China Minerals
MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended

November 30, 2017 and 2016

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
China Minerals Mining Corporation

We have audited the accompanying consolidated financial statements of China Minerals Mining Corporation, which comprise the consolidated statement of financial position as at November 30, 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 audit 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 China Minerals Mining Corporation as at November 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

Other Matters

The consolidated financial statements of China Minerals Mining Corporation for the year ended November 30, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on January 24, 2017.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

March 9, 2018

CHINA MINERALS MINING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT November 30,

	Notes	2017	2016
ASSETS			
Current			
Cash		$ 25,796	$ 271,304
Receivables		3,906	5,155
Prepaid expenses		10,033	9,168
Total current assets		39,735	285,627
Property, plant and equipment	3	439,839	503,654
Reclamation bonds	5	349,444	349,444
Exploration and evaluation assets	4	7,014,044	7,010,969
Total assets		$ 7,843,062	$ 8,149,694
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	7	$ 152,348	$ 88,057
Loan payable to related party	7	282,107	272,665
Total current liabilities		434,455	360,722
Asset retirement obligation	5	1,700,021	1,665,153
Total liabilities		2,134,476	2,025,875
Shareholders' equity			
Share capital	6	51,550,715	51,550,715
Share-based payments reserve		9,764,046	9,764,046
Foreign currency translation reserve		-	4,926
Deficit		(55,606,175)	(55,195,868)
Total shareholders' equity		5,708,586	6,123,819
Total liabilities and shareholders' equity		$ 7,843,062	$ 8,149,694

Nature of operations and going concern (Note 2)
Events subsequent to the reporting period (Note 13)

On behalf of the Board:

"Bernard Kahlert" Director *"Ling Zhu"* Director

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

CHINA MINERALS MINING CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED November 30,

	2017	2016
EXPENSES		
Accretion of asset retirement obligation (Note 5)	$ 31,793	$ 35,130
Amortization (Note 3)	50,174	58,774
Consulting fee	26,572	-
Director and executive fees (Note 7)	1,500	12,334
Filing and transfer agent	16,651	12,547
Loan interest (Note 7)	20,723	4,085
Management fees (Note 7)	98,000	-
Professional fees	63,253	41,377
Rent and office expenses (Note 7)	19,994	26,324
Salaries and benefits (Note 7)	25,934	97,245
Shareholder relations	28,902	1,330
Camp maintenance	73,458	34,775
Total expenses	(456,954)	(323,921)
Interest income	2,225	3,309
Gain on disposal of equipment (Note 3)	16,359	7,600
Gain on foreign exchange	4,571	-
Extinguishment of accounts payable	24,283	-
Loss on dissolution of subsidiary (Note 1)	(791)	-
	46,647	10,909
Loss for the year	(410,307)	(313,012)
Other comprehensive loss		
Cumulative translation adjustments	(4,926)	(485)
Comprehensive loss for the year	(415,233)	(313,497)
Basic and diluted loss per common share	$ (0.05)	$ (0.04)
Weighted average number of common shares outstanding	7,594,813	7,594,813

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

CHINA MINERALS MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED November 30,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (410,307)	$ (313,012)
Items not affecting cash:		
Accretion of asset retirement obligation	31,793	35,130
Amortization	50,174	58,744
Disposition of subsidiary	791	-
Gain on disposal of equipment	(16,359)	(7,600)
Unrealized foreign exchange gain on loan	(11,281)	4,405
Extinguishment of accounts payable	(24,283)	-
Changes in non-cash working capital items:		
Other receivables and prepaids	384	(1,914)
Accounts payable and accrued liabilities	88,574	(66,936)
Interest accrued on loan payable	20,723	4,085
Net cash used in operating activities	(269,791)	(287,098)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan received from related party	-	263,720
Net cash obtained from financing activities	-	263,720
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of equipment	30,000	7,600
Short-term investments	-	11,500
Dissolution of subsidiary	(5,717)	-
Net cash obtained from investing activities	24,283	19,100
Change in cash during the year	(245,508)	(4,278)
Cash, beginning of year	271,304	275,582
Cash, end of year	$ 25,796	$ 271,304

Supplemental disclosures with respect to cash flows (Note 11)

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

CHINA MINERALS MINING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share Capital					
	Number	Amount	Share-Based Payments Reserve	Foreign Currency Translation Reserve	Deficit	Total
Balance, December 1, 2015	7,594,813	$ 51,550,715	$ 9,764,046	$ 5,411	$ (54,882,856)	$ 6,437,316
Loss for the year	-	-	-	-	(313,012)	(313,012)
Cumulative translation adjustment	-	-	-	(485)	-	(485)
Balance, November 30, 2016	7,594,813	$ 51,550,715	$ 9,764,046	$ 4,926	$ (55,195,868)	$ 6,123,819
Transfer of foreign currency translation reserve into profit or loss	-	-	-	(4,926)	-	(4,926)
Loss for the year	-	-	-	-	(410,307)	(410,307)
Balance, November 30, 2017	7,594,813	$ 51,550,715	$ 9,764,046	$ -	$ (55,606,175)	$ 5,708,586

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

1. NATURE OF OPERATIONS AND GOING CONCERN

China Minerals Mining Corporation ("China Minerals" or the "Company") was incorporated in January 2006 under the laws of British Columbia, Canada as Hawthorne Resources Inc. and renamed as Hawthorn Gold Corp. in October 2006. In April 2011, the Company's name was further changed to China Minerals. The Company's registered office is Suite 890 – 580 Hornby Street, Vancouver, British Columbia, Canada. China Minerals is listed on the TSX Venture Exchange under the trading symbol "CMV". The Company and its subsidiaries are in the business of acquisition, exploration and development of mineral properties.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for the foreseeable future and meet its obligations and commitments in the normal course of business. As the Company is in the exploration stage, no revenue has been generated to date. At November 30, 2017, the Company had cash of $25,796 (2016 - $271,304), a working capital deficiency of $394,720 (2016 - $75,095) and a deficit of $55,606,175 (2016 - $55,195,868).

In the past, operating capital and exploration requirements have been funded primarily from equity financing and the Company will need to arrange equity or other financing in the near future in order to continue in operation. While the Company has been successful in raising capital in the past, there can be no assurance that such financing will be available to the Company in the amount required or that it can be obtained on terms satisfactory to the Company. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were approved and authorized for issue by the Board of Directors on March 9, 2018.

Basis of presentation

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

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Cassiar Gold Corp. ("Cassiar") and North American Mining Consulting Ltd. ("NAM"). The Company consolidates these subsidiaries on the basis that it controls these subsidiaries. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balances have been eliminated on consolidation.

On March 1, 2017, the dissolution of the Company's subsidiary, NAM was finalized and completed resulting in a transfer of cumulative translation adjustment of $4,926 to profit or loss.

Foreign currency translation

Functional and presentation currency

The Company's consolidated financial statements are presented in Canadian dollars, which is the Company's and its Canadian subsidiary's functional currency.

The Company's Chinese subsidiary (NAM) has its functional currency in Renminbi ("RMB"). The financial statements of the Chinese subsidiary are translated into the Canadian dollar presentation currency as follows:

- Assets and liabilities – at the closing rate at the date of the statement of financial position
- Equity – at historical rates
- Income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates).

All resulting changes are recognized in other comprehensive income (loss) as translation adjustments.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss and comprehensive loss.

Cash

Cash includes cash held at major financial institutions and highly liquid guaranteed investment certificates that are readily available to the Company on demand or with maturity dates of three months or less.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated amortization and any impairment charges. The cost of an item of property, plant and equipment includes the purchase price and related costs in bringing the item to the location and preparing the condition necessary for its intended use, as well the estimated costs of dismantling, removing the item and restoring the site on which the item is installed.

Amortization expense of assets used in exploration are capitalized to exploration and evaluation assets. Amortization is recorded over the expected useful lives of the assets on the declining balance basis at the following annual rates:

Buildings and bridges	10%
Site equipment	20%
Vehicles	30%
Computer equipment	30%
Office furniture	20%

Exploration and evaluation assets ("E&E" assets)

The Company capitalizes costs related to the acquisition and exploration of E&E assets. These costs include drilling, assaying, geological, geophysical, technical studies and any other exploratory activities. E&E assets for which commercially viable reserves have been identified are reclassified to development assets. They are tested for impairment immediately prior to reclassification out of E&E assets. When an unproven mineral interest is abandoned, all related expenditures are written off to operations for the period.

Impairment of non-current assets

Property, plant and equipment and exploration and evaluation assets are assessed for impairment when events or circumstances indicate that the carrying amounts of the assets may not be recoverable. An impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its 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. Value in use is determined as the present value of the estimated future pre-tax cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal. The Company reviews impairment on non-financial assets for possible reversal when events or circumstances warrant such consideration.

Asset retirement obligation ("ARO")

Restoration provision is made for future obligations to retire long-lived assets which include dismantling, removing facilities and restoring the affected areas to normal operations. The provision for future restoration costs is the best estimate of the present value of the cash flows required to settle the restoration obligation at the reporting date.

Upon initial recognition of the ARO liability, the amount is capitalized to the carrying value of the related asset and amortized as an expense over the economic life of the asset. The ARO liability increases in following periods as the accretion expenses are accounted for. The ARO is adjusted annually for changes to factors such as expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

Share-based payments

The Company uses the fair value method of accounting for share-based payments on stock option grants. Under this method, the cost of stock options is recorded based on the estimated fair value at the grant date, including an estimate of the forfeiture rate, and charged either to operations or capitalized to exploration and evaluation asset costs over the vesting period. The fair value is calculated using the Black-Scholes option pricing model.

Share-based payment transactions for employees and others providing similar services is determined based on the grant date fair value. Share-based payment for non-employees is determined based on the fair value of the goods or services received or option granted measured at the date on which the Company obtains such goods or services.

Each tranche in an option award is considered a separate award with its own vesting period. Share-based payment expense is recognized over each tranche's vesting period, in earnings or capitalized as appropriate, based on the number of awards expected to vest. Where awards are forfeited, the expense previously recognized is proportionately reversed in the period the forfeiture occurs. If stock options are ultimately exercised, the applicable amounts of reserves are transferred to share capital.

Loss per share

Basic earnings (loss) per share is computed by taking the loss for the period divided by the weighted average number of common shares outstanding during the period. The dilutive effect on loss per share is calculated presuming the exercise of outstanding stock options.

For the years ended November 30, 2017 and 2016, basic and diluted losses per share are the same as the effect of potential issuances of shares under outstanding stock options are anti-dilutive.

Income taxes

Income taxes comprise current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using enacted tax rates at the reporting date. Deferred tax is calculated using the liability method on temporary differences between the carrying values of assets and liabilities and their respective income tax bases, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the enacted tax rates that are expected to apply when the assets are recovered and the liabilities settled. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences to the extent that future taxable income will be available against which they can be used.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and its related risks and rewards are transferred. Financial liabilities are derecognized when they expire, are discharged or cancelled.

Financial assets
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 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 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 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 directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale ("AFS")
Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

Financial liabilities
Financial liabilities are classified into one of two categories:

- Fair value through profit or loss; and
- 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
This category typically includes accounts payable and long-term debt, all of which are recognized at amortized cost.

The Company classifies its cash and receivables as loans and receivables, reclamation bond as held to maturity, and accounts payable and accrued liabilities as other financial liabilities.

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 the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Management judgments and estimates

The preparation of these consolidated financial statements in accordance with IFRS requires management use of estimates, assumptions and judgment that impact the Company's reported financial results. These estimates are based on past experiences and expectations of future events. Uncertainty on these judgments could result in material reassessments of the carrying amounts in the Company's financial position.

The key judgments and estimates that affect the consolidated financial statements are:

Impairment of exploration and evaluation assets (E&E assets)

The Company carries out an impairment assessment on its E&E assets when circumstances indicate their carrying values may exceed their recoverable amounts. The process of determining the impairment involves significant judgment and estimation on the recoverability of the E&E assets as it relies on both an interpretation of geological and technical data as well as market conditions including commodity prices, investor sentiment and global financing. As new information comes up, the recoverable amounts of the assets and the impairment loss may differ from these judgments and estimates.

Impairment of property, plant and equipment

The Company carries out impairment assessment on its property, plant and equipment when circumstances indicate their carrying values may exceed their recoverable amounts. The process of determining the impairment involves significant judgment and estimation on the recoverability of the carrying value of the property, plant and equipment, which is impacted by factors such as the condition of and demand for such assets. Therefore, actual recoverable amounts of the assets and the impairment loss may differ from these judgments and estimates.

Asset retirement obligation ("ARO")

Provision on the retirement of the E&E assets and site restoration is based on many assumptions and judgments: future estimated costs, expected amounts of cash flows to discharge the obligation, timing of such cash flows and the prevalent market discount rate. Any changes to the assumptions will result in an adjustment to the provision which affects the Company's liabilities and operating results.

New, amended and future accounting pronouncements

Standards and amendments issued but not yet effective for the year ended November 30, 2017, are as follows:

IFRS 9, *Financial Instruments* addresses classification, measurement and recognition of financial assets and financial liabilities. In July 2014, the IASB completed the final version of the Standard which replaces IAS 39, *Financial Instruments: Recognition and Measurement.* IFRS 9 provides a revised model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a reformed approach to hedge accounting. The effective date for this standard is for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect any impact on its financial statements from this amendment.

IFRS 15, *Revenue from Contracts with Customers,* contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The standard is effective for years beginning on or after January 1, 2018. The Company does not expect any impact on its financial statements from this amendment.

IFRS 16, *Leases*, addresses accounting for leases and lease obligations and replaces the leasing guidance in IAS 17, *Leases.* The guidance requires 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. The guidance is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect any impact on its financial statements from this amendment.

(Expressed in Canadian dollars)

3. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Site Equipment	Vehicles	Computers	Office Furniture	Total
COST							
Balance, November 30, 2015	$ 20,000	$ 780,000	$ 82,531	$ 13,000	$ 64,988	$ 18,064	$ 978,583
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance, November 30, 2016	20,000	780,000	82,531	13,000	64,988	18,064	978,583
Additions	-	-	-	-	-	-	-
Disposals	-	-	(42,531)	-	-	-	(42,531)
Balance, November 30, 2017	$ 20,000	$ 780,000	$ 40,000	$ 13,000	$ 64,988	$ 18,064	$ 936,052
Accumulated amortization							
Balance, November 30, 2015	$ -	$ 276,771	$ 49,641	$ 8,729	$ 63,204	$ 17,810	$ 416,155
Additions	-	50,326	6,579	1,281	536	52	58,774
Disposals	-	-	-	-	-	-	-
Balance, November 30, 2016	-	327,097	56,220	10,010	63,740	17,862	474,929
Additions	-	45,293	2,534	897	1,248	202	50,174
Disposals	-	-	(28,890)	-	-	-	(28,890)
Balance, November 30, 2017	$ -	$ 372,390	$ 29,864	$ 10,907	$ 64,988	$ 18,064	$ 496,213
Carrying amounts							
At November 30, 2016	$ 20,000	$ 452,903	$ 26,311	$ 2,990	$ 1,248	$ 202	$ 503,654
At November 30, 2017	$ 20,000	$ 407,610	$ 10,136	$ 2,093	$ -	$ -	$ 439,839

4. EXPLORATION AND EVALUATION ASSETS

Cassiar Project, British Columbia

The Company, through its subsidiary Cassiar Gold Corp., owns 100% of the Cassiar project's mineral assets. The Cassiar project is located in northern British Columbia, Canada.

The Cassiar project's two major areas of exploration and development activities are the Table Mountain and Taurus properties. Table Mountain is a past-producing underground gold mine. The property has a fully permitted gold mill and tailings management facility which are available for future ore processing.

Since the acquisition of the Cassiar projects in 2008, the Company had conducted exploration programs on both Table Mountain and Taurus properties until 2013. Since 2014, the Company has not carried out any exploration activities except for maintaining the exploration permits.

Legal Matter with the Minister of Forests, Lands and Natural Resource Operations, Minister of Aboriginal Relations and Reconciliation, Kaska Dena Council and 0995817 B.C. Ltd.

In April 2013, the Province of British Columbia (the "Province") and the Kaska Dena Council ("KD") entered into an agreement which they have characterized as an "Incremental Treaty Agreement" ("ITA"). Under the ITA the Province agreed to make certain crown grants to the KD once express conditions precedent were satisfied. The crown grants in question are referred to for convenience as the "Land Parcels" and overlap, in part, Cassiar's mineral claims 226148, 226149, 510750, 514937, and 617143. The Land Parcels were transferred by the Province to a KD owned corporation (0995817 B.C. Ltd.) in April 2015.

China Minerals and Cassiar (together, the "Company") filed a petition in January 2016 seeking judicial review of the decision of the Minister of Aboriginal Relations and Reconciliation (the "Ministry") to sign the ITA with the KD. The Company's claims included that the Ministry failed to consult with or provide notice to the Company in advance of signing the ITA notwithstanding the impact of the ITA on the mineral tenures of the Company through the grant of the Land Parcels to the KDC.

The Company also claimed that the Minister of Forests, Lands and Natural Resource Operations violated their right to procedural fairness by failing to consult the Company before transferring the Land Parcels to the KD owned corporation pursuant to the ITA. The Company further alleged that the Minister of Forests, Lands and Natural Resource Operations failed to consider relevant factors in making his decision, failed to exercise independent judgment in transferring the lands, exceeded his jurisdiction and/or made an error of law by not considering the Company's mineral interests. The Company also made a number of claims regarding the Provincial respondents' failure to provide the Company with relevant information and the provision of misleading information to the Company.

The relief sought by the Company included declarations regarding the violation of the Company's right to procedural fairness, as well as relief with respect to the transfer of the Land Parcels at issue.

On July 12, 2016, the Ministry entered into a Land Transfer Agreement with the relevant KD owned corporation (the "Land Transfer Agreement"). The Land Transfer Agreement provided that the KD owned corporation would re-convey ownership of the Land Parcels to the Province within ten days of an amendment to the ITA.

The Company was not advised of this development by the Province or the respondent ministers, nor was it advised of any negotiations leading up to the execution of the Land Transfer Agreement.

On December 13, 2016, the Ministry entered into an amending agreement to the ITA with the KD Council (the "ITA Amendment") regarding the transfer of certain other parcels in fee simple to the KD Council and a payment of $200,000 to the KD Council for entering into the amended ITA.

On December 15, 2016, counsel for the Provincial respondents wrote to the Company's counsel taking the position that the judicial review proceedings were now moot because the ITA had been amended and the Land Parcels would be transferred back to provincial Crown ownership.

(Expressed in Canadian dollars)

On January 16, 2017, at the Court hearing, both parties presented their arguments on whether the judicial review was moot. On January 17, 2017, the Court rendered its decision that it would not hear the judicial review on the basis that the land parcels had now been transferred back to the Crown; as such the dispute over the third party rights became moot.

With the return of the Land Parcel to Crown ownership, and subject to available funding, the Company will be able to move forward with activities on its mineral properties.

The Company's expenditures on its exploration and evaluation assets were as follows:

	November 30, 2017	November 30, 2016
Balance, beginning of the year	$ 7,010,969	$ 7,000,000
Exploration costs		
Asset retirement obligation	3,075	10,969
Balance, end of the year	$ 7,014,044	$ 7,010,969

5. Asset Retirement Obligation ("ARO")

The Company has future obligations relating to retiring its exploration and evaluation assets at the Cassiar Property including dismantling, remediation and treatment of the site. The exact nature and costs of the obligation are subject to change because of the ongoing changes of environmental requirements enacted by government agencies.

A continuity of the asset retirement obligation is as follows:

	November 30, 2017	November 30, 2016
Asset retirement obligation – beginning balance	$ 1,665,153	$ 1,619,054
Chang in estimates	3,075	10,969
Accretion expense	31,793	35,130
Asset retirement obligation – ending balance	$ 1,700,021	$ 1,665,153

The total discounted cash flow estimated to settle the obligations as at November 30, 2017 was $1,696,946 which was adjusted for inflation at the rate of 2% and then discounted at a risk free rate of 2.16%. Certain minimum amounts of ARO will occur each year with the significant amounts expected to be incurred in 2027.

At November 30, 2017, the Company has $349,444 (2016 - $349,444) of reclamation bonds with the Ministry of Energy and Mines of British Columbia as commitments to meet its regulatory obligations. The reclamation bonds are interest bearing at prime rate less 0.60% and 0.70% respectively. The reclamation bonds are hypothecated and automatically renewed upon maturity.

(Expressed in Canadian dollars)

6. SHARE CAPITAL

Authorized - unlimited number of common shares without par value

Share consolidation

On September 13, 2017, the Company consolidated its shares on a basis of one (1) post consolidated share for twenty-five (25) pre consolidated shares. After share consolidation, the Company has 7,594,813 common shares issued and outstanding. In these consolidated financial statements, reference to common shares and per share amounts has been retroactively restated.

Share issuance

There were no share issuance during the years ended November 30, 2017 or 2016.

Stock option plan

The Company has a stock option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees and consultants. The term of the option grants is up to ten years and vests immediately except for stock options granted to investor relations consultants whereby these options vest over 12 months. The maximum number of common shares reserved for issue shall not exceed 10% of the total number of common shares issued and outstanding as at the grant date.

Stock options

The continuity of the Company's stock options to November 30, 2017 is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2015	127,200	$ 3.25
Expired	(74,600)	$ 3.75
Balance, November 30, 2016	52,600	$ 2.50
Expired	(52,600)	$ 2.50
Balance, November 30, 2017	-	$ -
Exercisable, at November 30, 2017	-	$ -

7. RELATED PARTY TRANSACTIONS

Loan payable

In September 2016, the Company received a director's loan in the amount of US$200,000 (2017 - $257,616; 2016 - $268,580) bearing interest at 8% per annum and payable on September 21, 2017 (the "Maturity Date"). The Maturity Date was extended for an additional term of one year to September 21, 2018. At November 30, 2017, interest of $24,491 (2016 - $4,085) was accrued on the loan.

In December 2017, the Company fully repaid the loan and interest totalling $283,334.

Key management compensation

The Company entered into the following transactions with related parties during the year ended November 30, 2017:

a) Starting May 1, 2017, the Company pays a management fee of $8,000 per month to the CEO and President of the Company. During the year ended November 30, 2017, the Company paid or accrued $56,000 (2016 -$Nil) to the company controlled by the CEO and President. As of November 30, 2017, $58,800 (2016 - $Nil) payable to the company controlled by the CEO and President was included in accounts payable and accrued liabilities.

b) Starting May 1, 2017, the Company pays a management fee of $6,000 per month to the CFO of the Company. During the year ended November 30, 2017, the Company paid or accrued $42,000 (2016 -$Nil) to the company controlled by the CFO. As of November 30, 2017, $44,200 (2016 - $Nil) payable to the company controlled by the CFO was included in accounts payable and accrued liabilities.

c) During the year ended November 30, 2017, the Company paid $25,934 (2016 - $74,532) of salaries and benefits to the Company's former CFO.

d) Starting May 1, 2017, the Company pays rent of $500 per month to a company of which the President is a director. During the year ended November 30, 2017, the Company paid or accrued $3,500 (2016 -$Nil) to the company. As of November 30, 2017, $2,625 (2016 - $Nil) payable to the company was included in accounts payable and accrued liabilities.

e) During the year ended November 30, 2017, the Company paid directors' fees of $1,500 (2016 -$10,334) to directors of the Company.

Accounts payable to related parties do not bear interest, are unsecured and repayable on demand.

8. SEGMENTED INFORMATION

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

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, reclamation bond, accounts payable and accrued liabilities, and loan payable to related party.

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the Company's receivables, accounts payable and accrued liabilities, and loan payable to related party approximate their carrying values due to the relatively short periods to maturity of these financial instruments

Financial risk management

The Company's objective in risk management is to maintain its ability to continue as a going concern. It is exposed to the following risks:

Liquidity risk

Liquidity risk is the risk that the Company might not be able to meet its obligations and commitments as they come due. As at November 30, 2017, the Company had cash of $25,796, and a working capital deficiency of $394,720.

Subsequent to year end in December 2017, the Company closed a private placement by raising $904,000.

Credit risk

Credit risk arises from cash held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash is held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash and receivables on its consolidated statement of financial position.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i. Interest rate risk
Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash and the related party loan bears a fixed interest rate, so its exposure to interest rate risk is insignificant.

ii. Foreign currency risk
Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no significant assets or liabilities and has no revenue or expenses denominated in a foreign currency, so it is not exposed to foreign currency risk.

iii. Equity price risk
Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

10. CAPITAL MANAGEMENT

The Company's capital management objective is to ensure its ability to continue as a going concern to meet its operational obligations and to maintain capital access to fund its Cassiar mineral exploration activities.

The capital that the Company manages is the total of liabilities and equity on the consolidated statements of financial position. The Company may modify the capital structure to meet its funding needs by issuing new equity shares and/or debt instruments, disposing assets or bringing in joint venture partners. To facilitate the management of its capital, the Company prepares annual budgets approved by the Board of Directors. The budget is reviewed and updated periodically to account for changes in the expenditures and economic conditions. The Company is not subject to any externally imposed capital requirements.

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions during the years ended November 30, 2017 and 2016.

(Expressed in Canadian dollars)

12. INCOME TAXES

A reconciliation of income taxes at statutory rates (2017 – 26.5%; 2016 – 26%) with the reported taxes is as follows:

	Year ended November 30, 2017	Year ended November 30, 2016
Loss for the year	$ (410,307)	$ (313,012)
Expected income tax recovery	$ (106,000)	$ (81,000)
Non-deductible expenditures (non-taxable income)	(1,000)	1,000
Adjustment to prior years provision versus statutory tax returns	20,000	-
Impact of change of tax rates	(410,000)	-
Dissolution of foreign subsidiary	(134,000)	-
Change in unrecognized deductible temporary differences	631,000	80,000
Total income tax expenses (recovery)	**$ -**	**$ -**

Details of deferred tax assets are as follows:

	November 30, 2017	November 30, 2016
Equipment	$ 1,100,000	$ 1,045,181
Resource deductions	2,445,000	2,329,884
Allowable capital losses	139,000	-
Asset retirement obligation	458,000	432,940
Non-capital losses available for future periods	6,954,000	6,694,194
	11,096,000	10,457,199
Unrecognized tax benefits	(11,096,000)	(10,457,199)
Net deferred tax assets	**$ -**	**$ -**

As of November 30, 2017, the Company has non-capital losses for Canadian Income tax purposes of approximately $25,757,000 which can be carried forward to reduce taxable income in future years. These tax losses expire at various times between years 2017 and 2037. In addition, the Company has resource reductions available to reduce taxable income of future years. The Company did not recognize deferred income tax assets because the Company has a history of losses as evidenced by its accumulated deficit.

13. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

a) In December 2017, the Company closed the first tranche of a non-brokered private placement, issuing 4,520,000 share units at $0.20 per unit for total proceeds of $904,000. Each unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at $0.30 per share for a period of two years. The Company also received $545,000 from investors for subscribing 2,725,000 share units. The Company is waiting for the TSX-V approval to close the second tranche.

b) In December 2017, the Company fully repaid a US$200,000 loan and interest, totalling $283,334 to a director of the Company.