Emerita Resources Corp. ("Emerita") at July 31, 2016 of $6,000. This was repaid during the year ended July 31, 2017.

f) APIO defaulted on a loan in May 2016 and consequently the Company impaired the balance of the loan during the year ended July 31, 2016. An amount of US$1,750,000 ($2,195,900) was in default. This loan was secured by the assets of APIO. The Company exercised its security by taking shares of Daos. Daos owns a 75% interest in Vaninga Investments Ltd. which owns a data centre. The Company is actively pursuing potential buyers for the data centre and plans to realize on the sale of the asset within one year. The Company has accounted for the shares of Daos as a disposal group held for sale. The assets were estimated to have a fair value less costs to sell of $nil. It is estimated that existing liabilities in Daos may offset potential proceeds from a sale. The Company has estimated a fair value of $nil for the liabilities associated with this disposal group as, in accordance with Mauritius local laws, the Company, as a shareholder, is not liable for the obligations of Daos.

During the year ended July 31, 2016, interest of US$137,500 ($182,456) and arrangement fees and extension fees of US$112,500 ($149,216) were charged by the Company on these loans and paid to the Company in advance.

(Expressed in Canadian dollars unless otherwise noted)

7. INVESTMENT IN ASSOCIATE

In April 2017, Aguia consolidated its shares on a basis of 5 old shares for 1 new share. The Company's interest in Aguia dropped during the year ended July 31, 2017 as a result of Aguia financings in October 2016 and July 2017 which diluted the Company's position. As a result of this dilution, the Company recognized a gain on dilution of $281,051 for the year ended July 31, 2017 (July 31, 2016: $nil). As at July 31, 2017, the Company owns 15,457,890 shares of Aguia, representing a 13.19% interest in Aguia. Aguia is incorporated in Australia and listed on both the ASX and TSX-V. Aguia's primary focus is on the exploration and development of large scale phosphate and potash projects in Brazil. The Company also acquired a 1% NSR on the Rio Grande project held by Aguia. Aguia had the option to buy-back the NSR royalty for US$1,000,000 at any time up to November 2017, and elected to do so in July 2017. The Company recorded US$1,000,000 ($1,256,700) as an earned royalty buy-back during the year ended July 31, 2017.

On April 7, 2015, the Company's President and CEO, Mr. Justin Reid, was appointed as Executive Chairman of the Board of Aguia. On this date, management re-assessed the level of influence that the Company had with respect to Aguia and determined that the Company had significant influence. Despite the dilution of the Company's interest in Aguia, the Company continues to have significant influence. On this basis, the investment is considered an associate and is accounted for using the equity method.

July 31, 2015	$	2,245,687
Acquisition of 25,886,021 shares at cost		3,742,369
Sale of 8,618,081 shares at cost		(699,283)
Proportionate share of net loss		(863,390)
Proportionate share of other comprehensive loss		144,371
July 31, 2016	$	4,569,754
Acquisition of 3,871,951 shares at cost		1,908,311
Sale of 2,646,841 shares at cost		(1,139,062)
Proportionate share of net loss		(670,835)
Gain on dilution of interest		281,051
Proportionate share of other comprehensive loss		(171,247)
July 31, 2017	$	4,777,972
Fair market value of 15,457,890 shares at July 31, 2017	$	6,492,314

The Company is not exposed to any additional losses beyond its initial investment amount. No dividends or cash distributions were received by the Company from the associate during the period.

The Company recorded an equity loss of $670,835 for the year ended July 31, 2017 (July 31, 2016: $863,390) which represents the proportionate share of Aguia's net loss through the twelve months ended June 30, 2017. Aguia has a June fiscal year end and it is impractical to prepare financial statements to July 31, 2017 as Aguia is a listed entity. It is expected that the difference in reporting dates is immaterial.

7. INVESTMENT IN ASSOCIATE (continued)

The following is a summary of the consolidated financial information of Aguia on a 100% basis as at June 30, 2017, which is the most recent publicly available information for Aguia. These amounts are presented in Canadian dollars.

	Twelve months ended June 30, 2017	Twelve months ended June 30, 2016
Cash	$ 6,710,192	$ 2,805,040
Total current assets	6,846,063	2,965,924
Total non-current assets	27,212,476	21,071,447
Total current liabilities	2,867,147	755,541
Total non-current liabilities	-	-
Net loss	(4,068,844)	(5,670,586)
Proportionate share of net loss adjusted for impairment	(670,835)	(863,390)
Other comprehensive (loss)/income	(1,077,602)	577,383
Proportionate share of other comprehensive (loss)/income	(171,247)	144,371
Total comprehensive loss	(5,146,446)	(5,093,203)
Proportionate share of total comprehensive loss	(842,082)	(719,019)

8. EXPLORATION AND EVALUATION ASSETS

	East Sullivan project	Troilus project	TOTAL
Balance as at July 31, 2015	$ 134,126	$ -	$ 134,126
Capitalized expenditures for the year	6,366	64,052	70,418
Property acquisition costs	-	124,846	124,846
Balance as at July 31, 2016	$ 140,492	$ 188,898	$ 329,390
Capitalized expenditures for the year	-	501,717	501,717
Property acquisition and maintenance costs	653	128,979	129,632
Balance as at July 31, 2017	$ 141,145	$ 819,594	$ 960,739

The East Sullivan property consists of 13 staked claim units referred to as the East Sullivan Property near Val D'Or Quebec. All claims are contiguous and 100% owned by the Company. The Company is maintaining these claims in good standing.

On May 2, 2016, the Company, through its subsidiary 2507868 Ontario Inc. ("2507868"), entered into an option agreement with First Quantum Minerals Ltd. ("First Quantum") to acquire the past-producing Troilus Mine, located in the Abitibi mining region of Quebec. Pursuant to the agreement, the Company will hold a two-year option to purchase a 100% interest in the Troilus Mine. To exercise the option, a minimum of $1,000,000 must be spent on engineering and technical studies to evaluate the economic viability of the project. Upon signing, an initial cash payment of $100,000 was made to First Quantum. An additional cash payment of $100,000 was made May 2, 2017 and a final cash payment of $100,000 is due on the date of exercise of the option. Additionally, a variable Net Smelter Royalty of 1.5% or 2.5% depending on the gold price being more or less than US$1,250/ounce during the reference period will be granted to First Quantum. The Company, through 2507868, also entered into an option agreement with 251 Ontario Ltd. ("251") in 2016 whereby 251 would be able to acquire 40% of the Troilus mine.

(Expressed in Canadian dollars unless otherwise noted)

8. EXPLORATION AND EVALUATION ASSETS (continued)

In June 2017 and amended subsequent to the end of the year, the Company entered into an agreement with Pitchblack Resources Ltd. (“Pitchblack”) to sell the outstanding equity securities of 2507868, which houses the option agreement to acquire the Troilus mine. As consideration, the Company will receive 60,000,000 shares of Pitchblack. Pitchblack also entered into an agreement with the shareholders of 251 to acquire all the outstanding shares of 251 for consideration of 40,000,000 shares of Pitchblack. The agreement is subject to, among other things, receipt of Pitchblack shareholder approval. At the current time, it is expected that after the sale closes, the Company will own a controlling interest in Pitchblack.

9. SHORT-TERM LOAN PAYABLE

In April 2017, the Company entered into a short-term loan agreement with Belo Sun Mining Corp. (“Belo Sun”) borrowing $1,000,000 (Note 17). A $5,000 set up fee was charged for this loan. For every 15 days the loan was outstanding, $5,000 of interest was payable. This loan was repaid in full in May 2017. The Company paid $10,000 in interest expense for the year ended July 31, 2017 related to this loan.

10. SHARE CAPITAL

As at July 31, 2017, the Company’s authorized number of common shares was unlimited without par value.

In May 2017, the Company completed a private placement financing, issuing 4,600,000 units of the Company for gross proceeds of $1,150,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.35 until May 17, 2019. The Company paid $1,000 in fees related to this financing.

11. SHARE PURCHASE WARRANT RESERVE

The change in warrants during the year presented was as follows:

	Number of Warrants	Weighted Average Exercise Price	Value ($)
Balance as at July 31, 2015 and 2016	2,499,979	$0.50	468,081
Issuance from private placement	4,600,000	$0.35	315,114
Balance as at July 31, 2017	7,099,979	$0.40	783,195

The value of the warrants granted during the year (Note 10) was estimated using the Black-Scholes option-pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 76%; risk-free interest rate of 0.66%; and an expected average life of two years.

The following table summarizes the warrants outstanding as at July 31, 2017:

Exercise Price	**Expiry Date**	**Number Outstanding**	**Number Exercisable**	**Value ($)**	**Weighted Average Remaining Contractual Life (years)**
$ 0.50	November 24, 2019	2,499,979	2,499,979	468,081	2.32
$ 0.35	May 17, 2019	4,600,000	4,600,000	315,114	1.79
		7,099,979	7,099,979	783,195	1.98

(Expressed in Canadian dollars unless otherwise noted)

12. SHARE-BASED PAYMENT RESERVE

		Share Purchase Options		Restricted Share Units		Total Reserve
Balance as at July 31, 2015	$	394,879	$	(554,051)	$	(159,172)
Share-based payments allocated to:						
Expenses		218,813		512,296		731,109
Expiry of stock options		(1,529)		-		(1,529)
Balance as at July 31, 2016	$	612,163	$	(41,755)	$	570,408
Share-based payments allocated to:						
Expenses		-		219,753		219,753
Purchase of restricted share units		-		(322,155)		(322,155)
Balance as at July 31, 2017	$	612,163	$	(144,157)	$	468,006

The share-based payments recorded on the annual consolidated statements of operations and comprehensive loss for the year ended July 31, 2017 and 2016 are presented in detail below.

Share-based payments		**Years ended July 31, 2017**		**2016**
Share purchase options	$	-	$	218,813
Restricted share units		219,753		512,296
Deferred share units		(50,806)		204,175
	$	168,947	$	935,284

<u>Share purchase options</u>

The Company adopted a stock option plan ("Plan"), pursuant to which the Company may grant up to that number of stock options that equals, together with any other security-based compensation arrangement, 10% of the number of issued and outstanding common shares of the Company at the time of the stock option grant, from time to time. The Plan provides that the Company cannot grant stock options to any one person representing more than 5% of the outstanding common shares of the Company. The terms and conditions of each option granted under the Plan will be determined by the Board, upon the recommendations of the Compensation Committee. Options will be priced in the context of the market and in compliance with applicable securities laws and Exchange guidelines. Consequently, the exercise price for any stock option shall not be lower than the closing market price of the common shares on the Exchange on the last business day immediately preceding the date of grant. Vesting terms will be determined at the discretion of the Board. The Board shall also determine the term of stock options granted under the Plan, provided that no stock option shall be outstanding for a period greater than five years. Directors, officers, employees and certain consultants shall be eligible to receive stock options under the Plan. Upon the termination of an option holder's engagement with the Company, the cancellation or early vesting of any stock option shall be at the discretion of the Board. In the event of a change of control, all options outstanding shall be immediately exercisable.

(Expressed in Canadian dollars unless otherwise noted)

12. SHARE-BASED PAYMENT RESERVE (continued)

The change in share purchase options during the period presented was as follows:

	Number of options	Weighted average exercise price		Value
Balance as at July 31, 2015	2,877,430	$0.49	$	394,879
Granted	1,245,000	$0.25		218,813
Expired	(942,125)	$0.55		(1,529)
Balance as at July 31, 2016	3,180,305	$0.37	$	612,163
Expired	(376,900)	$0.58		-
Balance as at July 31, 2017	2,803,405	$0.35	$	612,163

The following table summarizes information on share purchase options outstanding as at July 31, 2017:

Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
$0.54	September 14, 2017	2,000	2,000	0.12
$0.34	December 14, 2017	164,805	164,805	0.37
$0.36	February 5, 2018	100,000	100,000	0.52
$0.36	February 8, 2018	5,000	5,000	0.53
$0.39	September 12, 2018	235,600	235,600	1.12
$0.46	September 17, 2019	1,001,000	1,001,000	2.13
$0.25	March 30, 2020	50,000	50,000	2.67
$0.24	January 5, 2021	200,000	200,000	3.44
$0.25	February 1, 2021	1,045,000	1,045,000	3.51
	Total	2,803,405	2,803,405	2.50

Restricted Share Unit and Deferred Share Unit Incentive Plans

On September 17, 2014, the Company adopted a Restricted Share Unit ("RSU") Incentive Plan and a Deferred Share Unit ("DSU") Incentive Plan.

On September 17, 2014, the Company granted and issued an aggregate of 3,000,000 RSUs to officers and employees of the Company. Each RSU entitled an officer or an employee of the Company to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. The 3,000,000 RSUs vested in three equal tranches, on each of January 1, 2015, January 1, 2016 and January 1, 2017. The fair value of the RSUs was determined to be $0.55 per unit on the date of grant.

On January 5, 2016, the Company granted and issued an aggregate of 500,000 RSUs to an officer of the Company. Each RSU entitles the holder to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. The 500,000 RSUs vest in three equal tranches, on each of January 5, 2017, January 5, 2018 and January 5, 2019. The fair value of these RSUs was determined to be $0.26 per unit on the date of grant.

(Expressed in Canadian dollars unless otherwise noted)

12. SHARE-BASED PAYMENT RESERVE (continued)

On January 13, 2016, the Company granted and issued an aggregate of 875,000 RSUs to officers and employees of the Company. Each RSU entitles the holder to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. The 875,000 RSUs vest in three equal tranches, on each of February 1, 2016, February 1, 2017 and February 1, 2018. The fair value of these RSUs was determined to be $0.23 per unit on the date of grant.

The Company granted DSUs to the Company's independent directors. Each DSU entitles the holder to receive a cash payment equal to the market price of one common share of the Company. The DSUs vest based on the pro-rata number of days each independent director remains a director of the Company until January 1, 2017 for 600,000 DSUs that are currently issued and until March 30, 2018 for 300,000 DSUs that are currently issued, except in the event of an earlier change of control, in which case, the DSUs will vest fully upon such change of control.

As at July 31, 2017, 829,444 DSUs related to current directors have vested and entitle the holders, upon ceasing to hold office, to receive a cash payment of $194,920 equal to an average market price of $0.235 for each DSU. This amount is recorded as a liability on the annual consolidated statements of financial position.

Details of RSUs and DSUs granted and outstanding are summarized in the table below and reflect the number of RSUs and DSUs that may vest based on conditions existing as at July 31, 2017:

	RSU		DSU		
	Non-vested	**Vested**	**Non-vested**	**Forfeited**	**Vested**
Balance as at July 31, 2015	2,000,000	1,000,000	531,726	218,002	250,272
Activity during the period:					
RSU's vesting from previous grant	(1,000,000)	1,000,000	-	-	-
RSU's granted during the period	1,083,334	291,666	-	-	-
DSU's vesting from previous grant	-	-	(300,636)	-	300,636
DSU's granted during the period	-	-	84,485	-	65,515
Balance as at July 31, 2016	2,083,334	2,291,666	315,575	218,002	616,423
Activity during the period:					
RSUs vesting from previous grant	(1,458,334)	1,458,334	-	-	-
DSUs vesting from previous grant	-	-	(213,021)	-	213,021
Balance as at July 31, 2017	625,000	3,750,000	102,554	218,002	829,444

During the year ended July 31, 2017, the Company re-purchased 915,999 shares of the Company from the market for a total cost of $322,155 net of commissions to cover the RSU obligations.

Upon vesting, the Company is obligated to deliver to the holders of the RSUs 166,667 common shares of the Company on each of January 5, 2018 and January 5, 2019; and 291,667 common shares of the Company on February 1, 2018.

For the year ended July 31, 2017, share-based compensation expense of $219,753 was recognized for the RSUs (July 31, 2016: $512,296) and ($50,806) was recognized for the DSU incentive plan (July 31, 2016: $204,175).

(Expressed in Canadian dollars unless otherwise noted)

13. PROFESSIONAL, CONSULTING AND MANAGEMENT FEES

	Years ended July 31, 2017	2016
Salaries and benefits	$ 2,092,400	$ 4,103,222
Directors fees	88,542	75,000
Consulting fees	1,145,538	553,158
Legal, audit and professional fees	575,859	216,185
	$ 3,902,339	$ 4,947,565

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Years ended July 31, 2017	2016
General and office	$ 282,430	$ 238,025
Shareholder communication	184,520	226,151
Travel and accommodation	213,318	193,177
	$ 680,268	$ 657,353

15. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital, warrants and share purchase options. The Company manages its capital structure and makes adjustments based on the funds available to support the acquisition, exploration and development of its mineral properties. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. The Company and its subsidiaries are not subject to externally imposed capital requirements.

(Expressed in Canadian dollars unless otherwise noted)

16. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities at July 31, 2017 and 2016 were as follows:

	Assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total
As at July 31, 2017				
Cash and cash equivalents	$ 1,023,175	$	$ -	$ 1,023,175
Investments	14,693,725	-	-	14,693,725
Loan receivable	-	314,075	-	314,075
Amounts receivable and other	-	156,043	-	156,043
Accounts payable and accrued liabilities	-	-	1,524,865	1,524,865

	Assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total
As at July 31, 2016				
Cash and cash equivalents	$ 1,317,302	$	$ -	$ 1,317,302
Investments	18,008,203	-	-	18,008,203
Loans receivable	-	359,945	-	359,945
Amounts receivable and other	-	221,788	-	221,788
Accounts payable and accrued liabilities	-	-	417,621	417,621

Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and,
- Level 3 – Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at July 31, 2017 and 2016.

	Level 1	Level 2	Level 3	TOTAL
As at July 31, 2017				
Cash and cash equivalents	$ -	$ 1,023,175	$ -	$ 1,023,175
Investments	12,361,110	2,332,615	-	14,693,725

	Level 1	Level 2	Level 3	TOTAL
As at July 31, 2016				
Cash and cash equivalents	$ -	$ 1,317,302	$ -	$ 1,317,302
Investments	14,731,136	3,277,067	-	18,008,203

The carrying value of cash and cash equivalents, loan receivable, amounts receivable and other, accounts payable and accrued liabilities and liabilities of assets held for sale reflected in the annual statement of financial position approximate fair value because of the relatively short-term maturities.

16. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

Loans receivable bear interest at fixed rates. All other financial assets are non-interest bearing. A 1% increase in interest rates, based on the balance of cash, cash equivalents and fixed income investments at July 31, 2017, would result in an increase in annual interest income of approximately $10,000. All liabilities as at July 31, 2017 are non-interest bearing.

Foreign currency risk

The Company operates in Canada and its functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has acquired some investments, including its investment in an associate, which are denominated in foreign currency. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents, loans receivable and amounts receivable. The Company has no significant concentration of credit risk arising from operations.

Cash and cash equivalents of cash and GICs are held in financial institutions from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist primarily of goods and services tax and harmonized sales tax due from the Federal Government of Canada.

Liquidity risk

As at July 31, 2017, the Company had net working capital of $14,674,272, which included cash and cash equivalents of $1,023,175, investments of $14,693,725, loan receivable of $314,075 and amounts receivable and prepaid expenses of $168,162 offset by current liabilities of $1,524,865. The Company expects to rely on its existing net working capital to finance its ongoing planned activities.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Securities price risk

The Company carries investments in certain public securities for which price fluctuations can affect the Company's earnings. The Company classifies these investments as fair value through profit and loss where price volatility is reflected in earnings.

(Expressed in Canadian dollars unless otherwise noted)

17. RELATED PARTY DISCLOSURES

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

Related party balances

The Company shares office space, resources and certain services with other corporations. The costs associated with these services, including the provision of office equipment and supplies, and certain other services, are administered by 2227929 Ontario Inc. to whom the Company pays a monthly flat fee. For the year ended July 31, 2017, the Company was charged $325,000 for these services. As well, the Company was charged an additional $93,429 by 2227929 Ontario Inc. for other services.

The Company entered into a short-term loan agreement with Belo Sun (Note 9) in April 2017 borrowing $1,000,000, and repaid this loan in May 2017. Mr. Peter Tagliamonte, the Company's executive director and senior vice president, serves as director and president of Belo Sun. Mr. Stan Bharti, the Company's executive chairman, serves as director of Belo Sun.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel were as follows:

	Years ended July 31,	
	2017	2016
Management salaries and fees	$ 1,276,284	$ 3,369,392
Directors fees	88,542	210,000
Share-based payments	33,744	862,639
	$ 1,398,570	$ 4,442,031

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the Board of Directors of the Company having regard to the performance of individuals and market trends.

(Expressed in Canadian dollars unless otherwise noted)

17. RELATED PARTY DISCLOSURES (continued)

As at July 31, 2017, the Company holds investments in certain public resource and other sector companies that are related party entities, related by virtue of the relationship with common directors and officers.

Public Issuer		Security description	Cost	Estimated Fair value
Belo Sun Mining Corp.	i	212,994 common shares	$ 47,268	$ 138,446
Aberdeen International Inc.	ii	3,951,000 common shares and 4,790,000 warrants	828,986	641,639
Trigon Metals Inc. (formerly Kombat Copper Inc.)	iii	1,726,356 common shares and 795,833 warrants	949,059	648,444
Euro Sun Mining (formerly Carpathian Gold Inc.)	iv	4,032,425 common shares, 1,966,213 warrants	5,109,080	4,323,295
			$ 6,934,393	$ 5,751,824

i. The Company's executive director and senior vice president, Peter Tagliamonte, serves as director and president and CEO of this company; the Company's executive chairman, Stan Bharti, serves as director of this company. The Company's new director, William Clarke, is a director of this company.
ii. The Company's executive chairman, Stan Bharti, serves as director of this company and interim CEO.
iii. The Company's CEO, Justin Reid, serves as chairman of the board of this company.
iv. The Company's executive director and senior vice president, Peter Tagliamonte, serves as director of this company; the Company's executive chairman, Stan Bharti, serves as director of this company. The Company's CEO, Justin Reid, serves as director of this company.

Public Issuer	Security description	Cost	Carrying value
Aguia Resources Ltd.	15,457,890 common shares	$ 6,552,692	$ 4,777,972

The Company's investment in associate, Aguia, is a related party by virtue of common directors, Mr. Justin Reid and Mr. Paul Pint.

18. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $1,314,000 (as at July 31, 2016 - $1,300,000) and additional contingent payments of approximately $8,120,000 (as at July 31, 2016 - $7,170,000) upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in these annual financial statements.

The Company is currently involved in a litigation proceeding with APIO whereby APIO is challenging the Company's actions with respect to the transfer of the DAOS shares. APIO is seeking monetary compensation. A reliable estimate of the amount of the claim cannot be made at this time given the early stages of the claim. The probability of the outcome is also uncertain. The Company is vigilantly defending its actions with respect to these claims.

(Expressed in Canadian dollars unless otherwise noted)

19. INCOME TAX

a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the federal statutory rate of 26.5% (2016: 26.5%) were as follows:

	For the years ended July 31, 2017	2016
(Loss)/income before income taxes	$ (4,926,289)	$ 2,048,557
Statutory rate	26.50%	26.50%
Expected income tax (recovery)/expense	(1,305,467)	542,868
Adjustments to expected income tax recovery:		
Share-based payments	48,468	247,850
Non-deductible expenses/(recovery)	-	(1,533,588)
Benefit of tax losses not recognized	1,256,999	742,870
Deferred income tax	$ -	$ -

b) Deferred income tax balances

Deferred income tax assets have not been recognized in respect of the following temporary differences:

	For the years ended July 31, 2017	2016
Deferred income tax assets and (liabilities):		
Capital and non-capital tax losses carried forward	1,597,567	1,211,815
Share issue costs	106	159
Investments	(128,467)	(519,173)
Others	1,444,910	1,444,910
Net deferred income tax assets and (liabilities)	2,914,116	2,137,711
Unrecognized deferred tax assets	(2,914,116)	(2,137,711)
Deferred income tax asset (liability)	$ -	$ -

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

c) The Company has approximately $6,049,000 of non-capital losses in Canada as at July 31, 2017 which under certain circumstances can be used to reduce the taxable income of future years.

20. SUBSEQUENT EVENTS

Subsequent to the end of the year, the Company sold investments for net proceeds of approximately $1,330,000. As well, the Company acquired investments for proceeds of approximately $800,000.