Cipher Resources Inc.

(formerly Dorex Minerals Inc.)

Condensed Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

As at and for the six months ended September 30, 2017 and 2016

Cipher Resources Inc.

(formerly Dorex Minerals Inc.)

(the "Company")

CONDENSED INTERIM FINANCIAL STATEMENTS
As at and for the six months ended September 30, 2017

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The Management of the Company is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") for the preparation of condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Cipher Resources Inc. (formerly Dorex Minerals Inc.)
Condensed Interim Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
As at,

		September 30, 2017		March 31, 2017
Assets				
Current Assets:				
Cash	**$**	**63**	$	28
Accounts receivable		**-**		7,725
GST receivable		**42,139**		10,792
Total Assets	**$**	**42,202**	$	18,545
Liabilities and Shareholders' Deficiency				
Current Liabilities:				
Accounts payable and accrued liabilities (note 6)	**$**	**410,239**	$	429,879
Loans payable (note 7)	**$**	**64,847**	$	146,260
		475,086		576,139
Shareholders' Deficiency:				
Share capital (Note 8)		**6,372,443**		5,614,323
Share-based payment reserve (Note 8)		**1,313,269**		1,281,619
Deficit		**(8,118,596)**		(7,453,536)
		(432,884)		(557,594)
Total Liabilities and Shareholders' Deficiency	**$**	**42,202**	**$**	18,545

Organization and nature of operations (Note 1)

Approved on Behalf of the Board November 29, 2017:

"Doug McFaul"
Doug McFaul - Director

"Elena Tanzola"
Elena Tanzola - Director

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

Cipher Resources Inc. (formerly Dorex Minerals Inc.)
Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	For the three months ended September 30,		For the six months ended September 30,	
	2017	2016	**2017**	2016
Expenses				
Accounting and audit	**$ 17,260**	$ 1,200	**$ 59,981**	$ 1,200
Consulting fees	**6,000**	-	**217,265**	-
Interest	**19,533**	1,608	**31,280**	3,127
Legal fees	**14,327**	-	**48,202**	-
Management fees	**-**	7,500	**-**	15,000
Meals and entertainment	**426**	-	**2,604**	-
Office and administration	**6,124**	5,429	**9,463**	10,861
Property investigation costs	**-**	-	**244,280**	-
Rent	**3,695**	4,500	**18,335**	9,000
Share-based payments	**31,650**	-	**31,650**	-
Transfer agent and filing fees	**7,713**	4,880	**27,606**	12,140
Travel expenses	**26,133**	-	**27,595**	-
Total expenses	**(132,861)**	(25,117)	**(718,261)**	(51,328)
Gain on debt settlement (note 6)	**-**	-	**53,201**	-
Loss and comprehensive loss for the period	**$ (132,861)**	$ (25,117)	**$ (665,060)**	$ (51,328)
Weighted average number of common shares outstanding – basic and diluted	**12,217,687**	5,217,686	**9,640,764**	5,217,686
Basic and diluted net loss per share	**$ (0.01)**	$ 0.00	**$ (0.07)**	$ 0.01

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

Cipher Resources Inc. **(formerly Dorex Minerals Inc.)**
Condensed Interim Statements of Shareholders' Deficiency
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Share Capital Number	Share Capital Amount $	Share-based Payments Reserve $	Obligation to issue shares $	Retained Earnings (Deficit) $	Total Shareholder's Deficiency $
Balance, March 31, 2016	5,217,687	5,614,323	1,281,619	51,500	(7,159,188)	(211,746)
Net and comprehensive loss	-	-	-	-	(51,328)	(51,328)
Balance, September 30, 2016	5,217,687	5,614,323	1,281,619	51,500	(7,210,516)	(263,074)
Balance, March 31, 2017	**5,217,687**	**5,614,323**	**1,281,619**	**-**	**(7,453,536)**	**(557,594)**
Shares Issued	**7,000,000**	**770,000**	**-**	-	**-**	**770,000**
Share issuance cost	-	**(11,880)**	-	**-**	-	**(11,880)**
Share-based payments	-	-	31,650	**-**	-	**31,650**
Net and comprehensive loss	**-**	**-**	**-**	-	**(665,060)**	**(665,060)**
Balance, September 30, 2017	**12,217,687**	**6,372,443**	**1,313,269**	**-**	**(8,118,596)**	**(432,884)**

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

Cipher Resources Inc. **(formerly Dorex Minerals Inc.)**

Condensed Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	For the six months ended September 30,	
	2017	2016
Cash flows from operating activities:		
Net loss for the period	**$ (665,060)**	$ (51,328)
Items not involving cash:		
Accrued interest on loans payable	**31,280**	3,127
Share-based payments	**31,650**	-
Gain on debt settlement	**(53,201)**	-
Change in non-cash operating working capital:		
Accounts receivable	**7,725**	-
GST receivable	**(31,347)**	21,531
Accounts payable and accrued liabilities	**140,999**	4,928
	(537,954)	(21,742)
Cash flows from financing activities:		
Shares issued, net of share issuance costs	**758,120**	-
Loan advances (repayments), net	**(220,131)**	25,960
	537,989	25,960
Increase in cash	**35**	4,218
Cash (bank indebtedness), beginning of the period	**28**	(4,150)
Cash, end of the period	**$ 63**	$ 68
Supplementary information with respect to cash flows:		
Income taxes paid	$ **-**	$ -
Interest paid	$ **-**	$ -

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

1 ORGANIZATION AND NATURE OF OPERATIONS

Cipher Resources Inc. (formerly Dorex Minerals Inc.) (the "Company") is an exploration stage company incorporated under the laws of British Columbia, Canada and is primarily engaged in the acquisition, exploration and development of exploration and evaluation assets located in British Columbia. The address of the registered and records office and the address for service of the Company is Suite 2900-550 Burrard Street, Vancouver, BC V6C 0A3. Suite 3002, 1211 Melville Street, Vancouver, BC, V6E 0A7. The Company's shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "CIFR".

These financial statements have been prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquation. The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company are primarily dependent upon its ability to raise exploration financing from equity markets or by selling or optioning its exploration and evaluation assets. Recovery of the capitalized carrying costs shown for exploration and evaluation assets will likely require establishment of economically recoverable reserves, the securing of development financing and profitable production. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the statement of operations and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not appropriate.

Additional equity and/or debt financing is subject to the global financial markets and prevailing economic conditions, which have recently been volatile and distressed. These factors will likely make it more challenging to obtain financing for the Company going forward. These matters and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern.

On April 21, 2017, pursuant to a special resolution passed by the directors, the Company announced that it had consolidated its share capital on one-new-for-10-old basis, effective June 5, 2017. All share and per share values in these financial statements have been adjusted to reflect this consolidation.

On August 18, 2017, the Company's board of directors approved a change of the Company's name to Cipher Resources Inc. The name change was approved by the TSX Venture Exchange and became effective on September 18, 2017. The Company's ticker symbol is now CIFR.V.

The Company incurred a net and comprehensive loss of ($665,060) for the six months ended September 30, 2017. As at September 30, 2017, the Company has a working capital deficit of $432,884 and a deficit of ($8,118,596).

2 BASIS OF PRESENTATION

These condensed interim financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standard Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, using accounting policies that

2 BASIS OF PRESENTATION (continued)

the Company expects to adopt in its annual financial statements for the year ended March 31, 2018. These condensed interim financial statements do not include all of the information required for the annual financial statements and should be read in conjunction with the Company's most recent audited financial statements for the year ended March 31, 2017, which are available on www.sedar.com.

The condensed interim financial statements are presented in Canadian dollars. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21.

3 SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for the statements of cash flows.

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's most recent audited annual financial statements as at and for the year ended March 31, 2017 which is available at www.sedar.com, except for those new, revised and/or amended standards adopted below, and reflect all the adjustments necessary for fair presentation in accordance with IAS 34. There has been no material impact on these financial statements from changes in accounting standards during the period.

4 RECENT ACCOUNTING PRONOUNCEMENTS

A number of new IFRS standards, amendments to standards and interpretations are not yet effective for the period ended September 30, 2017, and have not been applied in preparing these condensed interim financial statements. None of these is expected to have an effect on the Company's financial statements:

IFRS 9 Financial Instruments - New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

IFRS 16 Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

(Expressed in Canadian dollars)

5 EXPLORATION AND EVALUATION ASSETS

	Atlin Ruffner
March 31, 2015	**70,600**
Acquisition cost	2,000
Deferred exploration cost	13,810
March 31, 2016	**86,410**
Write-off	(86,410)
March 31, 2017 and September 30, 2017	**-**

Atlin Ruffner Project

On January 7, 2015, the Company received the TSX Venture Exchange approval for the property option agreement with Pacific Harbor Resources Ltd., a private BC Company, on the Atlin Ruffner project located in northwest British Columbia. Under the terms of the agreement the Company can earn an undivided 55% interest in the property by completing the following:

1) issuing 60,000 Shares to and in the name of the Optionor as follows:

   i. 20,000 Shares not later than the fifth day (the "Effective Date") after TSXV acceptance, issued during the year ended March 31, 2015 with a fair value of $20,000;
   ii. an additional 20,000 Shares not later than the first anniversary of the Effective Date, issued during the year ended March 31, 2016 with a fair value of $2,000;
   iii. an additional 20,000 Shares not later than the second anniversary of the Effective Date.

2) incurring a minimum of $300,000 in Exploration Expenses as follows:

   i. a minimum of $50,000 in Exploration Expenses before the first anniversary of the Effective Date; and
   ii. a minimum of an additional $250,000 in Exploration Expenses before the third anniversary of the Effective Date.

During the year ended March 31, 2017 the Company wrote off the Altin Ruffner Project resulting in an impairment charge of $ 86,410.

(Expressed in Canadian dollars)

6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2017	March 31, 2017
	$	$
Accounts payable	293,343	317,646
Accrued liabilities	-	30,500
Amounts due to related parties (note 8)	116,896	81,733
	410,239	429,879

On April 10, 2017, the Company entered into a settlement agreement with an unrelated third party to settle accounts payable of $158,931 for $105,730. The remaining amount is payable on demand after April 30, 2017 with interest accruing at 5% per annum. During the period ended September 30, 2017, the Company recognized gain on debt settlement of $53,201 and accrued interest of $30,430 in relation to the settlement agreement.

7 LOANS PAYABLE

	September 30, 2017	March 31, 2017
	$	$
Loans payable	9,847	146,260
Promissory notes payable	55,000	-
	64,847	146,260

The Company's outstanding loan is unsecured, due one year from the date of advance and interest at 18% per annum is payable monthly, in arrears, on the first business day of each month. Overdue interest will bear interest at the same rate.

On August 1, 2017, the Company entered 4 separate Promissory Notes ("Notes") with four different entities for advances totalling $55,000. All Notes have the same terms which are that the principal outstanding under these Notes shall bear interest at 10% per annum, calculated monthly in advance, only if the Notes are in default. All Notes are due on demand which can only be made upon the earlier of October 8, 2017 or completion of a financing by the Company of not less than $250,000. As at September 30, 2017 the Notes are not in default and no interest has been accrued for the period ending September 30, 2017.

8 SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

a. Authorized, issued and outstanding

An unlimited number of Class A voting Common Shares are authorized - 12,217,687 issued and outstanding as at September 30, 2017.

Pursuant to a special resolution passed by the directors on April 24, 2017, the Company has consolidated its capital on a one-new-for-10-old basis, effective at the opening on June 5, 2017.

On June 7, 2017, the Company closed its previously announced non-brokered private placement for total proceeds of $770,000. The private placement consisted of 7,000,000 common shares of the Company at a price of $0.11 per share. In connection with the private placement, the Company paid a cash commission totaling $11,880. All securities issued in connection with the placement were subject to a hold period expiring October 8, 2017. Proceeds of the placement will be used for general corporate purposes.

b. Stock Options and Other Incentive Plans

The Company has adopted an incentive stock option plan (the “Plan”) October 2017 for senior officers, directors, employees and consultants of the Company. This is a "rolling" stock option plan as the number will increase as the number of outstanding common shares increases. The number of common shares reserved for issue pursuant to the grant of stock options, restricted share units ("RSUs") and/or deferred share units ("DSUs") of the Company and any other security based compensation arrangements of the Company from time to time may not exceed 10% of the number of outstanding common shares.

The essential elements of stock options under the Plan provide that the options granted under the Plan will have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the common shares (defined as the last closing market price of the Company’s common shares immediately preceding the issuance of a news release announcing the granting of the options, less the maximum discount permitted under TSXV policies), or such other price as may be agreed to by the Company and accepted by the TSXV. Options granted under the plan vest immediately, unless otherwise specified by the Board, except for consultants conducting investor relation activities which the directors have determined will vest with the right to exercise one-fourth of the option upon the conclusion of each three-month period subsequent to the date of the grant of the option.

RSUs are performance based share units which may be granted to participants in the Plan based on both individual and corporate performance criteria as determined by the Board. The RSUs are paid out to the participant at no later than three years from the year in which the RSUs were granted. Non-vested RSUs are forfeited if the participant voluntarily leaves his or her employment with the Company.

(Expressed in Canadian dollars)

8 SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

b. Options (continued)

A DSU is a notional share that has the same value as one common share as at the grant date. Under the Plan, a participant may choose, with the consent of the Company, to take all or part of their fees in DSUs. DSUs are paid out to the participant as common shares when they retire from or no longer service the Company. A retiring participant can defer the payout of his/her DSUs to the year following his/her departure from the Company.

Further details of the Plan are available at www.sedar.com.

On July 5, 2017, the Company granted 225,000 options, which vested immediately, having an exercise price of $0.15 each, exercisable at any time up until and including July 5, 2022. The fair value of the options so granted was determined to be $31,650 using the Black-Scholes option pricing model under the following assumptions: risk-free interest rate - 0.75%; expected life - 5 years; expected volatility – 166.03% and expected dividends - nil.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2016	127,500	$ 1.20
Expired	(42,500)	1.50
Balance, March 31, 2017	85,000	$ 1.00
Granted	**225,000**	**0.15**
Balance, September 30, 2017	**310,000**	**$0.38**

As at September 30, 2017, outstanding options were as follows:

Expiry	Number of options outstanding		Weighted average exercise price per share	Average remaining life (years)
December 24, 2018	85,000	$	1.00	1.23
July 5, 2022	225,000	$	0.15	4.76
Fully vested and exercisable	**310,000**	**$**	**0.38**	**3.80**

(Expressed in Canadian dollars)

8 SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

c. Warrants

A summary of the status of the Company's outstanding and exercisable warrants as at March 31, 2017 and September 30, 2017, and changes during the years then ended are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2016	2,512,278	$ 1.00
Expired	-	-
Exercised	-	-
Granted	-	-
Balance, March 31, 2017	2,512,278	$ 1.00
Expired	(2,512,278)	1.00
Exercised	-	-
Granted	-	-
Balance, September 30, 2017	**-**	**-**

d. Escrow shares

As at September 30, 2017, the Company has 18,750 (March 31, 2017 – 18,750) common shares held in escrow which are released based on performance.

e. Loss per share

Basic per share amounts have been calculated using the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the period ended September 30, 2017 was 9,640,764 (2016 – 5,217,686). As the calculation of diluted losses per share would be anti-dilutive, the calculation of the diluted number of shares in the current period is not applicable.

f. Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. During the period ended September 30, 2017 $31,650 in share-based payments were incurred due to the grant of 225,000 options on July 5, 2017.

(Expressed in Canadian dollars)

8 SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

g. Private placement

On September 20, 2017, the Company announced it had engaged RAMPartners S.A. to assist with its ongoing financing plans by conducting a private placement to raise up to $8,100,000 through the issuance of 27,000,000 common shares at a price of $0.30 per share. As of September 30, 2017, no funds had been received or shares issued with regards to this pending private placement.

9 RELATED PARTIES

a) Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following balances payable to related parties are included in accounts payable and accrued liabilities (note 6):

	September 30, 2017	**March 31, 2017**
	$	$
Companies controlled by directors and officers	**44,553**	48,209
Due to directors of the Company	**72,343**	33,524
	116,896	81,733

Key management compensation consists of management fees of $Nil (2016 – $7,500) paid to a director of the Company.

10 MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash.

The Company manages its common shares and stock options as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. The Company is not subject to any externally imposed capital requirements.

10 MANAGEMENT OF CAPITAL (continued)

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of its mineral properties. The Board of Directors has not established quantitative capital structure criteria for management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period.

In order to facilitate the management of capital and maintenance and development of future mining sites, the Company may issue new equity, incur additional debt, option its properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

11 FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks including credit risk, interest rate risk and liquidity risk.

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. Management believes that the credit risk with respect to cash is low.

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's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due after taking into account the Company's holdings of cash that might be raised from equity financings. As at September 30, 2017, the Company had cash of $63 (March 31, 2017 – $28), and current liabilities of $475,086 (March 31, 2017 – $576,139).

11 FINANCIAL INSTRUMENTS (continued)

Liquidity Risk (continued)

The Company's current resources are insufficient to settle its current liabilities. Management has no formal plan to address this concern but considers that the Company will be able to raise additional funds by equity financings. However, given the current economic environment, there can be no assurance of additional funds being available or on acceptable terms.

Foreign Currency Risk

Currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has certain operation expenses that are denominated in US dollars. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and the US dollar. The Company's exposure to foreign currency risk is minimal.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With respect to financial assets, the Company's practice is to invest cash in cash equivalents in order to maintain liquidity. Fluctuations in interest rates affect the fair value of cash equivalents. The Company has minimal cash and the loans are interest bearing with fixed rates, therefore, its exposure to interest rate risk is minimal.

Fair Value Hierarchy

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As at September 30, 2017, cash have been fair valued using Level 1 inputs.

(Expressed in Canadian dollars)

11 FINANCIAL INSTRUMENTS (continued)

Classification of Financial Instruments

Financial assets included in the statement of financial position are as follows:

	September 30, 2017	March 31, 2017
Fair value through profit and loss:	$	$
Cash	63	28

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2017	March 31, 2017
Non-derivative financial liabilities:	$	$
Accounts payable	293,343	317,646
Due to related parties	116,896	81,733
Loans payable	64,847	146,260