Oriental Non-ferrous Resources Development Inc.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED JUNE 30, 2018

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements for the three and nine months ended June 30, 2018 and 2017 have been prepared by the management in accordance with International Financial Reporting Standards and approved by the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company’s independent auditors.

Oriental Non-ferrous Resources Development Inc.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	June 30, 2018	September 30, 2017
Assets	$	$
Current Assets		
Cash	41,371	98,303
Prepaid and other receivable	22,645	16,117
Total Current Assets	64,016	114,420
Non-current Assets		
Exploration and evaluation assets (Note 6)	1,828,759	1,793,027
Total Assets	1,892,775	1,907,447
Liabilities		
Current Liabilities		
Accounts payable	28,572	49,056
Due to shareholders (Note 9)	157,955	108,539
	186,527	157,595
Long-term debenture (Note 8)	102,468	-
Total Liabilities	288,995	157,595
Shareholders' Equity		
Share capital (Note 7)	891,665	891,665
Share reserve (Note 7)	2,400,342	2,400,342
Option reserve (Note 7)	1,864,010	1,864,010
Deficit	(3,553,235)	(3,407,383)
Currency translation reserve	998	1,218
	1,603,780	1,749,852
Total Liabilities and Shareholders' Equity	1,892,775	1,907,447

Nature of Operations (Note 1)

Approved by:

"Eugene Beukman"
Director

"Sheng Wang"
Director

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

Oriental Non-ferrous Resources Development Inc.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars, except number of shares)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2018	2017	2018	2017
Expenses	$	$	$	$
Professional fees	13,932	57,898	45,104	98,722
Payroll expenses	23,227	30,544	69,679	82,421
Office expenses	2,926	7,267	5,584	16,653
Regulatory Filing expenses	865	2,553	18,242	4,566
Rent and utilities	114	12	4,414	3,513
Interest on loan	1,499	-	2,499	-
Travel and entertainment	5	4,131	177	11,135
Project expenses	-	-	-	135
Bank fees	59	77	153	272
	(42,627)	(102,482)	(145,852)	(217,417)
Loss from operations	(42,627)	(102,482)	(145,852)	(217,417)
Other Comprehensive Income				
Exchange gain (loss) on translation	191	213	(220)	(1,395)
Comprehensive loss for the period	(42,436)	(102,269)	(146,072)	(218,812)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding - basic and diluted	77,604,167	77,604,167	77,604,167	77,486,359

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

Oriental Non-ferrous Resources Development Inc.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended June 30,	
	2018	2017
	$	$
Cash provided by (used in):		
Operations:		
Net loss for the period	(145,852)	(217,417)
Change in non-cash working capital balances:		
Prepaid expenses and other receivable	(6,528)	(15,000)
Amount due to related parties	49,268	103,149
Accounts payable and accrued liabilities	(20,552)	(77,231)
	(123,664)	(206,499)
Investing:		
Exploration and evaluation assets	(35,732)	(22,000)
Financing:		
Proceeds received from debentures	99,969	-
Proceeds received from private placement	-	200,000
Interest payable on long-term debenture	2,499	-
	102,468	200,000
Effect of foreign exchange on cash and cash equivalents	(4)	(7,961)
Change in cash and cash equivalents	(56,932)	(36,460)
Cash and cash equivalents, beginning of period	98,303	172,348
Cash and cash equivalents, end of period	41,371	135,888
Supplemental Cash Flow Information		
Interest paid	-	-
Income taxes paid	-	-

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

Oriental Non-ferrous Resources Development Inc.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars, except number of shares)

	Number of Shares	Share capital	Share reserve	Option reserve	Deficit	Currency translation reserve	Total
		$	$	$	$	$	$
Balance, September 30, 2016	77,354,167	691,665	2,400,342	1,864,010	(3,144,927)	2,588	1,813,678
Net loss for the period	-	-	-	-	(217,417)	-	(217,417)
Share issued for cash	250,000	200,000	-	-	-	-	200,000
Currency translation	-	-	-	-	-	(1,395)	(1,395)
Balance, June 30, 2017	77,604,167	891,665	2,400,342	1,864,010	(3,362,344)	1,193	1,794,866
Balance, September 30, 2017	77,604,167	891,665	2,400,342	1,864,010	(3,407,383)	1,218	1,749,852
Net loss for the period	-	-	-	-	(145,852)	-	(145,852)
Currency translation	-	-	-	-	-	(220)	(220)
Balance, June 30, 2018	77,604,167	891,665	2,400,342	1,864,010	(3,553,235)	998	1,603,780

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

1. NATURE OF OPERATIONS

Oriental Non-ferrous Resources Development Inc. (the "Company" or 'Oriental") was incorporated under the *Business Corporations Act* of British Columbia on August 20, 2015. The head and registered office of the Company is 5148 Williams Road, Richmond, British Columbia, V7E 1K1. The Company's principal business activity is the acquisition, exploration and development of mineral properties.

On September 10, 2015, the Company acquired 100% of Genuine Success Global Limited ("GSG"), a company incorporated on May 20, 2014 under the laws of British Virgin Islands, by way of share exchange.

GSG owns 100% of Tunshan Xiangdong Co., Ltd. ("Tunshan"), a mineral exploration company incorporated on August 31, 2007 under the laws of Mongolia. The head and registered office of the Company is located at #9-78, Suite 22, 1st khoroo, Bayangol district, Ulaanbaatar city, Mongolia. Tunshan has acquired mineral exploration license with expiry date of July 31, 2020. The mineral properties are located in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia totalling 1,073 hectares. Tunshan has also acquired mineral mining license with expiry date of September 5, 2044 covering 42.12 hectares of same areas in the mineral exploration license in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia.

2. BASIS OF PREPARATION

a) Statement of Compliance

The condensed interim consolidated financial statements of the Company for the three and nine months ended June 30, 2018 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") applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

These unaudited condensed interim consolidated financial statements do not include all the information and notes required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited annual financial statements and notes as at and for the year ended September 30, 2017.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 29, 2018.

2. BASIS OF PREPARATION (continued)

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries GSG and Tunshan. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

All material inter-company transactions and balances have been eliminated for the purpose of these consolidated financial statements.

c) Going Concern

These audited consolidated financial statements have been prepared by management on the basis of IFRS applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company is in the process of exploring its mineral property in Mongolia. The Company's ability to continue as a going concern and the recoverability of the amounts capitalized for mineral properties and related deferred exploration expenditures are dependent upon the ability of the Company to raise additional financing in order to complete the exploration and development of its resource properties and acquire additional mineral properties, the discovery of economically recoverable reserves, the attainment of future profitable production or proceeds from disposition of the Company's resource properties. The outcome of these matters cannot be predicted at this time.

These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the consolidated statements of operations and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not appropriate.

	June 30, 2018	September 30, 2017
Deficit	$3,553,235	$3,407,383
Working capital deficiency	($122,511)	($43,175)

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments and estimates

The preparation of these consolidated financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The following judgments and estimates are those deemed by management to be material to the Company's consolidated financial statements.

Estimates

(i) Impairment of exploration and evaluation assets
Determining if there are any facts and circumstances indicating impairment losses or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

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

Judgments

(i) Going concern
Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its condensed interim consolidated financial statements for the period ended June 30, 2018. Management prepares the condensed interim consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there are significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

The functional currency for the Company and GSG is Canadian dollars. The functional currency for Tunshan is Chinese Renminbi ("RMB") as this is the principal currency of the economic environment in which Tunshan operates. The reporting currency of the Company is Canadian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statements of loss and comprehensive loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value is determined.

Assets and liabilities of entities with functional currencies are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. Gains or losses resulting from these translation adjustments are included in shareholders' equity as currency translation reserve. On disposal of the foreign operation the cumulative translation differences recognized in equity are reclassified to statements of loss and comprehensive loss.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less. As at June 30, 2018 and September 30, 2017, the cash and cash equivalents consist of cash only. As at June 30, 2018 cash and cash equivalents consist of $36,025 cash deposited with a Canadian chartered bank and $5,346 cash held in the trust account of the Company's lawyer (September 30, 2017, cash and cash equivalents consist of $73,477 bank deposit and $24,826 cash held in a trust account). The Company's lawyer maintains its trust accounts on deposit with a Canadian chartered bank.

Financial Instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash, accounts payable, and due to shareholders. At initial recognition management has classified financial assets and liabilities as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial assets
The Company has determined its cash as FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with Company's documented risk management or investment strategy. Financial instruments FVTPL are measured at fair value and changes therein are recognized in income.

ii) Financial liabilities
The Company has determined its accounts payable and due to shareholders as other financial liabilities and is initially recorded at fair value and subsequently measured at amortization costs by using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property assets within property, plant, and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Exploration Tax Credits

The Company accounts for mining tax credits on eligible exploration expenditures as a deduction from its mineral properties interests, on a property by property basis, and will be charged to operations on the same basis as the deferred acquisition and exploration and development expenditures. The exploration tax credits are recognized on a cash basis, whereby the amount will be recorded only when refund received from corresponding tax authority.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Income Taxes

Any income tax on profit or loss for the period presented 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 or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax
Current tax is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Deferred tax liabilities:
- are generally recognized for all temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets:
- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted-average number of shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

In accordance with IFRSs, the equity structure in the consolidated financial statements following a reverse acquisition reflects the equity structure of the legal acquirer (the accounting acquiree), including the equity interests issued by the legal acquirer to effect the business combination.

Comprehensive Income (Loss)

Comprehensive income is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which IFRS requires be recognizing in a period, but excluding from net income for that period.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Impairment of assets

At the end of each reporting period, the Company assesses all cash generating units to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning, restoration and similar liabilities ("Asset retirement obligation")

The Company records the present value of estimated costs of legal and constructive obligations required to restore the site in the period in which the obligation is incurred. The nature of these restoration activities include dismantling and removing structures, rehabilitating mines and tailings dam, dismantling facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

The future obligations for well closure activities are estimated by the Company using well closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Since the obligations are dependent on the laws and regulations of the countries in which the wells operate, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies.

As the estimate of the obligations is based on future expectations, a number of assumptions and judgments are made by Management in the determination of closure provisions. The closure provisions are more uncertain into the future the closure activities are to be carried out.

The present value of decommissioning and site restoration provision is recorded as a long term liability as incurred and records an increase in the carrying value of the related asset by a corresponding amount. The provision is discounted using a nominal, risk free pre-tax discount rate. Charges for accretion and restoration expenditures are recorded as operating activities. The related decommissioning provision is recorded as part of the mineral property and depreciated accordingly. In subsequent periods, the carrying amount of the liability is accreted by a charge to the statement of comprehensive loss to reflect the passage of time and the liability is adjusted to reflect any changes in the timing of the underlying future cash flows.

Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the decommissioning provision, and a corresponding change in the carrying amount of the related long lived asset. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, or provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date and the cost is charged to the statement of operations and comprehensive loss.

The Company has no asset retirement obligations recognized as of June 30, 2018 and September 30, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 9 Financial Instruments (New)
In July 2014, the IASB issued IFRS 9, Financial Instruments, will replace IAS 39, Financial Instruments: Recognition and Measurement, and some of the requirements of IFRS 7, Financial Instruments: Disclosures. The objective of IFRS 9 is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. The IASB has determined the revised effective date for IFRS 9 will be for annual periods beginning on or after January 1, 2018.

IFRS 2 Share-based payment
The IASB issued has published amendments to IFRS 2, Share-based Payment. The new requirements could affect the classification and/or measurement of cash settled share-based payments, classification of share-based payments settled net of tax advantage, and share-based payment from cash-settled to equity settled – and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments apply for annual periods beginning on or after January 1, 2018.

Capital Management

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 property interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business. The Company considers capital to consist of shareholders’ equity.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied on shareholder funding to finance all of its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient 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. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS

Financial instruments recorded at fair value

The Company's financial assets consist of cash and cash equivalents. The estimated fair values of cash and cash equivalents approximate their respective carrying values due to the short period to maturity. The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements – Financial Instruments – Disclosures.

As at June 30, 2018 and September 30, 2017, the fair value of cash and cash equivalents were measured using Level 1 inputs.

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair values of other financial instruments, which include accounts payable and due to shareholders approximate their carrying values due to the relatively short-term maturity of these instruments.

Risk factors

The Company has exposure to liquidity risk, market risk, and credit risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(a) 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 ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash and cash equivalents are currently invested in savings accounts with high-credit quality financial institutions which are available on demand by the Company for its programs.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Risk factors (continued)

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2018, the Company had cash and cash equivalents of $41,371 (September 30, 2017: $98,303), against the total current liabilities of $186,527 (September 30, 2017: $157,595). The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash.

(b) Market risk
Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i. Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short-term interest rate through the interest earned on cash and cash equivalents; however, management does not believe this exposure is significant given cash amount is minimum.

ii. Foreign exchange risk
Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's daily operation is carried out in Mongolia and Canada and its functional currency is Canadian dollar and RMB, which gives rise to foreign currency translation risk from fluctuations and volatility of foreign exchange rate between the Mongolian Tugrik, Canadian dollar, and the RMB. Management believes the impact of fluctuations of one foreign currency over another is not material. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

(c) Credit risk

Credit risk is the potential risk of loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash. Management does not believe this exposure is significant given cash amount is minimum.

5. SEGMENT DISCLOSURE

The Company operates in one reporting segment only, which is the acquisition, exploration and development of mineral properties. All of the Company's operations are located in Mongolia. As at June 30, 2018 and September 30, 2017, all of the Company's exploration and evaluation assets are situated in Mongolia.

(Expressed in Canadian Dollars)

6. MINERAL PROPERTY

Kharganii am-1 Molybdenum Property located in the Töv aimag in Mongolia

Through Tunshan, the Company holds mineral exploration license with expiry date of July 31, 2020. The mineral properties are located in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia totalling 1,073 hectares. The mineral exploration license fee up to July 31, 2018 has been paid on time.

Through Tunshan, the Company has also holds mineral mining license with expiry date of September 5, 2044 covering 42.12 hectares of same areas in the mineral exploration license in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia.

As at June 30, 2018 and September 30, 2017, the Company had capitalized the following expenditures:

Balance, September 30, 2015	1,736,396
Other geological work	33,195
Effect of movements in exchange rates	(1,014)
Balance, September 30, 2016	$1,768,577
Other geological work	24,667
Effect of movements in exchange rates	(217)
Balance, September 30, 2017	$1,793,027
Other geological work	35,732
Balance, June 30, 2018	$1,828,759

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized Share Capital
Under the Articles of the Company, the Company is authorized to issue unlimited shares with no par value.

On December 19, 2016, the Company closed a non-brokered private placement for 250,000 common shares of the Company at a price of $0.80 per share for gross proceeds of $200,000. Proceeds raised from the sale of the shares will be used for claim maintenance fees, general property and geological review.

As at June 30, 2018 and September 30, 2017, the share capital and share reserve of the Company was $891,665 and $2,400,342, respectively.

Share Reserve
Additional contribution made by shareholders to support the Company's daily operation is recorded as capital contribution over the authorized share capital and has been recognized as share reserve under shareholders' equity. For the period ended June 30, 2018, $nil additional contribution was made by shareholders.

Escrowed Shares
Pursuant to an escrow agreement, 53,250,000 shares are subject to the following escrow release schedule:

Release Date	Escrowed, beginning of period	Release	Escrowed, end of period
Mar.18, 2016	53,250,000	5,325,000	47,925,000
Sept. 18, 2016	47,925,000	7,987,500	39,937,500
Mar.18, 2017	39,937,500	7,987,500	31,950,000
Sept. 18, 2017	31,950,000	7,987,500	23,962,500
Mar.18, 2018	23,962,500	7,987,500	15,975,000
Sept. 18, 2018	15,975,000	7,987,500	7,987,500
Mar.18, 2019	7,987,500	7,987,500	-

As at June 30, 2018, the Company had 15,975,000 escrow shares.

Stock Options
The fair value of stock options is recognized as share-based compensation accounted for over the period of the options and the related credit is included in contributed surplus.

On June 13, 2016, the Company adopted a stock option plan (the "Plan") and granted its directors, officers and consultants stock options to purchase a total of 5,000,000 common shares of the Company in accordance with the Plan and subject to the policies of the Canadian Securities Exchange. The Options are vested upon grant with an exercise price of $0.375 per share and expire on June 13, 2026. No options were granted during the period ended June 30, 2018.

(Expressed in Canadian Dollars)

8. LONG-TERM DEBENTURE

On January 31, 2018, the Company closed a non-brokered debt financing of $99,969 by way of unsecured debenture bearing interest rate of 6% per annum with a maturity date of January 31, 2020. The debenture was issued to a shareholder of the Company. (Note 9) Proceeds raised from the debt financing will be used for claim maintenance fees, general property and geological review. As at June 30, 2018, the amount of long-term debenture of $100,939 included $2,499 interest accrued for the period from January 31, 2018 to June 30, 2018.

9. RELATED PARTY TRANSACTIONS

During the three and six months ended June 30, 2018 and 2017, the Company paid following management in the form of director and officer fees:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2018	2017	2018	2017
	$	$	$	$
Management fees	18,000	18,000	54,750	55,500
Directors' fees	3,250	9,900	9,900	18,885
	21,250	27,900	64,650	74,385

As at June 30, 2018, the Company owed $157,955 to a shareholder of the Company (September 30, 2017: $108,539). This amount represented expenses paid by the shareholder on behalf of the Company.

As at June 30, 2018, the Company owed $102,468 to a shareholder of the Company. This amount represented unsecured long-term debenture of $99,969 and interest of $2,499 accrued for the period ended June 30, 2018 (Note 8) (September 30, 2017: nil).

All transactions with related parties have been in the normal course of operations and were measured at their exchange amounts established and agreed to by the related parties. Any amounts due to related parties were unsecured, non-interest bearing and have no specific repayment terms.

10. PROPOSED ACQUISITION

Management of the Company initially discussed the possibility of acquiring the mineral mining license to an iron and zinc mine known as the Khaldun iron (zinc) mine located in Govi-Ugtaal Sum, Middle Govi (Dundgovi) province, Mongolia, in November 2016. During the course of due diligence performed by the Company, a "Resources Development and Utilization Plan for Khaldun Iron (Zinc) Mine, Govi-Ugtaal Sum, Middle Govi (Dundgovi) Province, Mongolia" was prepared by Shandong Lianchuang Architectural Design Co., Ltd. in December 2016. The Company began the process of outlining the steps by which a business combination may be effected with MBGL, the owners of 100% of the issued and outstanding capital of Maple Mining Development Co. Ltd. ("Maple Mining"), which in turn owns mineral mining license number MV-017118 over the Khaldun iron (zinc) mine. Following further discussions, GSGL entered into a non-binding letter of intent on January 6, 2017 with MBGL, a private corporation registered under the laws of the British Virgin Islands and the sole shareholder of Maple Mining. Pursuant to the letter of intent, GSGL would acquire 100% of the issued and outstanding capital stock of MBGL for a deemed purchase price of $20,000,000, payable by the issuance of a promissory note from GSGL that would be guaranteed by the Company and convertible into 25,000,000 common shares of the Company at a deemed price of $0.80 per share. The Company, GSGL and MBGL subsequently entered into a definitive acquisition agreement and Amalgamation Agreement on February 7, 2017. As part of its due diligence process, the Company commissioned a Legal Due Diligence Report on Maple Mining Development Co., Ltd. and its Mining License dated May 4, 2017 and prepared by ELB Partners, Attorneys-at-Law, of Ulaanbaatar, Mongolia.

The Company obtained shareholder approval to the Amalgamation Agreement at the annual general and special meeting of shareholders held on June 6, 2017 and subsequently filed a technical report on the Khaldun iron (zinc) mine bearing an effective date of May 8, 2017, entitled "Technical Report on the Khaldun Iron (Zinc) Property, Govi-Ugtaal Sum, Middle Govi (Dundgovi) Province, Mongolia" and prepared in compliance with National Instrument 43-101 Standards of Disclosure for Mineral Projects by Yungang Wu, P.Geo., a qualified person for the purposes of National Instrument 43-101.

The Board of Directors subsequently determined not to proceed with the amalgamation, and instead propose to replace the Amalgamation Agreement with a share purchase agreement whereby GSGL will acquire 95% of the issued and outstanding common shares of MBGL in consideration for the issuance and delivery of convertible debentures of the Company, which debentures are convertible into common shares of the Company at a deemed price per share equal to the closing market price of the shares on the Canadian Securities Exchange on the trading day prior to the earlier of dissemination of a news release disclosing the issuance of the debentures or the posting of notice of the proposed issuance of the debentures, subject to applicable escrow and holdbacks as outlined in the share purchase agreement.

The MBGL acquisition will be effected pursuant to the share purchase agreement, a copy of which has been filed by the Company under its profile on SEDAR at www.sedar.com. The share purchase agreement contains covenants, representations and warranties of and from each of the Company, GSGL, and MBGL and various conditions precedent with respect to each party to the share purchase agreement. The following is a summary of certain material provisions of the share purchase agreement and is not comprehensive but is qualified in its entirety by reference to the full text of the share purchase agreement.

10. PROPOSED ACQUISITION (Continued)

On the terms and subject to the conditions set forth in the share purchase agreement, at the effective time, GSGL will acquire 95% of the issued and outstanding common shares of MBGL from the MBGL shareholders.

The Company's obligation to issue the convertible debentures is conditional upon a number of conditions precedent including the following:

1. there shall not be any claim that shall, at closing, be pending against any of the parties before any governmental authority and no law, regulation or policy shall have been proposed, enacted or applied: (i) making illegal or seeking to restrain, prohibit or obtain damages or other relief in connection with the consummation of the transactions contemplated by the share purchase agreement; (ii) prohibiting or materially limiting the ownership or operation by the Company or GSGL of a material portion of the business or assets of MBGL or requiring the Company or GSGL to dispose of or hold separately any such portion of any MBGL shares or MBGL assets, as applicable; or (iii) making the consummation of the transactions contemplated by the share purchase agreement materially more costly to the Company and GSGL or materially reducing the value of the MBGL shares;

2. all required approvals shall have been obtained on terms acceptable to the selling MBGL shareholders and the Company and GSGL, acting reasonably, at or prior to the closing time;

3. the shares to be issued or made issuable upon the conversion of the debentures in accordance with the share purchase agreement and the transactions contemplated thereby shall have been conditionally approved for listing upon the Canadian Securities Exchange subject only to conditions which may reasonably be expected to be satisfied within the 10 business days following the closing date; and

4. the parties will enter into a voluntary escrow agreement with respect to the shares of the Company issuable upon the conversion of the debentures.

As a result of the acquisition of 95% of the issued and outstanding shares of MBGL, the Company will issue convertible debentures representing an aggregate purchase price of $19,000,000, which debentures will be convertible into common shares of the Company at a deemed price per share equal to the closing market price of the shares on the Canadian Securities Exchange on the trading day prior to the earlier of dissemination of a news release disclosing the issuance of the debentures or the posting of notice of the proposed issuance of the debentures.

The share purchase transaction has been reviewed and approved by the Board of Directors of the Company. The purchase price was determined by the Board of Directors to be a reasonable valuation in light of various alternatives available to the Company and the valuation amount was confirmed by due diligence performed by the Company. As part of its due diligence process, the Company commissioned a Legal Due Diligence Report on Maple Mining Development Co., Ltd. and its Mining License dated May 4, 2017 and prepared by ELB Partners, Attorneys-at-Law, of Ulaanbaatar, Mongolia. As defined in the *Securities Act* (British Columbia), the share purchase transaction would not result in a change in the control of the Company since the Company would continue to have the same control persons as it did before the transaction and no new control persons would be created as a result of the transaction. After the closing of the share purchase

10. PROPOSED ACQUISITION (Continued)

transaction, the composition of the board of directors of the Company will remain the same. The share purchase transaction may also be subject to acceptance by the Canadian Securities Exchange and other regulatory approvals.

At the annual general and special meeting of the shareholders of the Company on August 24, 2018, it was resolved by an ordinary resolution that the share purchase agreement dated March 20, 2018 that will result in the acquisition of 95% of the issued and outstanding common shares of Maple Beauty Global Limited pursuant to the terms and conditions of the share purchase agreement be ratified and approved.

Risks Associated with the Share Purchase Transaction

In evaluating the share purchase transaction, the shareholders of the Company should carefully consider the following risk factors relating to the share purchase transaction. The following risk factors are not a definitive list of all risk factors associated with the share purchase transaction. Additional risks and uncertainties, including those currently unknown or considered immaterial by the Company, may also adversely affect the Company's common shares and/or the business of the Company following the share purchase transaction. If any of the risk factors materialize, the predictions based on them may need to be re-evaluated. The risks associated with the share purchase transaction include, without limitation:

Closing conditions outside the control of the Company, GSGL or MBGL may prevent the completion of the share purchase transaction.

There are a number of conditions to the acquisition which are outside the control of the Company, GSGL or MBGL including, but not limited to, receipt of shareholder approvals, the ability of the Company to satisfy the requirements of the Canadian Securities Exchange, and any other required third party or regulatory approvals. If for any reason the conditions to the acquisition are not satisfied or waived and the acquisition is not completed, the market price of the Company's common shares may be adversely affected.

The Company may fail to realize anticipated benefits of the acquisition.

In the event the share purchase transaction is completed, the intended reasons for the acquisition and the anticipated benefits may not materialize or be realized. Achieving the benefits of acquisitions depends in part on successful integration of the two companies in a timely and efficient manner. Such integration may require substantial management effort, time, and resources; may divert management's focus from other strategic opportunities and operational matters; and ultimately the Company and GSGL may fail to realize the anticipated benefits of the acquisition.

Actual revenue and cost synergies, if achieved at all, may not be achieved at the levels expected and may take longer than anticipated. If these challenges are not adequately addressed, the Company may be unable to realize the anticipated benefits of the share purchase transaction. An inability to realize the full extent of, or any of, the anticipated benefits of the share purchase transaction could have an adverse effect on the Company's business and results of operations, which may affect the value of the Company's common shares.

10. PROPOSED ACQUISITION (Continued)

Failure to complete the share purchase transaction could negatively impact the market price of the Company's common shares and future business and financial results.

If the share purchase transaction is not completed for any reason, the Company's ongoing business and financial results may be adversely affected. In addition, if the share purchase transaction is not completed, the price of the Company's common shares may decline to the extent that the current market price of the Company's common shares reflect a market assumption that the share purchase transaction will be completed and that the related benefits will be realized, or as a result of the market's perceptions that the share purchase transaction was not consummated due to an adverse change in the Company's business or financial condition.

Whether or not the share purchase transaction is completed, the pending transaction could adversely affect the Company's operations because matters relating to the share purchase transaction require substantial commitments of time and resources by management of the Company that could otherwise have been devoted to other opportunities that may have been beneficial to the Company.

The Company cannot guarantee when, or whether, the share purchase transaction will be completed, that there will not be a delay in the completion of the share purchase transaction or that all or any of the anticipated benefits of the share purchase transaction will be obtained. If the share purchase transaction is not completed or is delayed, the Company may experience the risks discussed above which may adversely affect the Company's business, financial results and share price.

The dilutive effect on the Company's shareholders arising from the share purchase transaction will impact share value.

With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power. Pursuant to the share purchase transaction, former MBGL shareholders will receive common shares of the Company upon the conversion of convertible debentures at a deemed price per share equal to the closing market price of the shares on the Canadian Securities Exchange on the trading day prior to the earlier of dissemination of a news release disclosing the issuance of the debentures or the posting of notice of the proposed issuance of the debentures, which will be dilutive to shareholders of the Company.

The common shares of the Company to be issued in connection with the share purchase transaction may have a market value different than expected.

A significant number of the Company's common shares will be issued and will become available for trading in the public market. The increase in the number of common shares may lead to sales of such common shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, the Company's common shares.

The share purchase agreement may be terminated by the Company, GSGL or MBGL in certain circumstances.

10. PROPOSED ACQUISITION (Continued)

The Company, GSGL and MBGL each have the right to terminate the share purchase agreement in certain circumstances. Accordingly, there is no certainty that the share purchase agreement will not be terminated by the Company, GSGL or MBGL before the completion of the share purchase transaction. For example, each party has the right to terminate the share purchase agreement if the other party is in material breach of the share purchase agreement. It is possible that one or more circumstances may arise which would give either party the right to terminate the share purchase agreement, in which case the share purchase transaction would not proceed.

The ability of the Company to develop and operate the business post-acquisition may be impaired.

The ability to operate the business is subject to many risks and uncertainties. These include the ability of the Company and its management to direct the business of the Company, to focus on the business of MBGL, and to satisfy the requirements for ongoing capital for the combined business, the Company will be required to obtain adequate financing. If equity financing is required, such financings could result in significant additional dilution to existing shareholders.