GROSVENOR

RESOURCE CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

May 31, 2018

These unaudited condensed interim financial statements of Grosvenor Resource Corporation for the nine months ended May 31, 2018 have been prepared by management and approved by the Board of Directors. These unaudited condensed interim financial statements have not been reviewed by the Company's external auditors.

GROSVENOR RESOURCE CORPORATION
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Unaudited)
(Expressed in Canadian Dollars)

	May 31, 2018	August 31, 2017 (Audited)
ASSETS		
Current		
Cash and equivalents	$ 886,171	$ 1,519,190
Marketable securities (Note 4)	1,902,600	1,250,280
Short-term investments	583,929	276,037
Receivables	8,165	19,122
Prepaid expenses	917	5,042
	3,381,782	3,069,671
Exploration and evaluation assets (Note 5)	463,048	446,548
	$ 3,844,830	$ 3,516,219
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 8,033	$ 24,177
Shareholders' equity		
Capital stock (Note 7)	10,099,749	10,091,249
Reserves (Note 7)	2,083,737	1,752,843
Accumulated other comprehensive income	1,466,089	898,571
Deficit	(9,812,778)	(9,250,621)
	3,836,797	3,492,042
	$ 3,844,830	$ 3,516,219

Nature of operations (Note 1)
Commitment (Note 9)

Approved by the Board of Directors:

"Douglas Scheving"	Director	"Ian Rozier"	Director
Douglas Scheving		Ian Rozier	

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

GROSVENOR RESOURCE CORPORATION
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended May 31, 2018	Three months ended May 31, 2017	Nine months ended May 31, 2018	Nine months ended May 31, 2017
EXPENSES				
Consulting fees	$ 21,000	$ 18,000	$ 59,000	$ 50,000
Directors' fees	9,000	9,000	27,000	27,000
Management fees	24,000	18,000	64,000	24,000
Office and miscellaneous	5,012	4,744	16,878	14,034
Professional fees	24,838	18,000	75,585	55,224
Property investigation costs	33,657	-	54,249	-
Rent	7,500	7,500	22,500	22,500
Shareholder communications	1,157	180	2,532	4,761
Share-based payments	330,894	-	330,894	-
Transfer agent and filing fees	3,705	2,600	13,984	17,642
	(460,763)	(78,024)	(666,622)	(215,161)
OTHER ITEM				
Interest income	6,909	6,153	19,663	17,149
Loss before taxes	(453,854)	(71,871)	(646,959)	(198,012)
Deferred tax recovery	63,602	17,667	84,802	35,334
Loss for the period	(390,252)	(54,204)	(562,157)	(162,678)
OTHER COMPREHENSIVE INCOME				
Unrealized gain on marketable securities, net of tax (Note 4)	425,638	118,233	567,518	236,466
Comprehensive net income for the period	$ 35,386	$ 64,029	$ 5,361	$ 73,788
Basic and diluted loss per common share	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.00)
Weighted average number of common shares outstanding	26,850,694	26,850,694	26,850,694	26,850,694

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

GROSVENOR RESOURCE CORPORATION
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED MAY 31,
(Unaudited)
(Expressed in Canadian Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (562,157)	$ (162,678)
Items not affecting cash:		
Deferred tax recovery	(84,802)	(35,334)
Interest income	(19,663)	(17,149)
Share-based payments	330,894	-
Change in non-cash working capital items:		
Decrease in receivables	2,578	13,694
Decrease in prepaid expenses	4,125	4,125
Decrease in accounts payable and accrued liabilities	(16,144)	(10,352)
Interest received	24,657	3,792
Cash used in operating activities	(320,512)	(203,902)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation asset	(8,000)	(500)
Short-term investments	(304,507)	305,866
Cash provided by (used in) investing activities	(312,507)	305,366
Change in cash and equivalents during the period	(633,019)	101,464
Cash and equivalents, beginning of period	1,519,190	1,278,248
Cash and equivalents, end of period	$ 886,171	$ 1,379,712
Cash and equivalents consists of:		
Cash	$ 45,907	$ 68,760
Guaranteed Investment Certificates	840,264	1,310,952
	$ 886,171	$ 1,379,712

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

GROSVENOR RESOURCE CORPORATION
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Capital Stock										
	Number		**Amount**		**Reserves**		**Accumulated Other Comprehensive Income**		**Deficit**		**Total**
Balance at August 31, 2016	26,850,694	$	10,091,249	$	1,752,843	$	945,864	$	(9,223,846)	$	3,566,110
Loss for the period	-		-		-		-		(162,678)		(162,678)
Unrealized loss on marketable securities	-		-		-		236,466		-		236,466
Balance at May 31, 2017	26,850,694	$	10,091,249	$	1,752,843	$	1,182,330	$	(9,386,524)	$	3,639,898
Balance at August 31, 2017	26,850,694	$	10,091,249	$	1,752,843	$	898,571	$	(9,250,621)	$	3,492,042
Loss for the period	-		-		-		-		(562,157)		(562,157)
Share-based payments	-		-		330,894		-		-		330,894
Unrealized gain on marketable securities	-		-		-		567,518		-		567,518
Balance at May 31, 2018	26,850,694	$	10,091,249	$	2,083,737	$	1,466,089	$	(9,812,778)	$	3,836,797

The accompanying notes are an integral part of these condensed interim financial statement

1. NATURE OF OPERATIONS

Grosvenor Resource Corporation (the "Company") was incorporated on January 6, 2004 under the laws of the Province of Ontario and was granted certification of continuation by the Province of British Columbia and is considered to be in the exploration stage with respect to its evaluation and exploration asset. Based on the information available to date, the Company has not yet determined whether its exploration and evaluation asset contains ore reserves. Recoverability of the carrying amount of the exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The Company's head office and principal address is 501 – 837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6. The Company's registered and records office is 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

The recovery of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These unaudited condensed financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has financed its operations through issuance of common shares and the receipt of dividend income. The Company currently has cash and equivalents, marketable securities and short term investments totalling $3,372,700 and net working capital of $3,373,749 which, the Company believes, is sufficient to fund its current business plans in the foreseeable future. In the longer term, additional equity or debt financing may be necessary to fund exploration and general and administrative activities or mine development.

These unaudited condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. STATEMENT OF COMPLIANCE

These unaudited condensed interim financial statements were authorized for issue on July 6, 2018 by the directors of the Company.

Statement of compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended August 31, 2017.

3. FUTURE ACCOUNTING PRONOUNCEMENTS

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

The Company has not early adopted these standards and is currently assessing the impact these standards will have on its financial statements:

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which will supersede IAS 18 – Revenue and related interpretations. The standard 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 Corporation intends to adopt IFRS 15 in its financial statements for the annual period beginning on September 1, 2018.

IFRS 9 – Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities, as defined in IAS 39. The Corporation intends to adopt IFRS 9 in its financial statements for the annual period beginning on September 1, 2018.

IFRS 16 – Leases

On January 13, 2016 the IASB issued IFRS 16 – Leases, which will supersede IAS 17 – Leases. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments The Corporation intends to adopt IFRS 16 in its financial statements for the annual period beginning on September 1, 2019.

4. MARKETABLE SECURITIES

The Company holds 5,436,000 (August 31, 2017 – 5,436,000) common shares of Newport Exploration Ltd. ("Newport"). The Company received these shares as partial consideration from the sale of the Chu Chua Property. The Company recorded these shares at a fair value of $217,440 upon receipt during the year ended August 31, 2014. As at May 31, 2018, the fair value of the common shares held was $1,902,600 (August 31, 2017 - $1,250,280) which resulted in an unrealized gain on marketable securities, net of tax, of $567,518 (2017 – $236,466). During the year ended August 31, 2017, the Company received a cash dividend from Newport of $271,800, which represented a dividend of $0.05 per common share.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Mineral Hill

In fiscal 2014, the Company acquired a 50% interest in the Mineral Hill gold-silver property ("Mineral Hill"), located in southwestern British Columbia, from Remington Resources Inc. ("Remington"). During the year ended August 31, 2016, the Company purchased the remaining 50% interest in Mineral Hill from Remington. The property is subject to a 1% NSR.

Powder

During the nine months ended May 31, 2018, the Company acquired a 100% interest in the Powder gold-silver property ("Powder") for consideration of $7,500 in cash and the issuance of 50,000 common shares (valued at $8,500). The property is subject to a 1% NSR.

Nine Months Ended May 31, 2018	Mineral Hill	Powder	Total
Acquisition costs			
Balance, beginning of period	$ 400,000	$ -	$ 400,000
Additions	-	16,000	16,000
Balance, end of period	$ 400,000	$	$ 416,000
Exploration costs			
Balance, beginning of period	46,548	-	46,548
Claim maintenance	500	-	500
Balance, end of period	47,048	-	47,048
Total, end of period	$ 447,048	$ 16,000	$ 463,048

Year Ended August 31, 2017	Mineral Hill
Acquisition costs	
Balance, beginning and end of year	$ 400,000
Exploration costs	
Balance, beginning of year	26,695
Claim maintenance	26,485
Recovery	(6,632)
	19,853
Balance, end of year	46,548
Total, end of year	$ 446,548

(Expressed in Canadian Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	May 31, 2018	August 31, 2017
Trade payables	$ 2,033	$ 1,027
Related party transactions (Note 8)	6,000	6,000
Accrued liabilities	-	17,150
Total	$ 8,033	$ 24,177

The average credit period of purchases is one month. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

7. CAPITAL STOCK AND RESERVES

a) Authorized share capital

As at May 31, 2018, the authorized share capital of the Company is an unlimited number of common shares without par value.

During May 2018, the Company issued 50,000 common shares, valued at $0.17 per share, pursuant to the acquisition of the Powder property.

b) Stock options

The Company has an incentive stock option plan (the "Plan") in place, under which, it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the Plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

Details of options outstanding as at May 31, 2018 are as follows:

Number of Options	Exercise Price	Expiry Date
2,650,000	$0.17	May 29, 2023

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, August 31, 2016 and 2017	-	$ -
Granted	2,650,000	0.17
Balance, May 31, 2018	2,650,000	$ 0.17
Number of options exercisable	2,650,000	$ 0.17

(Expressed in Canadian Dollars)

7. CAPITAL STOCK AND RESERVES (cont'd)

c) Share-based payments

During the nine months ended May 31, 2018, the Company granted 2,650,000 stock options to directors, officers and a consultant of the company, with a grant date fair value of $0.17 per option resulting in share-based payments expense of $330,893.

The Company applies the fair value method using the Black-Scholes option pricing model to account for stock options granted to directors, officers and consultants. The following assumptions were used to calculate the fair value of the stock options granted during the nine months ended May 31, 2018:

	2018	2017
Risk-free interest rate	2.11%	-
Expected life of options	5 years	-
Annualized volatility	96.63%	-
Dividend rate	0%	-
Forfeiture rate	0%	-

d) Warrants

As at August 31, 2017 and May 31, 2018, the Company had no outstanding share purchase warrants.

8. RELATED PARTY TRANSACTIONS

Payments to key management personnel, consisting of the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and members of the board of directors, for compensation are as follows:

	May 31, 2018	May 31, 2017
Management fees	$ 64,000	$ 24,000
Professional fees	54,000	50,000
Directors fees	27,000	27,000

In addition, during the nine months ended May 31, 2018, the Company paid rent of $22,500 (2017 - $22,500) to a company controlled by a director of the Company.

As at May 31, 2018, accounts payable and accrued liabilities included $6,000 (August 31, 2017 - $6,000) owing to directors of the Company.

9. COMMITMENTS

Grosvenor has management and consulting contracts with a company controlled by Ian Rozier, a director and CEO, and a company controlled by Tyler Friesen, CFO. The companies are paid a combined total of $14,000 per month and the contracts remain in force on a continuous basis but can be terminated by Grosvenor with three months written notice. If Grosvenor terminates services of either or both companies, Grosvenor will be obligated to pay 36 months of service fees to the company controlled by Ian Rozier, and 12 months of service fees to the company controlled by Tyler Friesen.

9. COMMITMENTS (cont'd)

Effective January 1, 2018, the Company entered into a consulting contract with Prospect Point Consulting Services to provide corporate consulting services for Grosvenor at $7,000 per month. The contract remains in force on a continuous basis but can be terminated by Grosvenor with three months written notice. If Grosvenor terminates the services of the company, Grosvenor will be obligated to pay 24 months services fees to the company.

Effective January 1, 2018, the Company entered into an agreement with WHB Consulting Services to provide property investigation services for Grosvenor at US$8,000 per month, for 12 months. If the Company terminates the agreement prior to June 30, 2018, Grosvenor will pay the balance of the agreement, in full, upon termination.

10. SEGMENTED INFORMATION

The Company operates in one business segment being the acquisition and exploration of resource assets. The Company's mineral properties are held in Canada.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The fair value of short term investments was $583,929 at May 31, 2018 (August 31, 2017 - $276,037), a level 1 fair value measurement.

Financial risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to cash and equivalents, marketable securities, short-term investments and receivables, the carrying value totalling $3,372,700, represents the Company's maximum exposure to credit risk. Management believes that the credit risk concentration with respect to financial instruments is remote because cash and equivalents and short-term investments are held with reputable Canadian financial institutions. Receivables consist mainly of GST and interest. The Company does not consider any of its current receivables past due. The Company believes any credit risk associated with its receivables is remote due to the historical success of collecting receivables.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at May 31, 2018, the Company had a cash and equivalents balance of $886,171 (August 31, 2017 - $1,519,190), marketable securities of $1,902,600 (August 31, 2017 - $1,250,280) and short-term investments of $583,929 (August 31, 2017 - $276,037) to settle current liabilities of $8,033 (August 31, 2017 - $24,177). All of the Company's financial liabilities are subject to normal trade terms.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd)

Financial risk factors (cont'd)

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. These fluctuations may be significant.

a) Interest rate risk

The Company has cash and equivalents balances and short-term investments. The Company's current policy is to invest funds in investment-grade short-term deposits certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The effect on net income and comprehensive net income of a 1% change in interest rates is approximately $5,800.

b) Price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Capital management

Grosvenor's objectives when managing capital is to pursue the exploration and evaluation of its mineral property, possibly acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

Grosvenor manages the capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company monitors its expenditures against its available capital.

The Company is currently not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.