BITTERROOT RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Bitterroot Resources Ltd.

We have audited the accompanying consolidated financial statements of Bitterroot Resources Ltd., which comprise the consolidated statements of financial position as at October 31, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity 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 Bitterroot Resources Ltd. as at October 31, 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 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Bitterroot Resources Ltd.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

February 21, 2018

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	October 31, 2017	October 31, 2016
ASSETS			
Current assets			
Cash		$ 1,148,122	$ 232
Receivables	4	5,102	4,856
Prepaid expenses		11,502	4,830
Total current assets		1,164,726	9,918
Non-current assets			
Exploration and evaluation advance		13,831	-
Reclamation deposits		26,500	21,500
Exploration and evaluation assets	5	5,577,246	4,418,045
Equipment	6	-	3,030
Total non-current assets		5,617,577	4,442,575
TOTAL ASSETS		$ 6,782,303	$ 4,452,493
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 34,190	$ 53,815
Due to related party	10	17,370	126,000
Flow-through share premium liability	8	19,990	-
Loan payable to related party	7	-	15,289
Total current liabilities		71,550	195,104
Non-current liabilities			
Due to related party	10	148,086	-
Total non-current liabilities		148,086	-
Total liabilities		219,636	195,104
SHAREHOLDERS' EQUITY			
Share capital	8	26,543,731	23,811,182
Equity reserves	8	4,100,526	3,802,214
Deficit		(24,081,590)	(23,356,007)
Total shareholders' equity		6,562,667	4,257,389
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 6,782,303	$ 4,452,493

Nature of operations (Note 1)

Approved by the Board of Directors on February 21, 2018:

"Michael S. Carr "	*"George W. Sanders"*
Michael S. Carr, Director	George W. Sanders, Director

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

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED OCTOBER 31,
(Expressed in Canadian Dollars)

	Note	2017	2016
EXPENSES			
Bank charges		$ 1,414	$ 816
Depreciation	6	3,030	865
Foreign exchange loss		15,480	1,854
Interest expense	7,10	24,439	289
Management fees	10	120,000	120,000
Office and printing		76,587	45,479
Professional fees		65,003	46,361
Project investigation		7,030	9,050
Regulatory fees		7,525	5,200
Share-based payments	8,10	174,162	32,651
Shareholder information		5,697	6,434
Transfer agent fees		13,845	12,648
Write-down of exploration and evaluation assets		211,371	-
Loss and comprehensive loss for the year		$ (725,583)	$ (281,647)
Basic and diluted loss per share		$ (0.03)	$ (0.01)
Weighted average number of common shares outstanding -basic and diluted		27,418,674	20,451,170

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

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31,
(Expressed in Canadian Dollars)

		2017		2016
Cash flows from operating activities				
Loss for the year	$	(725,583)	$	(281,647)
Items not involving cash:				
Depreciation		3,030		865
Interest expense		24,439		289
Foreign exchange gain		(574)		-
Share-based payments		174,162		32,651
Write-down of exploration and evaluation assets		211,371		-
Changes in non-cash working capital items:				
Prepaid expenses		(9,966)		1,143
Receivables		(246)		3,328
Accounts payable and accrued liabilities		(25,418)		24,714
Due to related party		17,370		115,500
Cash used in operating activities		(331,415)		(103,157)
Cash flows from financing activities				
Private placements		2,575,000		-
Share issuance costs		(143,711)		-
Options exercised		7,000		-
Loans from related party		121,772		15,000
Loan repayments to related party		(138,840)		-
Cash provided by financing activities		2,421,221		15,000
Cash flows from investing activities				
Exploration and evaluation assets expenditures		(923,085)		(72,295)
Exploration and evaluation advance		(13,831)		-
Reclamation deposit		(5,000)		-
Exploration and evaluation assets recoveries		-		103,621
Cash provided by (used in) investing activities		(941,916)		31,326
Change in cash during the year		1,147,890		(56,831)
Cash, beginning of year		232		57,063
Cash, end of year	$	1,148,122	$	232

Supplemental disclosure with respect to cash flows (Note 9).

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

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Equity reserves	Deficit	Total
Balance – October 31, 2015	**20,359,367**	**$23,807,682**	**$ 3,769,563**	**$ (23,074,360)**	**$ 4,502,885**
Shares issued for exploration and evaluation assets	100,000	3,500	-	-	3,500
Share-based payments	-	-	32,651	-	32,651
Loss for the year	-	-	-	(281,647)	(281,647)
Balance – October 31, 2016	**20,459,367**	**$23,811,182**	**$ 3,802,214**	**$ (23,356,007)**	**$ 4,257,389**
Private placements	13,491,111	2,575,000	-	-	2,575,000
Options exercised	70,000	9,672	(2,672)	-	7,000
Share issuance costs	-	(270,533)	126,822	-	(143,711)
Flow-through share premium liability	-	(19,990)	-	-	(19,990)
Shares issued for exploration and evaluation assets	1,760,000	438,400	-	-	438,400
Share-based payments	-	-	174,162	-	174,162
Loss for the year	-	-	-	(725,583)	(725,583)
Balance – October 31, 2017	**35,780,478**	**$26,543,731**	**$ 4,100,526**	**$ (24,081,590)**	**$ 6,562,667**

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

1. NATURE OF OPERATIONS

Bitterroot Resources Ltd. (the "Company") is in the exploration stage and its principal business activity is the sourcing and exploration of resource properties.

The Company was incorporated on March 13, 1951 under the Laws of British Columbia. The Company's head office address is Suite 206-B – 1571 Bellevue Avenue, West Vancouver, BC, V7V 1A6, Canada and its registered office address is Suite 900 – 900 West Hastings Street, Vancouver, BC, V6C 1E5, Canada. The Company is listed on the TSX Venture Exchange ("Exchange") under the symbol "BTT".

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency, unless otherwise indicated.

2. BASIS OF PREPARATION

Statement of compliance and basis of measurement

These audited consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on IFRS issued and effective as of October 31, 2017.

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

The consolidated financial statements were approved for issuance by the Board of Directors on February 21, 2018.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

2. BASIS OF PREPARATION (cont'd)

Use of estimates and judgments (cont'd)

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Exploration and evaluation assets

Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company and its subsidiaries is the Canadian dollar.

Going concern of operations

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends on its ability to raise adequate financing and to develop profitable operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues. The Company expects to incur further losses in the development of its business. These circumstances comprise a material uncertainty which may cast substantial doubt on the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiaries Trans Superior Resources, Inc. and Voyageur Lands Corporation, both of which are holding companies incorporated in Michigan, USA. All significant inter-company balances and transactions have been eliminated upon consolidation.

Exploration and evaluation assets

Pre-exploration costs

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

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

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

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

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Equipment

Equipment is recorded at cost, including betterment and renewals subsequent to acquisition, less accumulated depreciation. When equipment is sold or abandoned, the recorded costs and related accumulated depreciation are removed from the accounts and any gains or losses are included in the determination of net earnings. Repairs and maintenance are recorded as an expense as incurred.

Depreciation is calculated on the declining balance method at the following rates per annum:

Computer hardware	-	30%
Furniture and fixtures	-	20%
Leasehold improvements	-	20%

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

Loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, the calculations proved to be anti-dilutive.

Share-based payments

The Company accounts for stock options granted to directors, officers and employees at the fair value of the options granted. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and share-based compensation is accrued and charged to operations, with an offsetting credit to share based payment reserve, over the vesting periods. Stock options granted to non-employees are measured at the fair value of goods or services rendered or at the fair value of the instruments issued, if it is determined that the fair value of the goods or services received cannot be reliably measured. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

If and when the stock options are exercised, the applicable amounts of equity reserves are transferred to share capital.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the agreement. Warrants that are part of units are assigned a value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it is not recorded.

Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

Decommissioning and restoration provision

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows, based on engineering and environmental reports prepared by third party industry specialists, discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgements and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost.

Cost of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of mine.

Cash

Cash includes demand deposits and guaranteed investment certificates that on acquisition have a term to maturity of three months or less, or may be redeemed during this period. Face value represents the fair value due to the highly liquid nature of the investment certificates.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

The Company has classified its financial assets as follows: Cash is recorded as FVTPL and receivables as loans and receivables.

Financial liabilities

Financial liabilities are classified into one of two categories:

- Fair value through profit or loss;
- Other financial liabilities.

Fair value through profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

These liabilities are initially recognized at fair value less directly attributable costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company classified its financial liabilities which consisted of accounts payable and accrued liabilities, due to related party and loan payable to related party as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Government assistance

Investment tax credits are accounted for using the cost reduction approach. This approach requires investment tax credits received or receivable to be deducted from capitalized resource expenditures. Investment tax credits are accrued when the Company has made the qualifying expenditures, provided there is reasonable assurance that the credits will be realized. Recognition is based on collection history.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New accounting standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2018 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements and, are not expected to have a material effect on the Company's future results and financial position:

Effective for annual years beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers. IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. 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 Service.

Effective for annual years beginning on or after January 1, 2019:

IFRS 16, Leases. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The extent of the impact of adoption has not yet been determined.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

4. RECEIVABLES

The Company's receivables arise from cost recoveries from Altius Minerals Corporation and goods and services tax ("GST") receivable due from the Canadian taxation authorities.

	October 31, 2017	October 31, 2016
Altius Minerals Corporation	$ -	$ 3,294
GST receivable	5,102	1,562
	$ 5,102	$ 4,856

5. EXPLORATION AND EVALUATION ASSETS

	Michigan Lands, Michigan, USA	Hackberry Silver Property, Arizona, USA	North Brenda Property, BC, Canada	Total
Balance – October 31, 2015	$ 4,417,166	$	$ -	$ 4,417,166
Acquisition costs - cash	12,819	-	-	12,819
Claims, leases, and permits	33,457	-	-	33,457
Consulting and professional	12,369	-	-	12,369
Field supplies	375	-	-	375
Fuel	121	-	-	121
Geophysics	4,927	-	-	4,927
Ground transportation	1,552	-	-	1,552
Other	7,484	-	-	7,484
Room and board	1,004	-	-	1,004
Travel and freight	1,776	-	-	1,776
Expenditures during the year	75,884	-	-	75,884
Cost recoveries	(75,005)	-	-	(75,005)
Balance – October 31, 2016	$ 4,418,045	$ -	$ -	$ 4,418,045
Acquisition costs - cash	-	90,814	-	90,814
Acquisition costs - shares	-	438,400	-	438,400
Claims, leases, and permits	6,457	179,230	-	185,687
Consulting and professional	-	222,237	7,331	229,568
Drilling	-	247,605	-	247,605
Field supplies	-	17,702	-	17,702
Fuel	-	1,762	-	1,762
Geochemistry	-	12,786	-	12,786
Geophysics	6,913	76,621	-	83,534
Ground transportation	-	11,158	375	11,533
Other	16,200	23,393	-	39,593
Room & board	-	21,285	367	21,652
Travel and freight	-	12,136	-	12,136
Expenditures during the year	29,570	1,355,129	8,073	1,392,772
Write-off of resource property	(211,371)	-	-	(211,371)
Recovery of costs	(22,200)	-	-	(22,200)
Balance – October 31, 2017	$ 4,214,044	$ 1,355,129	$ 8,073	$ 5,577,246

Title to exploration and evaluation assets involves certain inherent risks due to difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to its exploration and evaluation assets and to the best of its knowledge, title to its exploration and evaluation assets are in good standing.

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

Michigan Lands, Michigan, U.S.A.

Mineral Rights

The Company owns a 49.9% interest in certain mineral rights in the Upper Peninsula of Michigan, U.S.A. On some of the mineral rights the vendor retains a 2% net smelter return royalty ("NSR") and the Joint Venture Partner Altius Minerals Corporation ("Altius"), which owns 50.1% of the interest, has the option to purchase one half of this NSR by paying $1,000,000 U.S. on or before December 31, 2048. The Company's remaining wholly-owned mineral rights are subject to a 2% NSR payable to a subsidiary of Altius.

Mineral Rights Leased from the State of Michigan

During the year ended October 31, 2015, the Company released its remaining state leases held at that time covering 880 acres of State of Michigan mineral rights. During the year ended October 31, 2015, and following the release of all of its metallic minerals leases, the Company recovered a cash bond from the State of Michigan in the amount of US$30,000 (CAD$37,026). During the year ended October 31, 2016, the Company (49.9%) and Altius (50.1%) acquired new State of Michigan metallic minerals leases covering 3,050.87 acres. A cash bond of US$30,000 has been posted by a subsidiary of Altius.

LM Property

During the year ended October 31, 2014, the Company's Michigan subsidiary entered into an agreement whereby it purchased an arms-length company's entire interest in a 40-acre minerals lease in Baraga County, Michigan, known as the LM Property. The Company issued 50,000 units (valued at $7,500), with each unit consisting of one common share and one common share purchase warrant, exercisable for two years at $1.00, plus made a one-time $7,500 cash payment to the arms-length company. The lease required annual advance royalty payments of US$100 per acre and the lessor retains a 3% NSR.

During the year ended October 31, 2015, the Company and the lessors of the LM Property agreed to amend the terms of their mineral leases. The amendment gives the Company the option to reduce the current 3% net smelter returns royalty (NSR) to a 2% NSR by paying US$1,000,000 at any time prior to December 31, 2064. The option was purchased for US$4,000 (paid), plus issuing 100,000 common shares of the Company to the lessors (issued at a value of $3,500). The common shares bear legends defining other resale restrictions, as per the regulations of the Exchange and US securities regulations.

During to the year ended October 31, 2016, the Company and the lessors agreed to a second amendment which extends the term of the LM Property minerals lease by 41 years to December 31, 2064. In consideration for extending the term, the next annual advance royalty payment will be increased to US$110/acre/year, commencing May 31, 2016 (paid 2016 royalty payment). The advance royalty payments will increase by $10/acre/year for each subsequent year that the lease is in effect. The LM Property is not subject to the Altius transaction described below.

Altius Transaction

During the year ended October 31, 2015, the Company and its wholly-owned subsidiaries entered into an agreement with Altius Minerals Corporation (ALS, TSX) and its wholly-owned subsidiaries, ("Altius"), whereby the parties closed a strategic transaction (the "Transaction") under which Altius has the option to finance future mineral exploration on the Company's Voyageur Lands and Copper Range Lands in the Upper Peninsula of Michigan (the "Properties").

As part of the Transaction, Altius acquired a 50.1% interest in the Properties by funding $600,000 of exploration expenditures on the Properties. Altius has the right to acquire an additional 19.9% of the Properties by completing $2.5 million in exploration spending by September 29, 2021, plus the right to acquire an additional 10% of the Properties by completing exploration spending of a further $5 million, or completing an NI 43-101 compliant pre-feasibility study on a mineral resource on the Properties, before September 29, 2025. The Company also granted to Altius a 2% net smelter returns (NSR) royalty on the Voyageur Lands (covering approximately 250 square miles of mineral rights) and assigned to Altius its right to repurchase a 1% NSR held by a third party on the Copper Range Lands.

Altius also subscribed for a private placement of 4,051,514 post-consolidation common shares of the Company, priced at $0.0987 per share for gross proceeds of $400,000. Upon completion of the share consolidation, the share issuance to Altius and the shares-for-debt settlements in September 2015, Altius owned 19.9% of the outstanding common shares of the Company. Subsequent share issuances have reduced Altius' ownership below reporting thresholds.

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

Hackberry Silver Property, Arizona, U.S.A.

During the year ended October 31, 2017, the Company, through its US subsidiary, Trans Superior Resources, Inc., acquired an option (the "Option") from the Hughes Family Trust ("Hughes") to purchase a 100% interest in 12 patented lode mining claims comprising the core of the Hackberry property, a former silver producer in Mohave County, Arizona. Under the terms of the Option, the Company has made an initial payment of US$50,000 (paid at the equivalent of $65,652) and issued 1,500,000 common shares to Hughes (issued at a value of $382,500 (Note 8)). To complete the exercise of the Option and acquire a 100% interest in the patented claims, the Company is required to pay, on or before each of the next four (4) anniversary dates of Exchange acceptance, US$62,500 and issue to Hughes 1,250,000 shares, for total consideration of US$300,000 and 6,500,000 shares of the Company. Hughes will also retain a 3% NSR on the patented claims and 13 of the Company's unpatented claims. Following exercise of the Option, the Company can buy half (1.5%) of the NSR for US$1,500,000. Upon commencement of commercial production, Hughes will also receive minimum advance royalty payments of US$940,000 per year for 5 years. On or before the fourth anniversary, the Company must have incurred or spent a cumulative minimum of US$1,000,000 on exploration expenditures.

During the year ended October 31, 2017, the Company entered into an option agreement with Ely Gold & Minerals Inc. ("Ely", symbol ELY, TSX-V) and Ely's wholly-owned subsidiary Nevada Select Royalty Inc. ("Nevada Select") to acquire a 100% interest in the North Hackberry claims (the "Option"). Under the terms of the Option, the Company will pay US$20,000 (paid at the equivalent of $25,162) and issue 200,000 common shares to Ely (issued at a value of $43,000 (Note 8)). On or before the first anniversary date of Exchange acceptance, the Company will pay US$30,000 and issue Ely 100,000 shares. On or before the second anniversary date of Exchange acceptance, the Company will pay US$50,000 and issue Ely 100,000 shares. On or before the third anniversary date of Exchange acceptance, the Company will pay US$50,000 and issue Ely 200,000 shares for total consideration of US$150,000 and 600,000 of the Company's shares to exercise the Option and acquire a 100% interest in the unpatented claims. Nevada Select will also retain a 3% NSR on precious metals (defined as silver, gold and platinum), a 2% NSR on all other products sold from the property and a 0.5% NSR on any unpatented lands, excluding those subject to the Hughes Option, which the Company acquires within a 2.66-mile radius of the North Hackberry claims. On the first three anniversaries of the Option exercise, the Company will pay Nevada Select advance minimum royalty payments of US$10,000 per year. On each of the fourth through tenth anniversaries of the Option exercise, the Company will pay Nevada Select advance minimum royalty payments of US$15,000 per year. As a result of completion of the transaction with Ely and Nevada Select, the Company paid a finder's fee to an arms-length party, consisting of 60,000 common shares of the Company (issued at a value of $12,900 (Note 8)), to be followed by a second 60,000 common share payment on the first anniversary of Exchange acceptance.

North Brenda Property, B.C., Canada

The Company owns a 100% interest in certain claims located on the North Brenda Property.

During the year ended October 31, 2015 and 2014, the Company performed minimal exploration work on the North Brenda claims and as a result wrote off all costs associated with the property. The Company has continued to keep certain claims in good standing and during the year ended October 31, 2017, the Company resumed work on the property and capitalized $8,073 of exploration and evaluation costs.

(Expressed in Canadian Dollars)

6. EQUIPMENT

	Computer hardware	Furniture and fixtures	Leasehold improvements	Total
Cost				
Balance – October 31, 2017, October 31, 2016 and October 31, 2015	$ 11,111	$ 9,381	$ 10,646	$ 31,138
Accumulated depreciation				
Balance – October 31, 2015	$ 10,254	$ 7,876	$ 9,113	$ 27,243
Additions	257	301	307	865
Balance – October 31, 2016	10,511	8,177	9,420	28,108
Additions	600	1,204	1,226	3,030
Balance – October 31, 2017	$ 11,111	$ 9,381	$ 10,646	$ 31,138
Carrying amounts				
October 31, 2016	$ 600	$ 1,204	$ 1,226	$ 3,030
October 31, 2017	$ -	$ -	$ -	$ -

7. LOAN PAYABLE TO RELATED PARTY

During the year ended October 31, 2017, the Company received loan proceeds of $121,722 (October 31, 2016 - $15,000) from a non-arm's length party and recorded interest expense of $2,353 (2016 - $289). The loan proceeds are unsecured, bear interest at a rate of 12% per annum and are payable on demand. During the year ended October 31, 2017, the Company repaid the loan payable and accrued interest in the amount of $138,840 (Note 10).

8. SHARE CAPITAL AND EQUITY RESERVES

The authorized share capital consists of an unlimited number of common shares without par value.

During the year ended October 31, 2017, the Company issued common shares pursuant to the following:

(i) Issued 1,500,000 shares at a value of $382,500 and 260,000 at a value of $55,900 for exploration and evaluation assets (Note 5).

(ii) Issued 70,000 shares for stock options exercised for proceeds of $7,000.

(iii) Closed a non-brokered private placement of 7,160,611 units priced at $0.18 per unit for gross proceeds of $1,288,910. Each unit consists of one common share and one-half common share purchase warrant which is exercisable at $0.30 until February 14, 2019. Finders' fees paid in conjunction with the private placement consist of $65,010 in cash and the issuance of 301,770 warrants with a fair value of $66,250 exercisable at $0.30 for two years.

(iv) Closed a non-brokered private placement of 5,331,000 units priced at $0.20 per unit for gross proceeds of $1,066,200. Each unit consists of one common share and one half common share purchase warrant which is exercisable at $0.30 until September 19, 2019. Finder's fees paid in conjunction with the private placement consist of $68,992 in cash and the issuance of 277,830 warrants with a fair value of $60,572 exercisable at $0.30 for two years.

(v) Issued 999,500 flow-through shares priced at $0.22 per flow-through share for gross proceeds of $219,890. Finder's fees paid in conjunction with the private placement consist of $9,709 in cash. On the transaction $19,990 was recorded as a flow-through share premium liability.

During the year ended October 31, 2016, the Company issued common shares pursuant to the following:

(i) Issued 100,000 shares at a fair value of $0.035 for an exploration and evaluation asset.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND EQUITY RESERVES (cont'd)

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance - October 31, 2015	50,000	$ 1.00
Expired	(50,000)	1.00
Balance - October 31, 2016	-	$ -
Issued	6,825,405	0.30
Balance – October 31, 2017	6,825,405	$ 0.30

As at October 31, 2017, the following share purchase warrants were issued and outstanding:

Expiry Date	Number of Warrants	Exercise Price
February 14, 2019	3,882,075	$ 0.30
September 19, 2019	2,943,330	$ 0.30
	6,825,405	$ 0.30

During the year ended October 31, 2017, the Company issued 301,770 (2016 – Nil) brokers' warrants with a fair value of $66,250 (2016 - $Nil) and 277,830 (2016 - $Nil) broker's warrants with a fair value of $60,572 (2016 - $Nil). The following weighted average assumptions were used for the Black-Scholes valuation of the broker's warrants:

	2017	2016
Risk-free interest rate	1.14%	-
Expected life of warrant	2 years	-
Expected dividend yield	0%	-
Expected stock price volatility	175.91%	-

Stock options

The Company, in accordance with the policies of the TSX Venture Exchange, has a stock option plan in place under which it is authorized to grant options to directors, employees, and consultants, to acquire up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. Pursuant to the stock option plan, vesting restrictions may be applied to certain other options grants, at the discretion of the directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number Of Options	Weighted Average Exercise Price
Balance - October 31, 2015	839,500	$ 1.05
Granted	1,200,000	0.10
Expired	(125,500)	1.25
Balance – October 31, 2016	1,914,000	$ 0.44
Granted	1,070,000	0.26
Exercised	(70,000)	0.10
Expired	(409,000)	1.02
Balance – October 31, 2017	2,505,000	$ 0.28

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND EQUITY RESERVES (cont'd)

The following stock options were outstanding and exercisable at October 31, 2017:

Range of Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
($)			($)
0.00 – 1.00	2,425,000	3.54	0.26
1.01 – 2.00	80,000	0.82	1.05
Total	2,505,000		

The weighted average fair value of each stock option granted during the year was $0.16 (2016 - $0.03), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	October 31, 2017	**October 31, 2016**
Volatility	175.35%	172.72%
Risk-free interest rate	0.95%	0.56%
Dividend yield	-	-
Forfeiture rate	-	-
Expected life	5.00 years	5.00 years

Share-based payments

Total share-based payments recognized for stock options granted during the year ended October 31, 2017 was $174,162 (2016 - $32,651).

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the year ended October 31, 2017 included:

(a) Included in exploration and evaluation assets is $10,480 which relates to accounts payable and accrued liabilities.

(b) Included in exploration and evaluation assets is $438,400 which relates to shares issued for exploration and evaluation assets.

(c) Issued 301,770 brokers' warrants with a fair value of $66,250 and 277,830 brokers' warrants with a fair value of $60,572.

(d) Recognized a flow-through share premium liability of $19,990 on the issuance of flow-through shares.

(e) Reversed $2,672 out of equity reserves on the exercise of 70,000 stock options.

Significant non-cash transactions during the year ended October 31, 2016 included:

(a) Included in exploration and evaluation assets is $4,687 which relates to accounts payable and accrued liabilities.

(b) Included in exploration and evaluation assets is $3,500 which relates to shares issued for exploration and evaluation assets.

(c) Included in exploration and evaluation assets is $3,294 which relates to receivables.

10. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

The following is a summary of related party transactions and balances during the year ended October 31, 2017, not disclosed elsewhere in the consolidated financial statements:

(a) Management fees of $120,000 (2016 - $120,000) were incurred from a company controlled by a director of the Company.

(b) Share-based payments include stock options granted to directors and officers recorded at a fair value of $148,960 (2016 - $23,128).

During the year ended October 31, 2017, the Company received loan proceeds of $121,722 (2016 - $15,000) from a non-arm's length party and recorded interest expense of $2,353 (2016 - $289). The loan proceeds are unsecured, bear interest at a rate of 12% per annum and are payable on demand. During the year ended October 31, 2017, the Company repaid the outstanding loan payable and accrued interest in balance of $138,840.

As at October 31, 2017, the Company owed $17,370 (2016 - $126,000) in current liabilities and $148,086 (2016 - $Nil) in non-current liabilities to a company controlled by a director in common for management fees and reimbursable expenses. During the year ended October 31, 2017, the company controlled by a director in common agreed to postpone the payment due date of $126,000 management fees for the period November 2015 to October 2016 until March, 2020. The amounts owing are unsecured and bear simple interest at a rate of 12% per annum. As at October 31, 2017, the Company accrued interest expense of $22,086 which is classified as non-current liabilities on the consolidated statements of financial position.

11. SEGMENTED INFORMATION

Industry information

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets.

Geographic information

The Company operates in both Canada and the United States. The Company's equipment and reclamation deposits are in Canada. The Company's exploration and evaluation assets are located in the U.S.A. and Canada

12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses and private placements, or return capital to shareholders. As at October 31, 2017, the Company is not subject to externally imposed capital requirements.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, interest rate risk and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash consists of cash deposited in business accounts and redeemable guaranteed investment certificates held by high credit quality financial institutions. The Company is not invested in any asset backed commercial paper.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash, receivables and reclamation deposits. The Company limits exposure to credit risk by maintaining its cash and reclamation deposits with high-credit quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The receivables balance consists of amounts due from an unrelated third party and GST recoverable. There is ongoing review to evaluate the credit worthiness of these counterparties. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, receivables and reclamation deposits.

Currency risk

The Company's operations are in Canada and the United States. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in a foreign currency. The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. A strengthening (weakening) of the Canadian dollar against the US dollar of 10% would not have a significant effect on net loss.

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy 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 fair value of cash is measured based on level 1 inputs of the fair value hierarchy. The estimated fair value of financial liabilities is equal to their carrying values due to the short-term nature of these instruments.

(Expressed in Canadian Dollars)

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Years ended October 31, 2017	2016
Loss for the year	$ (725,583)	$ (281,647)
Expected income tax (recovery)	$ (189,000)	$ (73,000)
Change in statutory, foreign tax, foreign exchange rates and other	(57,000)	2,000
Permanent difference	45,000	8,000
Share issue costs	(37,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	19,000	-
Expiry of non-capital losses	-	71,000
Change in unrecognized deductible temporary differences	219,000	(8,000)
Total income tax expense (recovery)	$ -	$ -

The significant components of the Company's unrecognized deferred tax assets and liabilities are as follows:

	Years ended October 31, 2017	2016
Deferred tax assets		
Allowable capital assets	$ 33,000	$ 32,000
Share issuance costs	33,000	5,000
Property and equipment	9,000	7,000
Non-capital losses	1,462,000	1,274,000
Net unrecognized deferred tax assets	$ 1,537,000	$ 1,318,000

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

	Year ended October 31, 2017	Expiry Date Range	Year ended October 31, 2016	Expiry Date Range
Temporary Differences				
Investment tax credit	$ 18,000	2017 to 2036	$ 18,000	2020 to 2033
Property and equipment	$ 32,000	No expiry date	$ 29,000	No expiry date
Share issue costs	$ 121,000	2017 to 2020	$ 18,000	2034 to 2037
Allowable capital losses	$ 123,000	No expiry date	$ 123,000	No expiry date
Non-capital losses available for future period	$ 5,366,000	2017 to 2036	$ 4,847,000	2016 to 2035

In September 2017, the British Columbia ("BC") Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. The change in the tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been re-measured to reflect the increase in the Company's combined federal and provincial BC general corporate income tax rate from 26% to 27%.