

**Condensed Interim Financial Statements**

(Stated in Canadian Dollars)

(Unaudited)



For the three months ended March 31, 2017



## **NOTICE TO SHAREHOLDERS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2017**

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited condensed interim financial statements of Wolfden Resources Corporation were prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Only changes in accounting policies have been disclosed in these unaudited condensed interim financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited condensed interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

In accordance with National Instrument 51-102 released by the Canadian Securities Administration, the Corporation discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the period ended March 31, 2017.



## CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Stated in Canadian Dollars)  
(Unaudited)

As at	March 31 2017 \$	December 31 2016 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	433,840	459,402
Accounts receivable	49,434	19,503
Prepays	15,221	11,856
Investments [note 4]	1,037,542	1,286,622
<b>Total current assets</b>	<b>1,536,037</b>	<b>1,777,383</b>
<b>Non-current assets</b>		
Equipment and leaseholds [note 5]	10,149	15,525
<b>Total assets</b>	<b>1,546,186</b>	<b>1,792,908</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	301,328	119,445
<b>EQUITY</b>		
Share capital [note 7]	21,003,193	20,562,117
Share purchase warrants [note 7]	336,141	336,141
Equity settled employee benefits [note 7]	911,576	912,826
Deficit	(21,006,052)	(20,137,621)
<b>Total equity</b>	<b>1,244,858</b>	<b>1,673,463</b>
<b>Total liabilities and equity</b>	<b>1,546,186</b>	<b>1,792,908</b>

*Commitments [note 10]*

*See accompanying notes to the condensed consolidated interim financial statements*

*These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 17, 2017.*

*They are signed on the Corporation's behalf by:*

*"Don Hoy"*  
Director

*"Dan Mechis"*  
Director



## CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Stated in Canadian Dollars)  
(Unaudited)

For the three months ended March 31

	2017 \$	2016 \$
<b>REVENUE</b>		
Investment income	2,862	1,502
<b>EXPENSES</b> [note 9]		
Depreciation [note 5]	5,376	5,376
Exploration expenses [note 6]	744,653	147,650
General and administrative expenses	115,384	161,572
Professional fees	5,880	5,623
	<b>871,293</b>	<b>320,221</b>
<b>Loss before income taxes</b>	<b>(868,431)</b>	<b>(318,719)</b>
Current tax recovery	-	(794)
	-	(794)
<b>Loss for the period</b>	<b>(868,431)</b>	<b>(317,925)</b>
<b>Comprehensive loss for the period</b>	<b>(868,431)</b>	<b>(317,925)</b>
<b>Basic and diluted loss per share</b> [note 8]	<b>(0.01)</b>	<b>(0.01)</b>

See accompanying notes to the condensed consolidated interim financial statements

## CONDENSED INTERIM STATEMENTS OF CASH FLOW

(Stated in Canadian Dollars)  
(Unaudited)

For the three months ended March 31

	2017 \$	2016 \$
<b>OPERATING ACTIVITIES</b>		
Comprehensive loss for the period	(868,431)	(317,925)
Add charges to earnings not involving a current payment of cash		
Depreciation	5,376	5,376
Non-cash general and administrative credit	(1,250)	-
	(864,305)	(312,549)
Changes in non-cash working capital balances related to operations		
Accounts receivable	(29,931)	49,346
Prepays	(3,365)	12,195
Accounts payable and accrued liabilities	181,883	(96,014)
<b>Cash used in operating activities</b>	<b>(715,718)</b>	<b>(347,022)</b>
<b>INVESTMENT ACTIVITIES</b>		
Redemption (purchase) of investments, net	249,080	(1,502)
<b>Cash provided by (used in) investment activities</b>	<b>249,080</b>	<b>(1,502)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from private placement	472,500	-
Share issue costs	(31,424)	-
<b>Cash provided by financing activities</b>	<b>441,076</b>	<b>-</b>
<b>Decrease in cash and cash equivalents during the period</b>	<b>(25,562)</b>	<b>(348,524)</b>
Cash and cash equivalents, beginning of the period	459,402	762,642
<b>Cash and cash equivalents, end of the period</b>	<b>433,840</b>	<b>414,118</b>

*See accompanying notes to the condensed consolidated interim financial statements*

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Stated in Canadian Dollars)  
(Unaudited)

Issued and outstanding:	Share Capital				Reserves			Total Equity
	Number of Shares	Share Capital	Shares subscribed	Warrants	Equity Settled Employee Benefits	Foreign currency translation	Deficit	
<b>Balance as at</b>								
<b>December 31, 2015</b>	70,651,589	19,871,884	-	336,141	758,047	-	(19,688,481)	1,277,591
Comprehensive loss for the period	-	-	-	-	-	-	(317,925)	(317,925)
<b>Balance as at</b>								
<b>March 31, 2016</b>	70,651,589	19,871,884	-	336,141	758,047	-	(20,006,406)	959,666
Private placement #1	3,250,000	357,500	-	-	-	-	-	357,500
Private placement #2	3,500,000	350,000	-	-	-	-	-	350,000
Obligation to issue stock options	-	-	-	-	14,875	-	-	14,875
Shares issued for general and administrative expenses	100,000	13,000	-	-	-	-	-	13,000
Share-based payments	-	-	-	-	139,904	-	-	139,904
Shares issued for mineral properties	100,000	13,000	-	-	-	-	-	13,000
Share issue costs	-	(43,267)	-	-	-	-	-	(43,267)
Comprehensive loss for the period	-	-	-	-	-	-	(131,215)	(131,215)
<b>Balance as at</b>								
<b>December 31, 2016</b>	77,601,589	20,562,117	-	336,141	912,826	-	(20,137,621)	1,673,463
Private placement [note 7]	3,500,000	472,500	-	-	-	-	-	472,500
Share-based payments	-	-	-	-	(1,250)	-	-	(1,250)
Share issue costs	-	(31,424)	-	-	-	-	-	(31,424)
Comprehensive loss for the period	-	-	-	-	-	-	(868,431)	(868,431)
<b>Balance as at</b>								
<b>March 31, 2017</b>	<b>81,101,589</b>	<b>21,003,193</b>	-	<b>336,141</b>	<b>911,576</b>	-	<b>(21,006,052)</b>	<b>1,244,858</b>

See accompanying notes to the condensed consolidated interim financial statements



## **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

(Stated in Canadian Dollars)

(Unaudited)

For the three months ended March 31, 2017  
(with comparative figures for the year ended December 31, 2016)

### **1. NATURE OF BUSINESS**

Wolfden Resources Corporation (the "Corporation" or "Wolfden") was incorporated under the laws of the Province of Ontario on August 12, 2009. The principal business activity of the Corporation is the acquisition, exploration and development of mineral properties that it believes contain mineralization that will be economically recoverable in the future.

#### **Going concern**

The Corporation, being in the exploration stage, is subject to risks and challenges similar to companies in a comparable stage of development. These risks include the challenges of securing adequate capital for exploration, development and operational risks inherent in the mining industry as well as global economic and gold price volatility. At March 31, 2017 the Corporation has not yet achieved profitable production and has accumulated losses of \$21,006,052, which may cast substantial doubt on the Corporation's ability to continue as a going concern. The Corporation's continuance as a going concern is dependent upon its ability to obtain adequate financing or to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Corporation will attain profitable level of operation. These condensed interim financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of comprehensive loss classification that would be necessary should the Corporation be unable to continue as a going concern. These adjustments could be material.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Presentation**

These statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The financial statements of the Corporation for the period ended March 31, 2017 were approved and authorized by the Board of Directors on May 17, 2017.

### **3. RECENT ACCOUNTING PRONOUNCEMENTS**

The accounting policies adopted in the preparation of these condensed interim financial statements have been prepared on the basis of all IFRS and interpretations effective as at March 31, 2017.

The following standards were applied for the periods beginning on or after January 1, 2017 and had no material effect on the Corporation's financial statements:

#### **Accounting Standards issued and effective January 1, 2017**

- Amendments to IAS 7 - Statement of Cash Flows require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments apply prospectively for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Corporation intends to adopt the amendments to IAS 7 in its financial statements for the annual period beginning January 1, 2017.

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
(Stated in Canadian Dollars)  
(Unaudited)

For the three months ended March 31, 2017  
(with comparative figures for the year ended December 31, 2016)

- Amendments to IAS 12 - Deferred Tax Assets for Unrealized Losses apply retrospectively for periods beginning on or after January 1, 2017 and earlier application is permitted. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of carrying amount of an assets and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount. The Corporation intends to adopt the amendments to IAS 7 in its financial statements for the annual period beginning January 1, 2017.

The additional required disclosures of applying the above standard were incorporated in the notes to these financial statements.

The Corporation has not applied the following revised or new IFRS that have been issued but were not yet effective at March 31, 2017.

**Accounting standards issued and effective January 1, 2018**

The Corporation is currently assessing the impact that the following changes to accounting standards will have on the financial statements:

- IFRS 15, Revenue from Contracts with Customers establishes a single model in accounting for revenue arising from contracts with customers. This will supercede current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations
- 
- IFRS 9, Financial Instruments introduces new requirements for the classification and measurement of financial assets and liabilities.

**Accounting standards issued and effective January 1, 2019**

The Corporation is currently assessing the impact that the following changes to accounting standards will have on the financial statements:

- IFRS 16, Leases introduces new requirements for the classification and measurement of leases.



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

(Unaudited)

For the three months ended March 31, 2017  
(with comparative figures for the year ended December 31, 2016)

### 4. INVESTMENTS

At March 31, 2017, the Corporation holds guaranteed investment certificates of \$283,196 maturing May 18, 2017, yielding 0.90%, and guaranteed investment certificates of \$754,346 maturing August 8, 2017, yielding 0.90%. [December 31, 2016 - guaranteed investment certificates of \$533,959 maturing May 18, 2017, yielding 0.90%, and guaranteed investment certificates of \$752,663 maturing August 8, 2017, yielding 0.90%.].

### 5. EQUIPMENT AND LEASEHOLDS

	Computer Equipment \$	Vehicles \$	Leaseholds \$	Total \$
<b>Cost</b>				
<b>Balance, March 31, 2016</b>	13,120	27,068	88,148	128,336
<b>Balance, December 31, 2016</b>	13,120	27,068	88,148	128,336
<b>Balance, March 31, 2017</b>	<b>13,120</b>	<b>27,068</b>	<b>88,148</b>	<b>128,336</b>
<b>Accumulated depreciation</b>				
<b>Balance, March 31, 2016</b>	8,838	21,154	67,576	97,568
Depreciation for the period	796	1,226	13,221	15,243
<b>Balance, December 31, 2016</b>	9,634	22,380	80,797	112,811
Depreciation for the period	480	489	4,407	5,376
<b>Balance, March 31, 2017</b>	<b>10,114</b>	<b>22,869</b>	<b>85,204</b>	<b>118,187</b>
<b>Carrying amounts</b>				
December 31, 2016				15,525
<b>March 31, 2017</b>				<b>10,149</b>

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

(Unaudited)

For the three months ended March 31, 2017  
(with comparative figures for the year ended December 31, 2016)

### 6. EXPLORATION AND EVALUATION

	Rice Island	Nickel- Island	Teta- gouche	Other	Total for current period	2016	Total inception to date
Analytical / Sampling	5,809	-	-	-	5,809	16,561	478,591
Geological	63,157	-	2,596	1,040	66,793	120,498	885,377
Geophysical	135,465	-	-	-	135,465	61,130	725,903
Geochemical	10,607	-	-	-	10,607	-	161,642
Transportation/ Accommodation	18,641	2,592	60	-	21,293	117,731	295,384
Exploratory Drilling	445,291	-	-	-	445,291	68,453	2,197,497
Property Work Operations	-	-	-	-	-	1,910	405,442
Support	21,272	15	644	-	21,931	20,114	224,020
Administration	30,309	1,675	-	-	31,984	138,827	396,096
<b>Total Exploration</b>	<b>730,551</b>	<b>4,282</b>	<b>3,300</b>	<b>1,040</b>	<b>739,173</b>	<b>545,224</b>	<b>5,769,952</b>
Acquisition / Development Costs	-	-	3,940	1,540	5,480	(50,742)	9,416,557
<b>Total</b>	<b>730,551</b>	<b>4,282</b>	<b>7,240</b>	<b>2,580</b>	<b>744,653</b>	<b>494,482</b>	<b>15,186,509</b>

#### Mineral property acquisitions and agreements

##### Manitoba

##### Rice Island property

On September 15, 2015, the Corporation acquired a 100% interest in the Rice Island nickel-copper deposit situated on the Rice Island property (the "Property") through claim staking. The Property, consisting of 704 hectares, is located 10 kilometres south-southeast of the Town of Snow Lake in west-central Manitoba.

During the fourth quarter of 2015, a Notice of Dispute (the "Notice") was filed with the Province of Manitoba with respect to the Rice Island, Manitoba claims. Specifically, the Notice states that an individual (the "Disputant") has taken the position that one of the claims recorded in favour of Wolfden is invalid due to the existence of the Disputant's claims on the land prior to Wolfden's staking of the claim. Wolfden has responded to the Notice and is confident that it has clear and legal title to the subject claim as confirmed by the issuing of the recording certificate by the Manitoba Mining Recorder. This matter was brought to a resolution in conjunction with the signing of the Rice Island Tie-On Property agreement described below.

On September 21, 2016 the Corporation entered into an option agreement to expand the Rice Island property by earning a 100% interest in the Rice Island Tie-On Property (the "RITOP"), located adjacent to Wolfden's existing Rice Island property. Under terms of the option agreement with the Vendor, to earn a 100% interest in the RITOP, the Corporation must make cash payments totalling \$250,000 and issue 500,000 common shares of Wolfden over a five year period. (\$25,000 and 100,000 common shares on signing). In addition, the Corporation must incur \$1,000,000 in exploration expenditures over the same five year period (\$100,000 in

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

(Unaudited)

For the three months ended March 31, 2017  
(with comparative figures for the year ended December 31, 2016)

year one). Upon earning a 100% interest in the RITOP, the Vendor retains a 2.5% Net Smelter Royalty on the RITOP as well as on the Rice Island property; of which, Wolfden can purchase 1.5% of the Net Smelter Royalty for the sum of \$1,500,000 (0.5% increments at \$500,000 per each increment) for each of the properties. Wolfden also retains the right of first refusal on the remaining 1.0% Net Smelter Royalty held by the Vendor for each of the RITOP and Rice Island property.

### *Nickel Island property*

On May 21, 2015, the Corporation acquired a 100% interest in a nickel-copper property by claim staking (the "Property"). The Property comprises 600 hectares and is located in east-central Manitoba.

### **New Brunswick**

#### *Tetagouche Property*

On January 6, 2014 the Corporation closed a definitive purchase agreement (the "Agreement") to acquire a large strategic land package situated in the Bathurst Mining Camp and surrounding area in north-eastern New Brunswick. Collectively, the property acquisition comprises land holdings totaling more than 20,000 hectares (the "Property").

Wolfden acquired the Property from 8100896 Canada Inc., a wholly-owned subsidiary of GeoVenCap Inc. (the "Vendor"). Pursuant to the terms of the Agreement, the Corporation purchased all of the Vendor's right, title and interest to and in the Property for cash consideration of \$125,000 and 571,428 common shares of Corporation (the "Consideration Shares") having a value of \$100,000. The Consideration Shares were subject to a four-month hold period under applicable securities laws in Canada.

#### *Clarence Stream Agreements*

(i) On March 7, 2012 the Corporation executed an agreement, which was amended March 29, 2012, and further amended September 6, 2012, to purchase a 30% interest in the Clarence Stream property located in New Brunswick from Rockport Mining Corp. ("RMC"). On the Closing Date, October 18, 2012, RMC sold, assigned and transferred to the Corporation the Subject Interest and the Exploration Data, and the Corporation purchased the Subject Interest and Exploration Data from RMC, for the following consideration:

- (a) A non-refundable deposit of \$75,000 paid on signing of the agreement;
- (b) the sum of \$1,000,000, paid by the Corporation to RMC (or its designated Affiliate); and
- (c) the allotment and issuance by the Corporation to RMC (or its designated Affiliate, subject to compliance with Applicable Securities Laws), of that number of IPO Securities having a deemed aggregate value equal to \$560,000 (the "Transaction Units") at a price per Transaction Unit equal to the IPO price of the IPO Securities.

(ii) On January 13, 2012 the Corporation executed an agreement to purchase a 70% interest in the Clarence Stream property located in New Brunswick from Cliffs Chromite Ontario Inc. ("Cliffs"). On the Effective Date, October 18, 2012, Cliffs sold, assigned and transferred to the Corporation the Subject Interest and the Exploration Data, and the Corporation purchased the Subject Interest and Exploration Data from Cliffs, for the following consideration:

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
(Stated in Canadian Dollars)  
(Unaudited)

For the three months ended March 31, 2017  
(with comparative figures for the year ended December 31, 2016)

- (a) the sum of \$10, paid by the Corporation to Cliffs on the Effective Date;
- (b) the sum of \$2,000,000, paid by the Corporation to Cliffs (or its designated Affiliate);
- (c) the allotment and issuance by the Corporation to Cliffs (or its designated Affiliate, subject to compliance with Applicable Securities Laws), of that number of Shares having a deemed aggregate value equal to \$1,600,000 (the "Transaction Shares") at a price per Share equal to the IPO price of the Shares;
- (d) the grant by, and agreement of, the Corporation to pay on behalf of itself and its successors and assigns, and the reservation by Cliffs on behalf of itself and its successors and assigns of, a 1% net smelter returns royalty on the Property (the "Net Smelter Returns Royalty") in perpetuity for each year with respect to all Minerals, all as more formally provided in the Royalty Agreement; and
- (e) the assumption of certain liabilities by the Corporation.

There is a 2% and 1 % Net Smelter Royalty ("NSR") on the property, and the Corporation is required to make \$15,000 advance royalty payments annually which are deductible against the 2% NSR.

On August 2, 2016, the Corporation entered into a definitive option agreement (the "Option Agreement") with 2520885 Ontario Inc. and Galway Metals Inc. (collectively the "Optioner"), whereby the Optioner has agreed to acquire a 100% undivided interest in Wolfden's Clarence Stream property (the "Property"), located in southwestern New Brunswick.

In order to earn a 100% interest in the Property, the Optioner will make cash payments to Wolfden totaling \$3,250,000 over a 3-year period (the "Option Period"). In addition, the Optioner will grant Wolfden a 1% Net Smelter Return Royalty (the "NSR") from any minerals produced on the Property; the Optioner can purchase the NSR from Wolfden at any time for the sum of \$2,000,000.

Under the terms of the Option Agreement, the Optioner will make scheduled cash payments to Wolfden comprising \$750,000 on signing of the Option Agreement (the "Effective Date"), \$750,000 on or before the first anniversary of the Effective Date, \$1,000,000 on or before the second anniversary of the Effective Date and \$750,000 on or before the third anniversary of the Effective Date.

During the Option Period, the Optioner is solely responsible for carrying out and administering exploration, development and mining work on the Property and obtaining all regulatory and third party consents, approvals and authorizations to carry out such work. In the event that the Optioner fails to make any of the cash payments stipulated above, the Option Agreement shall terminate and Wolfden will continue to hold an undivided 100% interest in the Property.

*Brunswick No. 6 West Property*

On April 29, 2015 the Corporation acquired, by claim staking, the Brunswick No. 6 West property (the "Property"). The wholly-owned Property comprising 154 mineral claims totaling 3,367 hectares adjoins the formerly producing Brunswick No. 6 mine and is located proximal to infrastructure, 20 kilometers southwest of the City of Bathurst, in the heart of the Bathurst Mining Camp.

## **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

(Stated in Canadian Dollars)  
(Unaudited)

For the three months ended March 31, 2017  
(with comparative figures for the year ended December 31, 2016)

### **7. SHARE CAPITAL AND RESERVES**

#### **i. Authorized**

The Corporation is authorized to issue an unlimited number of common shares.

#### **ii. Details of share issuances**

2017

##### Private Placement #1

On January 18, 2017 the Corporation completed a non-brokered private placement (the "Offering") of 3,500,000 flow-through units (the "Flow-through Units") at a price of \$0.135 per Flow-through Unit for gross proceeds of \$472,500. Each Flow-through Unit consists of one common share of the Corporation that is a "flow-through share" within the meaning of the Income Tax Act (Canada) and one-half of one non-transferable common share purchase warrant (each whole warrant a "Warrant"). Each such Warrant entitles the holder to the purchase of one common share of the Corporation at a price of \$0.15 per common share until January 18, 2019. The Flow-Through Unit Shares and Warrants issued under the Offering are subject to a four-month hold period that expires May 18, 2017.

2016

##### Private Placement #1

On May 31, 2016 the Corporation completed a non-brokered private placement (the "Offering") of 3,250,000 flow-through units (the "Flow-through Units") at a price of \$0.11 per Flow-through Unit for gross proceeds of \$357,500. Each Flow-through Unit consists of one common share of the Corporation that is a "flow-through share" within the meaning of the Income Tax Act (Canada) and one-half of one non-transferable common share purchase warrant (each whole warrant a "Warrant"). Each such Warrant entitles the holder to the purchase of one common share of the Corporation at a price of \$0.20 per common share until May 31, 2018. The Flow-Through Unit Shares and Warrants issued under the Offering were subject to a four-month hold period that expired October 1, 2016. In connection with the Offering, the Corporation paid an aggregate of \$10,000 in finder's fees to certain arm's length parties.

##### Private Placement #2

On December 16, 2016 the Corporation completed a non-brokered private placement (the "Offering") of 3,500,000 flow-through units (the "Flow-through Units") at a price of \$0.10 per Flow-through Unit for gross proceeds of \$350,000. Each Flow-through Unit consists of one common share of the Corporation that is a "flow-through share" within the meaning of the Income Tax Act (Canada) and one-half of one non-transferable common share purchase warrant (each whole warrant a "Warrant"). Each such Warrant entitles the holder to the purchase of one common share of the Corporation at a price of \$0.15 per common share until December 15, 2018. The Flow-Through Unit Shares and Warrants issued under the Offering are subject to a four-month hold period that expires April 16, 2017. In connection with the Offering, the Corporation paid an aggregate of \$5,000 in finder's fees to certain arm's length parties.

##### Shares issued to Independent Contractor

On July 14, 2016, the Corporation entered into an independent contractor agreement (the "Agreement") with Mr. Wim Vanderklift (the "Contractor") pursuant to which the Contractor will provide exploration opportunity consulting services to the Corporation. As consideration for his services, the Contractor received, among other

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

(Unaudited)

For the three months ended March 31, 2017  
(with comparative figures for the year ended December 31, 2016)

things, 100,000 common shares of the Corporation ("Common Shares") valued at \$13,000. In addition, the Contractor is entitled to receive up to 200,000 options to purchase Common Shares ("Options") upon the satisfaction of certain conditions set out in the Agreement. The Options will be issued pursuant to and in accordance with the Corporation's stock option plan.

### Shares Issued for Mineral Property

In respect of the option agreement related to the Rice Island Tie-On Property signed September 21, 2016 (see Note 6 - Exploration and Evaluation), the Corporation issued 100,000 common shares to the vendor upon signing. These were valued at \$0.13 per common share, totalling \$13,000.

### iii. Warrants

The following table reflects the continuity of warrants as at March 31, 2017:

Expiry Date	Exercise Price \$	2017 Opening Balance #	Warrants Issued #	Warrants Exercised #	Warrants Expired #	2017 Closing Balance #
December 30, 2017	0.20	1,800,000	-	-	-	1,800,000
May 31, 2018	0.20	1,625,000	-	-	-	1,625,000
December 15, 2018	0.15	1,750,000	-	-	-	1,750,000
January 18, 2019	0.15	-	1,750,000	-	-	1,750,000
		5,175,000	1,750,000	-	-	6,925,000
Weighted average exercise price		0.18	0.15	-	-	0.17

The following table reflects the continuity of warrants as at December 31, 2016:

Expiry Date	Exercise Price \$	2016 Opening Balance #	Warrants Issued #	Warrants Exercised #	Warrants Expired #	2016 Closing Balance #
April 10, 2016	0.27	3,125,000	-	-	(3,125,000)	-
December 18, 2016	0.30	5,109,500	-	-	(5,109,500)	-
December 30, 2017	0.20	1,800,000	-	-	-	1,800,000
May 31, 2018	0.20	-	1,625,000	-	-	1,625,000
December 15, 2018	0.15	-	1,750,000	-	-	1,750,000
		10,034,500	3,375,000	-	(8,234,500)	5,175,000
Weighted average exercise price		0.27	0.17	-	0.29	0.18

### iv. Share purchase option compensation plan

The Corporation has a share incentive plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

(Unaudited)

For the three months ended March 31, 2017  
(with comparative figures for the year ended December 31, 2016)

The following table reflects the stock options outstanding as at March 31, 2017:

Expiry Date	Exercise Price \$	2017 Opening Balance #	Granted #	Exercised #	Expired/ Cancelled #	2017 Closing Balance #
March 09, 2022	0.75	1,510,000	-	-	-	<b>1,510,000</b>
July 22, 2018	0.25	1,601,250	-	-	-	<b>1,601,250</b>
December 04, 2018	0.25	250,000	-	-	(250,000)	-
February 05, 2019	0.25	100,000	-	-	-	<b>100,000</b>
August 29, 2019	0.15	1,185,000	-	-	(100,000)	<b>1,085,000</b>
August 18, 2021	0.13	1,280,000	-	-	-	<b>1,280,000</b>
March 09, 2022	0.14	-	50,000	-	-	<b>50,000</b>
		5,926,250	50,000	-	(350,000)	<b>5,626,250</b>
Weighted average exercise price		0.33	0.14	-	0.22	<b>0.34</b>

The Corporation applies the fair value method of accounting for all stock based compensation awards and accordingly, \$NIL was recorded as compensation for the period (2016 - \$Nil was recorded as compensation for the period). As of March 31, 2017 there were no unvested stock options (2016 - no unvested stock options).

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	2017	2016
Risk-free interest rate	<b>1.07%</b>	-%
Annualized volatility	<b>124.89%</b>	-%
Expected dividend	<b>NIL</b>	NIL
Expected option life	<b>5 years</b>	0

### 8. LOSS PER SHARE

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Corporation as the numerator. No adjustments to profit were necessary in 2017 or 2016.

	2017	2016
Numerator:		
Loss for the period	<b>(868,431)</b>	(317,925)
Denominator:		
Weighted average number of common shares	<b>80,401,589</b>	70,651,589
Basic and diluted loss per share	<b>(0.01)</b>	-



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

(Unaudited)

For the three months ended March 31, 2017  
(with comparative figures for the year ended December 31, 2016)

### 9. RELATED PARTIES TRANSACTIONS

The Corporation's related parties include key management personnel and entities over which they have control or significant influence as described below.

	Nature of transactions
The Alyris Group	Accounting, management and facilities rental
Alyris Leasing Inc.	Facilities rental
DRAX Services Limited	Corporate secretarial and filing services

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The following are the related party transactions, recorded at the exchange amount as agreed to by the parties:

- (a) Included in general and administrative expenses are amounts totaling \$32,492 (2016 - \$33,963), for IT consulting, and accounting and management services provided by 1752466 Ontario Inc., O/A The Alyris Group, a company related to the Corporation through Ewan Downie, Director of Wolfden and Dan Mechis, Director of Wolfden.
- (b) Included in general and administrative expenses are amounts totaling \$16,145 (2016 - \$16,784) for rent, common cost, and co-op cost paid by Alyris Leasing Inc., a company related to the Corporation through Ewan Downie, Director of Wolfden and Dan Mechis, Director of Wolfden.
- (c) Included in general and administrative expenses are amounts totaling \$3,000 (2016 - \$3,065) for corporate secretarial services and filing service provided by DRAX Services Limited., a company related to the Corporation through Shaun Drake, Corporate Secretary of Wolfden.

Key management personnel remuneration includes the following amounts:

	2017	2016
	\$	\$
Salary and wages	48,192	120,423
Other compensation	1,826	2,608
	<b>50,017</b>	<b>123,031</b>





## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

(Unaudited)

For the three months ended March 31, 2017  
(with comparative figures for the year ended December 31, 2016)

### 10. COMMITMENTS

The Corporation has commitments relating to an office lease, which includes rent, common cost, and co-op cost, expiring June 2017.

The minimum payments are as follows:

	\$
2017	17,104
	17,104

### Flow-through renunciation

As at December 31, 2016, the Corporation renounced 100% of its flow-through related resource expenditures to investors. The Corporation had until February 1, 2017 to incur the expenditures before monthly interest charges begin to accrue on unspent funds. Interest charges incurred by the Corporation as a result of this income tax legislation are charged to income in the period incurred. Of the \$707,500 in flow-through financing raised in 2015, the Corporation has incurred \$707,500 in exploration expenses, and thus fulfilling its obligation in relation to these renounced expenditures.

On January 18, 2017, the Corporation completed a flow-through financing to raise \$472,500. The Corporation will renounce 100% of the flow-through raised in 2017 to investors as at December 31, 2017. The Corporation has until February 1, 2018 to incur expenditures before monthly interest charges begin to accrue on unspent funds. Interest charges incurred by the Corporation as a result of this income tax legislation are charged to income in the period incurred. Of the \$472,500 in flow-through financing raised in 2017, the Corporation has incurred \$280,358 in exploration expenses, and thus has \$192,142 remaining to be spent by December 31, 2017.

### 11. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Corporation's operations include the acquisition and exploration of mineral properties in Canada. The Corporation examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors.

#### [a] Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Corporation by those counterparties, less any amounts owed to the counterparty by the Corporation where a legal right of off-set exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

- i) Trade credit risk  
The Corporation is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Corporation is not exposed to significant credit risk and overall the Corporation's credit risk has not changed significantly from the prior year.
- ii) Cash and cash equivalents  
In order to manage credit and liquidity risk the Corporation invests only in highly rated investment grade instruments that have maturities of six months or less and are cashable at any time. Limits are also established based on the type of investment, the counterparty and the credit rate.



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

(Unaudited)

For the three months ended March 31, 2017  
(with comparative figures for the year ended December 31, 2016)

iii) Derivative financial instruments

As at March 31, 2017, the Corporation has no derivative financial instruments. It may in the future enter into derivative financial instruments in order to manage credit risk, it will only enter into derivative financial instruments with highly rate investment grade counterparties.

[b] Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

[c] Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Corporation will realize a significant loss as a result of a decline in the fair market value is limited as the Corporation holds all of its funds in cash and guaranteed investment certificates.

The Corporation does not invest in derivatives to mitigate these risks.

The following table sets forth the Corporation's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
Investments	-	1,037,542	-	<b>1,037,542</b>

### 12. MANAGEMENT OF CAPITAL RISK

The Corporation manages its common shares, stock options and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going-concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation 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 Corporation may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regard to the expected timing of expenditures from continuing operations.

The Corporation expects its current capital resources will be sufficient to carry out its exploration plans and operations through 2017.