TARKU

RESOURCES

Consolidated Financial Statements

September 30, 2017

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Tarku Resources Ltd.

We have audited the accompanying consolidated financial statements of Tarku Resources Ltd., which comprise the consolidated statements of financial position as at September 30, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Tarku Resources Ltd. as at September 30, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Tarku Resources Ltd.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

December 15, 2017

Tarku Resources Ltd.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at September 30	**2017**	**2016**
Current		
Cash and cash equivalents	$ 493,220	$ 246,625
Trade and other receivables	29,375	10,153
Prepaid	1,100	12,100
Quebec mining tax credit receivable	-	58,100
	523,695	326,978
Non-current		
Exploration and evaluation assets (note 5)	833,278	186,356
Total assets	$ 1,356,973	$ 513,334

Liabilities

Current		
Trade and other payables (note 8)	$ 143,430	$ 110,625
Flow-through premium liability (note 6)	11,925	-
	155,355	110,625

Equity

Share capital (note 6)	3,526,011	2,249,706
Contributed surplus	180,336	-
Deficit	(2,504,729)	(1,846,997)
	1,201,618	402,709
Total liabilities and equity	$ 1,356,973	$ 513,334

Nature of business and continuance of operations (note 1)

APPROVED ON BEHALF OF THE BOARD

“Julien Davy”
____
President & Director

"Sylvain Laberge"
____
CEO & Director

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

Tarku Resources Ltd.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the year ended September 30,	**2017**	**2016**
Expenses		
Administrative expenses (note 8)	$52,457	$36,161
Consulting fees (note 8)	159,689	45,043
Exploration costs (notes 5 and 8)	183,808	56,281
Investor Relations expenses	62,396	20,343
Listing and filing fees	36,650	37,283
Professional fees	60,807	23,678
Share-based compensation (notes 6 and 8)	123,750	-
	(679,557)	(218,789)
Other income - flow-through premium (note 6)	21,825	-
Loss and comprehensive loss for the year	($657,732)	($218,789)
Basic and diluted loss per common share	($0.02)	($0.01)
Weighted average number of common shares outstanding - basic and diluted	39,300,217	22,724,556

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

Tarku Resources Ltd.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

For the year ended September 30,	**2017**	**2016**
Operating activities		
Loss for the year	$(657,732)	$(218,789)
Adjustments:		
Other income - flow-through premium	(21,825)	-
Share-based compensation	123,750	-
Changes in non-cash working capital items:		
Prepaid	11,000	(11,000)
Trade and other receivables	(12,510)	(9,278)
Quebec mining tax credit receivable	58,100	-
Trade and other payables	25,609	63,791
	(473,608)	(175,276)
Financing activities		
Cash received on acquisition of subsidiary	4,870	-
Cash received from share issuance	813,538	510,200
Share issue costs	(51,397)	(31,924)
Loan repayments	-	(54,938)
	767,011	423,338
Investing activities		
Additions to exploration and evaluation assets	(46,808)	(7,035)
	(46,808)	(7,035)
Increase in cash and cash equivalents	246,595	241,027
Cash and cash equivalents, beginning of year	246,625	5,598
Cash and cash equivalents, end of year	$ 493,220	$ 246,625
Cash and Cash Equivalents consists of:		
Cash	$ 475,620	$ 229,025
Term Deposit	17,600	17,600
	$ 493,220	$ 246,625

Supplemental cash flow information (Note 13)

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

Tarku Resources Ltd.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Number of Common Shares		Share Capital		Contributed Surplus	Deficit		Equity
Balance, September 30, 2015	**20,214,167**	**$**	**1,771,430**	**$**	**-**	**$ (1,628,208)**	**$**	**143,222**
Private placement	10,204,000		510,200		-	-		510,200
Share issue costs	-		(31,924)			-		(31,924)
Net loss and comprehensive loss	-		-		-	(218,789)		(218,789)
Balance, September 30, 2016	**30,418,167**	**$**	**2,249,706**	**$**	**-**	**$ (1,846,997)**	**$**	**402,709**

	Number of Common Shares		Share Capital		Contributed Surplus	Deficit		Equity
Balance, September 30, 2016	**30,418,167**	**$**	**2,249,706**	**$**	**-**	**$ (1,846,997)**	**$**	**402,709**
Private placements	13,837,299		775,452		43,086	-		818,538
Flow-through premium liability	-		(33,750)		-	-		(33,750)
Share issue costs	-		(51,397)		-	-		(51,397)
Shares issued for mineral properties	2,800,000		136,000		-	-		136,000
Shares/ warrants issued on acquisition of subsidiary	10,000,000		450,000		13,500	-		463,500
Share-based compensation	-		-		123,750	-		123,750
Net loss and comprehensive loss	-		-		-	(657,732)		(657,732)
Balance, September 30, 2017	**57,055,466**	**$**	**3,526,011**	**$**	**180,336**	**$ (2,504,729)**	**$**	**1,201,618**

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

1. Nature of business and continuance of operations

The principal business activity of Tarku Resources Ltd. (the "Company") is the exploration for mineral resources in the provinces of Saskatchewan and Quebec. The Company's corporate office is located at Suite 602, 224 4th Ave S., Saskatoon, Saskatchewan.

The consolidated financial statements (the "financial statements") have been prepared on a going concern basis which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company. Although the Company has a history of raising money, there is no guarantee of this in the future. As a result, there exists material uncertainty which raises significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Basis of preparation

(a) Statement of compliance

The Company's financial statements for the year ended September 30, 2017 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These financial statements were authorized for issue by the Board of Directors on December 15, 2017.

(b) Basis of consolidation

These financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Subsidiary name	Place of Incorporation	Ownership	Principal activity
Eureka Exploration Inc. ("Eureka")	Quebec	100%	Exploration

(c) Use of Estimates and Judgments

The preparation of financial statements in compliance with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

2. Basis of preparation (continued)

(c) Use of Estimates and Judgments (continued)

The estimates and underlying assumptions are continuously evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates include amounts of provisions, if any, for impairment of exploration and evaluation assets, reclamation and environmental obligations, deferred income taxes, and contingencies reported in the notes to the financial statements.

Significant areas requiring the use of management judgments include recognition of impairment of exploration and evaluation assets, reclamation and environmental obligations, deferred income taxes, classification of financial instruments, assessment of the going concern assumption, and disclosure of contingencies reported in the notes to the financial statements.

(d) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss (“FVTPL”) and available-for-sale which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary.

3. Acquisition of Eureka Exploration Inc.

On June 1, 2017 (the "Transaction Date") the Company acquired all of the issued and outstanding common shares of Eureka (note 2(b)) through a share purchase agreement (the "Share Purchase Agreement"). Pursuant to the Share Purchase Agreement, Eureka shareholders received 10,000,000 shares of the Company in exchange for all of the outstanding shares of Eureka. In addition, the Eureka warrant holders received 900,000 replacement warrants of the Company and all of the outstanding warrants in Eureka were subsequently cancelled. The warrants issued by the Company expire June 29, 2018 and are exercisable at a price of $0.10 per warrant. The fair value of the replacement warrants was estimated to be $13,500 using the Black-Scholes valuation model with the following assumptions: risk-free interest rate of 0.69%, expected life of 1.08 years, annualized volatility of 134% and a dividend rate of nil.

Eureka does not qualify as a business according to the definition in IFRS 3, Business Combinations and accordingly it has been treated as an asset acquisition. The consideration paid by the Company for Eureka’s net assets is measured by calculating the fair value of the consideration paid and allocating such to the net assets of Eureka as of the Transaction Date.

The consideration paid by the Company to acquire Eureka's net assets is summarized as follows:

Issuance of 10,000,000 common shares (note 6(a)((v))	$ 450,000
Issuance of 900,000 replacement warrants	13,500
	$ 463,500

3. Acquisition of Eureka Exploration Inc. (continued)

The consideration paid has been assigned based on the relative fair values of the assets acquired and the liabilities assumed as of the transaction date as follows:

Cash	$	4,870
Other receivables		1,712
Exploration and evaluation assets (note 5)		464,114
Trade and other payables		(7,196)
	$	463,500

4. Significant Accounting Policies

(a) Cash and cash equivalents

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

(b) Exploration and evaluation assets

Exploration expenditures are expensed as incurred until an economic feasibility study has established the presence of proven and probable reserves and development of the project has commenced, at which time exploration and development expenditures incurred on the project thereafter are capitalized.

Costs incurred relating to the acquisition and claim maintenance of mineral properties, including option payments and annual fees to maintain the project in good standing, are capitalized and deferred by project until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company assesses its capitalized mineral project costs for indications of impairment on a regular basis and when events and circumstances indicate a risk of impairment. A project is written down or written off when the Company determines that an impairment of value has occurred or when exploration results indicate that no further work is warranted.

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, or title may be affected by undetected defects.

(c) Mineral tax credit

Mining exploration tax credits for certain exploration expenditures in Quebec are treated as a reduction of the exploration costs. The amounts are accounted for on an accrual basis.

4. Significant Accounting Policies (continued)

(d) Reclamation and environmental obligations

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

As at September 30, 2017 and 2016, the Company has no asset retirement obligations and accordingly, has not recorded an asset retirement obligation in the financial statements.

(e) Impairment of non-financial assets

At the end of each reporting period the carrying amounts of non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

(f) Income taxes

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

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years.

Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

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

4. Significant Accounting Policies (continued)

(f) Income taxes (continued)

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

(g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being renounced, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued until qualifying expenditures are incurred.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus. If the warrants expire unexercised, the value attributed to the warrants is transferred to deficit.

4. Significant Accounting Policies (continued)

(h) Earnings (loss) per common share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

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

For the years ended September 30, 2017 and 2016, this calculation proved to be anti-dilutive.

(i) Share-based payments

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

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

The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

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

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

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

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

4. Significant Accounting Policies (continued)

(j) Financial instruments

Financial assets

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

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Regular way purchases and sales of FVTPL financial assets are accounted for at the trade date, as opposed to settlement date. The Company has classified its cash and cash equivalents as FVTPL.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost. The Company's trade and other receivables are classified as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income/loss except for losses in value that are considered other than temporary.

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

Financial liabilities

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

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss.

4. Significant accounting policies (continued)

(j) Financial instruments (continued)

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

(k) New standards, amendments and interpretations not yet adopted

During the year ended September 30, 2017, the Company adopted certain new standards and amendments, none of which had a material impact on the Company's financial information.

Although the Company does not expect any of the following changes to have a material impact on the financial results of the Company, the Company has not yet fully assessed the impact of adoption of the following standard:

IFRS 9 – 'Financial Instruments'
This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. This standard is effective for reporting periods beginning on or after January 1, 2018.

5. Exploration and evaluation assets

Chateau Fort gold project, Quebec

On March 24, 2015, Anthem Resources Inc. ("Anthem"), a company related by a common director, signed a binding letter of intent ("LOI") to option its Chateau Fort gold project in central Quebec to the Company.

On July 27, 2015, Boss Power Corp. completed the acquisition of Anthem and changed its name to Eros Resources Corp. ("Eros"). The option agreement continues with Eros.

The Chateau Fort project comprises of 241 claims covering 12,721 hectares in the Bay James area along the all season road 167 to the Renard diamond mine.

The Company will have the option to acquire a 100% interest in the project, subject to reservations of diamonds on the claims identified as Melkior OJV and royalty interests on the project, by funding expenditures on the project, issuing shares and making cash payments, according to the following schedule:

(i) $5,000 deposit payable on execution of the LOI (paid);

(ii) make total cash payments of $95,000 and issue a total of 8,000,000 shares of the Company as follows:

(1) on approval of the TSX Venture Exchange, no later than April 21, 2015, or such later date as mutually agreed upon, $10,000 in cash (paid) and 2,000,000 shares (issued);
(2) on or before March 31, 2016, $20,000 in cash (unpaid) and 1,500,000 shares (unissued);
(3) on or before March 31, 2017, $20,000 in cash and 1,500,000 shares;
(4) on or before March 31, 2018, $20,000 in cash and 1,500,000 shares;
(5) on or before March 31, 2019, $25,000 in cash and 1,500,000 shares;

(iii) fund expenditures of not less than $200,000 and renew claims in the amount of $25,000 (completed) on or before July 10, 2015 which expenditures will be a firm commitment.

The Company also has a requirement to complete a private placement financing of not less than $400,000 by April 21, 2015, of which Eros has deemed satisfied by way of the Company's private placement financing of $219,450 completed in June 2015.

Eros retains a 2% net smelter return ("NSR") royalty on claims not subject to other underlying agreements. The Company will have the right to buy down the royalty to 1% for $2,000,000 on or before commencement of commercial production. In addition, Eros retains the right to maintain its pro rata percentage ownership of the Company via future financings, and first right of refusal on third party offers to purchase the project.

On July 29, 2016, the project option agreement was amended as follows: 100% of the project was transferred to the Company with no other liabilities or consideration or commitments and the right to buy down the royalty to 1% was reduced from $2,000,000 to $500,000.

During the year ended September 30, 2017 the Company incurred $30,625 (2016 - $56,281) in exploration expenditures in connection with this project and received $21,809 exploration ITCs in connection with previous years exploration expenditures.

5. Exploration and evaluation assets (continued)

Berthiaume gold project, Quebec

On March 29, 2017, the Company acquired 29 mineral claims, 1,623 hectares, in the municipality of Matagami, Quebec, from Marche des Capitaux The Ask (the "Ask") and Syndicated Capital Corp ("Syndicated"), two arms-length parties, subject to the following terms:

(i) $15,000 cash payment ($11,250 to the Ask, $3,750 to Syndicated) (paid); and
(ii) 800,000 common shares (600,000 shares to the Ask, 200,000 to Syndicated) (issued).

The Berthiaume project is subject to a 1% NSR royalty (0.75 % NSR to The Ask and 0.25% NSR to Syndicated) half of which may be bought back by the Company for $500,000 ($375,000 to The Ask and $125,000 to Syndicated).

During the year ended September 30, 2017 the Company incurred $nil (2016 - $nil) in exploration expenditures in connection with this project.

Richardson gold project, Quebec

On June 1, 2017, the Company purchased 100% of Eureka (note 3), which owns 42 mining claims covering 2,319 hectares located 20 kilometers north-northeast of Chibougamau, Quebec.

During the year ended September 30, 2017 the Company incurred $33,168 (2016 - $nil) in exploration expenditures in connection with this project.

Bullion gold project, Quebec

On June 1, 2017, the Company purchased 100% of Eureka (note 3), which owns 26 mining claims covering 1,435 hectares located 25 kilometers north-northeast of Chibougamau, Quebec.

During the year ended September 30, 2017 the Company incurred $35,007 (2016 - $nil) in exploration expenditures in connection with this project.

Apollo gold project, Quebec

On June 1, 2017, the Company purchased 100% of Eureka (note 3), which owns 104 mining claims covering 5,495 hectares located 50 kilometers east from Matagami, Quebec.

During the year ended September 30, 2017 the Company incurred $42 (2016 - $nil) in exploration expenditures in connection with this project.

Admiral gold project, Quebec

On June 1, 2017, the Company purchased 100% of Eureka (note 3), which owns 24 mining claims covering 1,334 hectares located 25 kilometers east from Matagami, Quebec.

During the year ended September 30, 2017 the Company incurred $nil (2016 - $nil) in exploration expenditures in connection with this project.

Atlas gold project, Quebec

On June 1, 2017, the Company purchased 100% of Eureka (note 2), which owns 89 claims covering 4,870 hectares located 50 kilometers east from Matagami, Quebec.

During the year ended September 30, 2017 the Company incurred $nil (2016 - $nil) in exploration expenditures in connection with this project.

5. Exploration and evaluation assets (continued)

Net Smelter Royalty

Each of the Eureka properties is subject to:

a. 1% NSR in favour of Julien Davy, a director and officer of the Company, half of which can be bought back by the Company for $500,000.

b. 1% NSR in favour of Benoit Lafrance, a director and exploration manager of the Company; half of which can be bought back by the Company for $500,000.

Virgin River project, Saskatchewan

On January 15, 2014, the Company entered into an option agreement with Eagle Plains Resources Ltd. ("Eagle Plains") (related by virtue of common directors) to earn an undivided 60% interest in the Virgin River project situated in Saskatchewan subject to the following terms:

(i) make total cash payments of $500,000 to Eagle Plains as follows:

(1) $10,000 within 5 business days of the execution of the option agreement (paid);
(2) $25,000 on or before May 21, 2014 (paid);
(3) $50,000 on or before May 21, 2015 (unpaid);
(4) $75,000 on or before May 21, 2016 (unpaid);
(5) $100,000 on or before May 21, 2017;
(6) $120,000 on or before May 21, 2018;
(7) $120,000 on or before May 21, 2019;

(ii) issue a total of 1,200,000 common shares of the Company to Eagle Plains as follows:

(1) 200,000 on or before May 21, 2014 (issued);
(2) 200,000 on or before May 21, 2015 (unissued);
(3) 200,000 on or before May 21 2016 (unissued);
(4) 200,000 on or before May 21, 2017;
(5) 200,000 on or before May 21, 2018;
(6) 200,000 on or before May 21, 2019;

(iii) incur total expenditures of $5,000,000 on the Virgin River project as follows:

(1) $200,000 on or before May 21, 2015 (incurred);
(2) $500,000 on or before May 21, 2016 (not incurred);
(3) $800,000 on or before May 21, 2017;
(4) $1,500,000 on or before May 21, 2018;
(5) $2,000,000 on or before May 21, 2019;

On August 16, 2016, the project option agreement was amended as follows: 100% of the project was transferred to the Company with no other liabilities or commitments. In consideration the Company issued 2,000,000 common shares, which were issued during the year ended September 30, 2017 (note 6(a)(ii)). Eagle Plains will maintain a 2% NSR, with the Company having the right to buy down the royalty to 1% for $1,000,000 on or before commencement of commercial production.

During the year ended September 30, 2017 the Company incurred $732 (2016 - $nil) in exploration expenditures in connection with this project.

(Expressed in Canadian dollars)

5. Exploration and evaluation assets (continued)

The following is a summary of changes to exploration and evaluation assets:

Property	Balance at Sept. 30, 2015	Acquisitions and renewals	Balance at Sept. 30, 2016
Chateau Fort	$ 179,320	$ 7,035	$ 186,355
Berthiaume	-	-	-
Richardson	-	-	-
Bullion	-	-	-
Apollo	-	-	-
Admiral	-	-	-
Atlas	-	-	-
Virgin River	1	-	1
	$ 179,321	**$ 7,035**	**$ 186,356**

Property	Balance at Sept. 30, 2016	Acquisitions and renewals	Balance at Sept. 30, 2017
Chateau Fort	$ 186,355	$ 34,065	$ 220,420
Berthiaume	-	51,000	51,000
Richardson	-	70,529	70,529
Bullion	-	43,643	43,643
Apollo	-	161,798	161,798
Admiral	-	40,572	40,572
Atlas	-	145,315	145,315
Virgin River	1	100,000	100,001
	$ 186,356	**$ 646,922**	**$ 833,278**

The fair value of the shares issued pursuant to the acquisition of Eureka (note 3) were allocated based on the relative fair values of the assets acquired and the liabilities assumed as of the Transaction Date. The fair value attributable to the exploration and evaluation assets acquired was further allocated based on the number of hectares occupied by the individual properties.

6. Share capital

(a) Authorized

Unlimited common shares with no par value

Issued

(i) During the year ended September 30, 2016, the Company completed a private placement for gross proceeds of $510,200 as follows: issued 10,204,000 non-flow-through units at a price of $0.05 per unit. Each unit consists of one non-flow-through common share and one share purchase warrant. No value was attributed to the warrant component of the units sold. The Company incurred share issue costs of $31,924.

(ii) On October 19, 2016, 2,000,000 common shares were issued at a fair value of $100,000 ($0.05 per share) to Eagle Plains pursuant to the amended option agreement in respect of the Virgin River project, Saskatchewan (note 5).

6. Share capital (continued)

(iii) On March 29, 2017, 800,000 common shares were issued at a fair value of $36,000 ($0.045 per share) to The Ask and Syndicated, in total, pursuant to a property purchase agreement in respect of the Berthiaume project, Quebec (note 5).

(iv) On April 18, 2017, the Company completed a private placement for gross proceeds of $193,500 as follows: issued 3,870,000 non-flow-through units at a price of $0.05 per unit. Each unit consists of one non-flow-through common share and one-half share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Comany at a price of $0.08, expiring April 18, 2019. No value was attributed to the warrant component of the units sold. The Company incurred share issue costs of $19,715.

(v) On June 1, 2017, 10,000,000 common shares were issued at a fair value of $450,000 ($0.045 per share) to the shareholders of Eureka pursuant to the Share Purchase Agreement (note 3).

(vi) On July 20, 2017, the Company completed a private placement for gross proceeds of $486,998 as follows: issued 6,533,299 non-flow-through units at a price of $0.06 per unit and 1,187,500 flow-through common shares at a price of $0.08 per flow-through share. Each non-flow through unit consists of one non-flow-through common share and one-half of a common share purchase warrant. Each full warrant will entitle the holder to purchase one common share of the Company at a price of $0.08, expiring July 20, 2020. In connection with the flow-through portion of the financing completed, a total of $29,688 ($0.025 per share) was allocated as a flow-through premium liability (note 6(e)), whereas a residual value of $32,666 ($0.005 per unit) was allocated to the warrant component of the non-flow-through unit portion of the financing. The Company incurred share issue costs of $30,595.

(vii) On September 11, 2017, the Company completed a private placement for gross proceeds of $138,040 as follows: issued 2,084,000 non-flow-through units at a price of $0.06 per unit and 162,500 flow-through common shares at a price of $0.08 per flow-through share. Each non-flow through unit consists of one non-flow-through common share and one-half of a common share purchase warrant. Each full warrant will entitle the holder to purchase one common share of the Company at a price of $0.08, expiring September 11, 2020. In connection with the flow-through portion of the financing completed, a total of $4,063 ($0.025 per share) was allocated as a flow-through premium liability (note 6(e)), whereas a residual value of $10,420 ($0.005 per unit) was allocated to the warrant component of the non-flow-through unit portion of the financing. The Company incurred share issue costs of $1,087. As at September 30, 2017, $5,000 from the offering remains outstanding and has been included in trade and other receivables.

(b) Stock option Plan

The Company has a stock option plan (the "Plan") whereby options to purchase common shares are granted by the board of directors to directors, officers, employees and consultants to the Company. Under the terms of the Plan, the Company has reserved an amount of common shares for options up to 10% of the issued and outstanding number of common shares. Options granted under the Plan are non-transferable; expire no later than the tenth anniversary of the date the option is granted and must comply with the requirements of the regulatory authorities. Options granted under the Plan are subject to vesting terms determined by the board.

(Expressed in Canadian dollars)

6. Share capital (continued)

(b) Stock option Plan (continued)

A summary of the changes to outstanding and exercisable stock options during the years ended September 30, 2017 and 2016 is presented below.

	September 30, 2017			September 30, 2016		
	Options		Price	Options		Price
Beginning of year	-	$	-	-	$	-
Options granted	2,750,000		0.10	-		-
End of year	**2,750,000**	**$**	**0.10**	**-**	**$**	**-**

As at September 30, 2017, the weighted average remaining life of stock options is 4.07 years (September 30, 2016 - none).

On October 26, 2016, the board of directors of the Corporation approved the grant of 2,750,000 stock options pursuant to the Plan. 2,250,000 of the options were granted to directors and executive officers with the balance granted to consultants and the advisory board. The options are exercisable at $0.10 per share, vest immediately and, if not exercised, expire October 26, 2021, subject to earlier expiration in accordance with the Plan and applicable policies of the TSX Venture Exchange.

The value of options issued on October 26, 2016, using the Black-Scholes option pricing model, was $123,750 which was allocated to the share-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate of 0.62%, expected life of 5 years, annualized volatility 159.32%, and dividend rate of nil.

(c) Warrants

During the years ended September 30, 2017 and 2016, the Company had the following warrant activities:

	Number of Warrants	Exercise Price	Weighted Avg. Exercise Price
Balance, September 30, 2015	2,659,167		$0.20
Issued	10,204,000	$0.10	
Balance, September 30, 2016	12,863,167		$0.12
Issued	7,143,648	$0.09	
Expired	(2,659,167)	$0.20	
Balance, September 30, 2017	**17,347,648**		**$0.10**

(Expressed in Canadian dollars)

6. Share capital (continued)

(c) Warrants (continued)

At September 30, 2017, the following table summarizes information about warrants outstanding:

Total issued and outstanding	Warrants Outstanding	Expiry Date	Exercise Price
	7,104,000	June 24, 2018	$0.10
	900,000	June 29, 2018	$0.10
	3,100,000	July 21, 2018	$0.10
	1,935,000	April 18, 2019	$0.08
	3,266,648	July 20, 2020	$0.10
	1,042,000	Sept. 11, 2020	$0.10
Balance, September 30, 2017	**17,347,648**		**$0.10**

(d) Escrow shares

At September 30, 2017, no common shares were held in escrow (September 30, 2016 - 2,867,250).

(e) Other income on settlement of flow-through premium liability

During the year ended September 30, 2017, the Company closed flow-through financings and recorded a total premium received on flow-through shares in the amount of $33,750, which was recorded as a liability to be reversed to profit and loss as the eligible expenditures were incurred. As at September 30, 2017, the Company had reduced the liability by $21,825 (based on expenditures incurred) to $11,925 and accordingly, had recorded other income in the same amount.

7. Commitments and contingencies

As of September 30, 2017, the Company had $17,600 (September 30, 2016 - $17,600) in term deposits with a Canadian financial institution for the guarantee of business credit cards.

8. Related party transactions

The Company had the following related party transactions during the year ended September 30, 2017:

(a) A former director and officer of the Company provided consulting services to the Company. Fees incurred during the year were $15,000 (2016 - $20,000).

(b) An officer and director of the Company provided consulting services to the Company. Fees incurred during the year were $40,000 (2016 - $nil). At September 30, 2017, $20,364 (2016 - $nil) is recorded in trade and other payables.

(c) An officer and director of the Company provided consulting services to the Company. Fees incurred during the year were $60,499 (2016 - $15,000). At September 30, 2017, $6,081 (2016 - $nil) is recorded in trade and other payables.

(Expressed in Canadian dollars)

8. Related party transactions (continued)

(d) An officer and director of the Company provided consulting services to the Company. Fees incurred during the year were $36,000 (2016 - $nil). At September 30, 2017, $nil (2016 - $nil) is recorded in trade and other payables.

(e) A former officer of the Company provided consulting services to the Company. Fees incurred during the year were $nil (2016 - $5,000).

(f) A director of the Company provided exploration consulting services to the Company. Fees incurred during the year were $nil (2016 - $5,000).

(g) An officer and director of the Company provided exploration consulting services to the Company. Fees incurred during the year were $32,000 (2016 - $nil). At September 30, 2017, $15,488 (2016 - $nil) is recorded in trade and other payables.

(h) The Company paid $1,450 (2015 - $2,178), which were recorded to administrative expenses, to Eagle Plains which has common directors with the Company. At September 30, 2017, $9,776 (2016 - $nil) is recorded in trade and other payables.

Key Management Compensation:

Year Ended September 30,		2017		2016
Consulting fees	$	151,499	$	40,000
Exploration expense		32,000		5,000
Share-based compensation to directors and officers		101,250		-
	$	284,749	$	45,000

9. Segmented information

The Company operates in one operating segment, being the exploration of mineral properties. The Company's exploration and evaluation assets by geographic location are as follows:

		September 30, 2017		September 31, 2016
Saskatchewan, Canada	$	100,001	$	1
Quebec, Canada		733,277		186,355
	$	833,278	$	186,356

10. Capital management

The Company includes cash and cash equivalents and equity, comprising of issued common shares, contributed surplus and deficit, in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but relies on the expertise of the Company's management to sustain future development of the business.

10. Capital management (continued)

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended September 30, 2017. The Company was not subject to any externally imposed capital requirements, other than maintained term deposits for the guarantee of business cards (note 7).

11. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk - The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper.

Liquidity Risk – The Company ensures that there is sufficient capital in order to meet short term business requirements. The Company had a cash infusion from directors and officers subsequent to year end to provide working capital. The Company believes that these sources will be sufficient to cover the likely short term cash requirements.

Interest rate risk – In respect to the Company's financial assets, the interest rate risk mainly arises from the interest rate impact on our cash and cash equivalents. For the year ended September 30, 2017, every 1% fluctuation in interest rates up or down would have had little impact on net loss.

Commodity price risk – The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

(Expressed in Canadian dollars)

11. Financial risk management (continued)

Fair Value - The Company has various financial instruments comprised of cash and cash equivalents, trade and other receivables and trade and other payables.

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

September 30, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 493,220	$ -	$ -	$ 493,220

September 30, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 246,625	$ -	$ -	$ 246,625

12. Income taxes

(a) For the years ended September 30, 2017 and 2016, a reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2017	2016
Loss before income taxes for the year	$ (657,732)	$ (218,789)
Statutory tax rate	26.00%	26.00%
Income tax recovery	(171,000)	(57,000)
Change in statutory and other	48,000	19,000
Permanent differences	28,000	(8,000)
Impact of flow-through shares	18,000	(8,000)
Share issue costs	(13,000)	(8,000)
Unrecognized tax benefit	90,000	46,000
Deferred income tax expense (recovery)	$ -	$ -

(Expressed in Canadian dollars)

12. Income taxes (continued)

(b) The component of the Company's deferred income tax asset is a result of the origination and reversal of temporary differences and is comprised of the following:

	September 30, 2017	September 30, 2016
Exploration and evaluation assets	$ 8,000	$ 84,000
Share issue costs	21,000	15,000
Non-capital losses carried forward	493,000	379,000
Deferred tax assets	522,000	478,000
Unrecognized deferred tax assets	(522,000)	(478,000)
Net deferred tax assets	$ -	$ -

The significant components of the Corporation's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

As at September 30,		**2017**	**Expiry Date Range**		**2016**	**Expiry Date Range**
Exploration and evaluation assets	$	32,000	No expiry date	$	323,000	No expiry date
Share issue costs	$	79,000	2038 to 2041	$	59,000	2037 to 2040
Non-capital losses available for future period	$	1,898,000	2031 to 2037	$	1,459,000	2031 to 2036

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. Supplemental cash flow information

Additional cash flow information	2017	2016
Interest received in cash	$ -	$ -
Interest paid in cash	$ -	$ 5,373
Income taxes paid in cash	$ -	$ -

Non-cash investing and financing activities

During the year ended September 30, 2017, the Company issued;

- 2,800,000 common shares with a value of $136,000 pursuant to a mineral project option agreement and project acquisition agreement.
- 10,000,000 common shares with fair value of $450,000 pursuant to a share purchase agreement.
- 900,000 warrants with fair value of $13,500 pursuant to a share purchase agreement.

There were no non-cash investing and financing activities during the year ended September 30, 2016.