



**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED  
APRIL 30, 2017**

*(Unaudited)*  
*(Expressed in Canadian Dollars)*

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, “Continuous Disclosure Obligations”, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company’s independent auditors have not performed a review of these unaudited 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 auditors.

**CARMAX MINING CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited)*  
**(Expressed in Canadian Dollars)**

	As at April 30, 2017	As at October 31, 2016
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash	\$ 1,205	\$ 130,730
GST receivable	4,678	29,982
<b>Total Current Assets</b>	<b>5,883</b>	160,712
Investment (Note 5)	-	6,000
Reclamation Deposits (Note 6)	180,000	180,000
Exploration and Evaluation Assets (Note 7)	10,587,962	10,523,582
<b>Total Assets</b>	<b>\$ 10,773,845</b>	<b>\$ 10,870,294</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 136,546	\$ 142,700
Decommissioning Provision (Note 8)	36,077	36,031
Loan (Note 11)	25,000	-
Promissory Note (Note 11)	101,000	101,000
<b>Total Liabilities</b>	<b>298,623</b>	279,731
<b>Equity</b>		
Share capital (Note 9)	15,992,459	15,992,459
Share-based payment reserve	247,970	247,970
Accumulated other comprehensive loss	-	(18,500)
Deficit	(5,765,207)	(5,631,366)
<b>Total Equity</b>	<b>10,475,222</b>	10,590,563
<b>Total Liabilities and Equity</b>	<b>\$ 10,773,845</b>	<b>\$ 10,870,294</b>

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on June 22, 2017 by:

"Jevin Werbes"  
 \_\_\_\_\_  
 Chief Executive Officer

"Chris Healey"  
 \_\_\_\_\_  
 Director

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

**CARMAX MINING CORP.**  
**CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
*(Unaudited)*  
(Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016
<b>Operating Expenses</b>				
Accretion	\$ 23	\$ 141	\$ 46	\$ 282
Consulting	44,325	71,314	76,075	116,264
Director fees	-	5,500	3,500	10,000
Insurance	-	4,575	-	9,150
Office	2,925	7,057	5,675	12,490
Professional fees	19,047	10,043	8,313	14,313
Promotion and entertainment	268	2,129	1,952	4,399
Rent	3,750	3,750	7,500	7,500
Shareholder communications	3,034	3,279	4,520	4,793
Transfer agent , regulatory fees	6,979	7,859	6,979	16,944
Travel	-	3,001	1,246	5,361
<b>Loss Before Non-Operating Items</b>	<b>80,351</b>	<b>118,648</b>	<b>115,806</b>	<b>201,496</b>
<b>Non-Operating (Income)/Expenses</b>				
Interest income	(149)	(553)	(965)	(1,112)
Loss on sale of investment	19,000	-	19,000	-
<b>Net and Comprehensive Loss</b>	<b>99,202</b>	<b>118,095</b>	<b>133,841</b>	<b>200,384</b>
<b>Basic and Fully Diluted Loss per Share</b>				
	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Weighted Average Number of Shares Outstanding</b>				
	<b>101,742,526</b>	<b>101,742,526</b>	<b>101,742,526</b>	<b>80,701,430</b>

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

**CARMAX MINING CORP.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD OF OCTOBER 31, 2015 TO APRIL 30, 2017**  
*(Unaudited)*  
(Expressed in Canadian Dollars)

	Shares	Amount	Share- Based Payment Reserve	Accumulated Other Comprehensive Loss	Deficit	Total Equity
Balance, October 31, 2015	71,742,525	\$ 14,500,597	\$ 279,077	\$ (22,000)	\$ (5,342,355)	\$ 9,415,319
Shares issued for cash	30,000,000	1,500,000	-	-	-	1,500,000
Share issuance costs	-	(8,138)	-	-	-	(8,138)
Expiration of share-based compensation	-	-	(31,107)	-	31,107	-
Revaluation of investment to market value	-	-	-	3,500	-	3,500
Net loss for the year	-	-	-	-	(320,118)	(320,118)
<b>Balance, October 31, 2016</b>	<b>101,742,525</b>	<b>\$ 15,992,459</b>	<b>\$ 247,970</b>	<b>\$ (18,500)</b>	<b>\$ (5,631,366)</b>	<b>\$ 10,590,563</b>
Accumulated other comprehensive loss	-	-	-	18,500	-	18,500
Net loss for the period	-	-	-	-	(133,841)	(133,841)
<b>Balance, April 30, 2017</b>	<b>101,742,525</b>	<b>\$ 15,992,459</b>	<b>\$ 247,970</b>	<b>\$ -</b>	<b>\$ (5,765,207)</b>	<b>\$ 10,475,222</b>

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

**CARMAX MINING CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited)*  
(Expressed in Canadian Dollars)

	Six Months Ended April 30, 2017	Six Months Ended April 30, 2016
<b>Cash Used in Operating Activities</b>		
Net loss for the period	\$ (133,841)	\$ (200,384)
<i>Items not affecting cash:</i>		
Accretion	46	282
	<b>(133,795)</b>	<b>(200,102)</b>
<i>Changes in non-cash working capital items:</i>		
Accounts payable and accrued liabilities	15,831	(15,169)
GST receivable	25,304	2,940
Prepaid expenses	-	9,150
<b>Cash Used in Operating Activities</b>	<b>(92,660)</b>	<b>(203,181)</b>
<b>Cash Used in Investing Activities</b>		
Exploration and evaluation assets	(61,865)	(449,406)
<b>Cash Used in Investing Activities</b>	<b>(61,865)</b>	<b>(449,406)</b>
<b>Cash Provided by Financing Activities</b>		
Proceeds from loan	25,000	-
Proceeds from share issuances	-	1,500,000
Share issue costs	-	(8,138)
<b>Cash Provided by Financing Activities</b>	<b>25,000</b>	<b>1,491,862</b>
Increase / (decrease) in cash for the period	<b>(129,525)</b>	839,275
Cash, beginning of year	130,730	512,829
<b>Cash, End of Period</b>	<b>\$ 1,205</b>	<b>\$ 1,352,104</b>

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

## **CARMAX MINING CORP.**

Notes to the Condensed Interim Financial Statements for the Three and Six Months Ended April 30, 2017  
(Unaudited) (Expressed in Canadian Dollars)

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### **1. NATURE OF OPERATIONS**

Carmax Mining Corp. (“**Carmax**” or the “**Company**”) was incorporated under the Canada Business Corporations Act on June 16, 2000 and is listed on the TSX Venture Exchange (“**TSX:V**”).

The Company maintains its head office at 142-1146 Pacific Blvd., Vancouver, British Columbia, Canada, V6Z 2X7.

The Company’s principal business activity is the acquisition and exploration of resource properties. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

### **2. BASIS OF PRESENTATION**

#### *a) Statement of Compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and interpretations of the International Financial Reporting Interpretations Committee (“**IFRIC**”).

These statements do not include all information required for complete annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the year ended October 31, 2016.

These financial statements were authorized for issue by the Board of Directors on June 22, 2017.

#### *b) Basis of Measurement*

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company is the Canadian dollar, being the currency of the economic environment of the Company’s operations. The functional currency is also the presentation currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the

## **CARMAX MINING CORP.**

Notes to the Condensed Interim Financial Statements for the Three and Six Months Ended April 30, 2017  
(Unaudited) (Expressed in Canadian Dollars)

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### **2. BASIS OF PRESENTATION (Continued)**

revision affects both current and future periods. See Note 4 for Critical Accounting Estimates and Judgments made by management in the application of IFRS.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at October 31, 2016. The significant accounting policies used in the preparation of these financial statements set out below have been applied consistently in all material respects.

#### *Accounting Standards Issued But Not Yet Applied*

International Financial Reporting Standard 9, Financial Instruments (“IFRS 9”), was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely. This standard is required to be applied for accounting periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

#### *Recently Adopted Accounting Pronouncements*

During the six months ended April 30, 2017, there have been no new accounting policies adopted by the Company.

### **4. USE OF ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its judgments and estimates. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

## **CARMAX MINING CORP.**

Notes to the Condensed Interim Financial Statements for the Three and Six Months Ended April 30, 2017  
(Unaudited) (Expressed in Canadian Dollars)

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### **4. USE OF ESTIMATES AND JUDGEMENTS (Continued)**

#### Critical Accounting Estimates

The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

#### *Impairment*

Assets, especially exploration and evaluation assets; are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the recoverable amount requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

#### *Title to Mineral Property Interests*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects (Note 7).

#### *Decommissioning Provisions*

Management's best estimates regarding the decommissioning provisions are based on the current economic environment and future cash flows. Changes in estimates of contamination, restoration standards and restoration activities result in changes to provisions from period to period. Actual decommissioning provisions will ultimately depend on future prices and conditions.

#### Critical Judgments Used in Applying Accounting Policies

#### *Going Concern*

Financial statements are prepared on a going concern basis, unless management either intends to liquidate the Company or to cease trading, or has no realistic alternative to do so. Assessment of the Company's ability to continue as a going concern requires the consideration of all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This information includes estimates of future cash flows and other factors, the outcomes of which are uncertain. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, those uncertainties are disclosed.

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Six Months Ended April 30, 2017  
(Unaudited) (Expressed in Canadian Dollars)

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### 4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

#### *Exploration and Evaluation Expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which is based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is impaired in the statement of operations and comprehensive loss during the period the new information becomes available.

#### *Income taxes*

Significant judgment is required in determining the provision for future income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

### 5. INVESTMENT

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	<b>April 30, 2017</b>	October 31, 2016
Alexandria Minerals Corporation – 100,000 common shares, quoted at a market value of \$0.06 as at October 31, 2016.	\$ -	\$ 6,000

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On February 27, 2017, Carmax sold 100,000 shares of Alexandria Minerals Corporation for gross proceeds of \$5,500.

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Six Months Ended April 30, 2017  
(Unaudited) (Expressed in Canadian Dollars)

### 6. RECLAMATION DEPOSITS

The Company was required to post three bonds with the Bank of Montreal and one deposit with the Minister of Mines, totalling \$180,000 (October 31, 2016 - \$180,000) for the on-going and future exploration of the Eaglehead Property in British Columbia. All deposits and bonds will be refunded to the Company upon completion of the reclamation to the satisfaction of the British Columbia Inspector of Mines once the project is completed. The reclamation bonds are being held in term deposits at various interest rates.

### 7. EXPLORATION AND EVALUATION ASSETS

Mineral property expenditures for the six month period ended April 30, 2017 are:

	<b>Eaglehead Property</b>
Property acquisition costs, as at October 31, 2016	\$ 622,512
Deferred exploration costs, as at October 31, 2016	9,901,070
<b>Balance as at October 31, 2016</b>	<b>10,523,582</b>

*Additions during the period:*

Assays	5,275
Camp costs	3,088
Engineering and consulting	46,175
Reclamation work	7,964
Storage	1,600
Supplies	216
Travel	62
<b>Total for the Period</b>	<b>64,380</b>
<b>Balance as at April 30, 2017</b>	<b>\$ 10,587,962</b>

Mineral property expenditures for the year ended October 31, 2016 are:

	<b>Eaglehead Property</b>
Property acquisition costs, as at October 31, 2015	\$ 622,512
Deferred exploration costs, as at October 31, 2015	8,561,768
<b>Balance as at October 31, 2015</b>	<b>9,184,280</b>

*Additions during the year:*

Assays	468,442
B.C. Mining Exploration Tax Credit received	(123,819)
Camp costs	139,277
Drilling	56,407
Engineering and consulting	197,397

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Six Months Ended April 30, 2017  
(Unaudited) (Expressed in Canadian Dollars)

Equipment rental	16,475
Metallurgical	42,665
Reclamation work	51,982
Reports and mapping	3,487
Social licence	273
Storage	1,950
Supplies	20,478
Survey and geological	179,121
Technicians and labour	425
Transportation	20,355
Travel	154,287
Wages	110,100
<b>Total for the Year</b>	<b>1,339,302</b>
<b>Balance as at October 31, 2016</b>	<b>\$ 10,523,582</b>

### Eaglehead Property

The Company entered into an agreement, effective October 31, 2005, with two former directors of the Company to acquire a 100% interest in the Eaglehead Property, subject to a 2.5% net smelter return (“NSR”) royalty. The Eaglehead property is located near the Dease Lake area of north central British Columbia. The Earnings Option was fulfilled by the Carmax in 2011 as a result of which the claims became 100% owned and controlled by the Company subject to a 2.5% NSR royalty of which 1.5% can be purchased by the Company for \$2,000,000.

In July 2014, Carmax acquired an additional four claims comprising 2,130 hectares for \$11,011 cash from Copper Fox Metals Inc. Three of the claims acquired from Copper Fox comprising of 981 hectares are subject to a 2% NSR, one-half (1%) of which may be purchased for \$1,000,000.

On April 12, 2016, Carmax was advised that its Eaglehead Property had been forfeited for failure to file work or pay cash in lieu of assessment work in order to maintain the claim in good standing. The circumstances giving rise to the apparent forfeiture involved a filing made by Carmax in March, 2015, to amalgamate all of the mineral claims that comprise the Eaglehead Project into one mineral claim (1034634). The expiry date for the new amalgamated claim became the earliest expiry date of any of the claims being amalgamated (e.g. April 11, 2016) despite the fact that the majority (30 of the 34) of the claims being amalgamated were in good standing until 2019.

Following April 11, 2016, intervening parties staked claims over the forfeited amalgamated tenure. Carmax subsequently requested the Chief Gold Commissioner (the “CGC”) for the Province of British Columbia to set aside the April 11, 2016 forfeiture of mineral claim 1034634 pursuant to the Chief Gold Commissioner’s authority under Section 67 of the Mineral Tenure Act and allow a further period of time to comply with Section 29 of the Act. On April 22, 2017, Carmax received a written decision from the CGC to reinstate the Carmax mineral claim and allowed Carmax until September 30, 2016 to comply with Section 29 of the Act. Carmax filed a new assessment report on mineral tenure #1024634 on September 8, 2016 as requested by the CGC.

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Six Months Ended April 30, 2017  
(Unaudited) (Expressed in Canadian Dollars)

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### 7. EXPLORATION AND EVALUATION ASSETS (Continued)

On June 14, 2016 Carmax received notice that certain parties filed a Petition in the Supreme Court of British Columbia against the Chief Gold Commissioner requesting a judicial review of his decision to reinstate Carmax's mineral claim #1034634.

The judicial review was heard in the Supreme Court of British Columbia on January 24, 2017. Although Carmax was not a party to the proceeding and until the decision of the Supreme Court is delivered, Carmax's title to claim #1034634 is in doubt. The Court's decision on this matter is expected on July 17, 2017.

### 8. DECOMMISSIONING PROVISION

The decommissioning provision for the Eaglehead exploration asset, estimated by management based on the Company's ownership interest, the estimated timing of the risk adjusted costs to be incurred in future periods and the Company's risk free interest rate of 1.59% at April 30, 2017 (October 31, 2016 – 1.05%). The Company estimated the net present value of this provision as at April 30, 2017 to be \$36,077 (October 31, 2016 - \$36,031) based on a total undiscounted liability of \$36,500. This undiscounted liability was determined by using an adjusted risk free inflation rate of 1.37% as at April 30, 2017 (October 31, 2016 – 1.77%). These decommissioning costs are expected to be incurred in 2021.

	April 30, 2017	October 31, 2016
<b>Balance, Beginning of Year</b>	<b>\$ 36,031</b>	\$ 35,467
Accretion	46	564
<b>Balance, End of Period</b>	<b>\$ 36,077</b>	\$ 36,031

### 9. SHARE CAPITAL

#### a) Authorized

An unlimited number of common shares without par value.

#### b) Issued and Outstanding

During the six month period ended April 30, 2017, no shares were issued by the Company.

#### c) Warrants

A summary of changes in the share purchase warrants for the six month period ended April 30, 2017 and the year ended October 31, 2016 is presented below:

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Six Months Ended April 30, 2017  
(Unaudited) (Expressed in Canadian Dollars)

### 9. SHARE CAPITAL (Continued)

	Six Months Ended April 30, 2017		Year Ended October 31, 2016	
	Number of Warrants Outstanding	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, Beginning of Year	16,180,450	\$ 0.083	44,226,528	\$ 0.079
Expired	(5,108,450)	0.010	(28,046,078)	0.077
<b>Balance, End of Period</b>	<b>11,000,000</b>	<b>\$ 0.075</b>	<b>16,180,450</b>	<b>\$ 0.083</b>

As at April 30, 2017 share purchase warrants were outstanding for the purchase of common shares as follows:

Number of Warrants Outstanding	Warrant Exercise Price	Warrants Exercisable as of April 30, 2017	Warrant Expiry Date
11,000,000	\$ 0.075	11,000,000	May 1, 2017
<b>11,000,000</b>	<b>\$ 0.075</b>	<b>11,000,000</b>	

As at April 30, 2017, the weighted average remaining contractual life of the share purchase warrants was 0.003 years (October 31, 2016 – 0.66 years) and the weighted average exercise price was \$0.075 (October 31, 2016 - \$0.083).

### 10. SHARE BASED PAYMENTS

#### *Stock Options*

The Company has a fixed stock option plan which follows the policies of the TSX Venture Exchange (“TSX-V”) regarding stock option awards granted to directors, officers, employees and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

A summary of changes in stock options for the six month period ended April 30, 2017 and the year ended October 31, 2016 is presented below:

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Six Months Ended April 30, 2017  
(Unaudited) (Expressed in Canadian Dollars)

### 10. SHARE BASED PAYMENTS (Continued)

	Six Months Ended April 30, 2017		Year Ended October 31, 2016	
	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
Balance, Beginning of Year:	4,700,000	\$ 0.06	5,250,000	\$ 0.07
Cancelled	-	-	(550,000)	(0.10)
<b>Balance, End of Period</b>	<b>4,700,000</b>	<b>\$ 0.06</b>	<b>4,700,000</b>	<b>\$ 0.06</b>

As at April 30, 2017, options were outstanding for the purchase of common shares as follows:

Number of Options Outstanding	Option Exercise Price	Options Exercisable as of April 30, 2017	Option Expiry Date
3,450,000	\$ 0.07	3,450,000	July 9, 2019
900,000	\$ 0.05	900,000	April 29, 2020
350,000	\$ 0.05	350,000	October 16, 2020
<b>4,700,000</b>	<b>\$ 0.06</b>	<b>4,700,000</b>	

As at April 30, 2017, the weighted average remaining contractual life of the options was 2.44 years (October 31, 2016 – 3.37 years) and the weighted average exercise price was \$0.06 (October 31, 2016 - \$0.06).

Compensation costs attributable to the granting and vesting of share options are measured at fair value and expensed with a corresponding increase to share-based payment reserve. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in share-based payment reserve is recorded as an increase to share capital. Upon expiry, the amounts recorded for share-based compensation are transferred to the deficit from the share-based payment reserve.

#### *Options Issued to Employees*

The fair value measured at the grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, expected forfeitures, the term of the option, the share price at grant date, the expected volatility of the underlying share, the dividend yield and the risk free interest rate of the option.

During the six month period ended April 30, 2017, the Company did not issue any options to employees.

## CARMAX MINING CORP.

Notes to the Condensed Interim Financial Statements for the Three and Six Months Ended April 30, 2017  
(Unaudited) (Expressed in Canadian Dollars)

### 10. SHARE BASED PAYMENTS (Continued)

#### *Options Issued to Non-Employees*

Options issued to non-employees are measured based on the fair value of the goods or services received at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

During the six month period ended April 30, 2017, the Company did not issue any options to non-employees.

### 11. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling of the Company's activities, and include both executive and non-executive directors, as well as entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

At April 30, 2017, included in accounts payable and accrued liabilities is \$Nil (October 31, 2016 – \$Nil) owing to companies controlled by directors, \$Nil (October 31, 2016 - \$Nil) owing to Companies controlled by officers for services rendered to the Company and \$73,719 (October 31, 2016 - \$72,108) owing to Copper Fox.

For the six month period ended April 30, 2017, \$2,500 (April 30, 2016 - \$7,500) was paid in rent to a company controlled by an officer of Carmax. In addition, \$12,850 (October 31, 2016 - \$4,263) was capitalized towards the Eaglehead project for services rendered by companies controlled by a current director, a former director and Copper Fox. These amounts payable are non-interest bearing, unsecured and have no specific terms of repayment.

As at April 30, 2017 and October 31, 2016, coupled with the six months ended April 30, 2017 and April 30, 2016, the Company incurred the following capitalizations and expenditures for key management personnel, both current and former, and the companies directly controlled by them.

	As At April 30, 2017		As At October 31, 2016	
<i>Balance Sheet Items:</i>				
Exploration and evaluation assets	\$	12,850	\$	4,263
<b>Total</b>	<b>\$</b>	<b>12,850</b>	<b>\$</b>	<b>4,263</b>
	Six Months Ended April 30, 2017		Six Months Ended April 30, 2016	
<i>Statement of Operations Items:</i>				
Consulting	\$	65,000	\$	79,620
Director fees		3,500		10,000
Rent		2,500		7,500
<b>Total</b>	<b>\$</b>	<b>71,000</b>	<b>\$</b>	<b>97,120</b>

## **CARMAX MINING CORP.**

Notes to the Condensed Interim Financial Statements for the Three and Six Months Ended April 30, 2017  
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### **11. RELATED PARTY TRANSACTIONS (Continued)**

#### **Promissory Note**

On October 28, 2015 Carmax entered into a promissory note loan (the “Loan”) with Copper Fox, whereas Copper Fox agreed to lend Carmax up to \$400,000, in minimum increments of \$50,000, for working capital purposes, as needed. Carmax shall pay interest on the principle, from the disbursement date to the due date, November 30, 2018, at a rate of 1% per annum, compounded annually.

At any time during the term of the Loan, Copper Fox, at its sole discretion, can convert a portion or the entire loan outstanding, including unpaid interest, into free trading shares of Carmax at a price equal to the greater of \$0.05 or the trading price at the time of conversion, subject to the prior approval of the TSX:V.

For accounting purposes, the promissory note is considered a liability since the conversion feature is not “fixed for fixed” and is therefore considered an embedded derivative. However, the embedded derivative liability has no value as the conversion price is set at the market price on the date of the conversion. Therefore, the full value of the promissory note is classified as a liability.

As at April 30, 2017, Copper Fox had loaned Carmax a total of \$101,000 (October 31, 2016 - \$101,000) under this loan agreement.

#### **Copper Fox Loan**

On March 28, 2017, Copper Fox loaned Carmax \$25,000, separate from the above mentioned promissory loan agreement. This loan was for working capital purposes. As of April 30, 2017, no repayment date or interest rate owing for this loan has been determined.

### **12. CAPITAL RISK MANAGEMENT**

The Company considers its capital structure to consist of share capital, share options, SARs and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative returns on capital criteria for management.

The mineral properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. Additional sources of funding, which may not be available on favourable terms, if at all, include: share equity and debt financings; equity, debt or property level joint ventures; and sale of interests in existing assets. In order to carry out the planned exploration and development and pay for operating expenses, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that its current approach is reasonable, given the constraints and relative size of the Company.

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### 12. CAPITAL RISK MANAGEMENT (Continued)

There were no changes in the Company's approach to capital management during the six month period ended April 30, 2017. The Company is not subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments; all held within major Canadian financial institutions.

### 13. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT DISCLOSURES

The Company's financial assets and financial liabilities are categorized as follows:

		As At April 30, 2017		As At October 31, 2016	
	Input Level	Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Assets:</i>					
Cash	1	\$ 1,205	\$ 1,205	\$ 130,730	\$ 130,730
Investment	1	\$ -	\$ -	\$ 6,000	\$ 6,000
<b>Total</b>		<b>\$ 1,205</b>	<b>\$ 1,205</b>	<b>\$ 130,730</b>	<b>\$ 130,730</b>

		As At April 30, 2017		As At October 31, 2016	
	Input Level	Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Liabilities:</i>					
A/P and acc. liabilities	1	\$ 136,546	\$ 136,546	\$ 142,700	\$ 142,700
<b>Total</b>		<b>\$ 136,546</b>	<b>\$ 136,546</b>	<b>\$ 142,700</b>	<b>\$ 142,700</b>

#### Fair Value

The estimated fair values, established by IFRS 7, of cash, short term investments and accounts payable approximate their respective carrying values due to the immediate or short period to maturity. The available for sale investments are carried at fair values based on the published or electronic market price quotation.

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

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

*Level 2* - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

*Level 3* - Significant unobservable (no market data available) inputs which are supported by little or no market activity.

## CARMAX MINING CORP.

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### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT DISCLOSURES (Continued)

#### Risk Management

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

##### a) Credit Risk

The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfil a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and short term investments. To minimize the credit risk the Company places cash with the high credit quality financial institutions. The Company considers its exposure to credit risk to be insignificant.

##### b) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk and requirements by maintaining sufficient cash balances and or through additional financings to ensure that there is sufficient capital in order to meet short term obligations. As at October 31, 2016, the Company has cash and investments aggregating \$1,205 (October 31, 2016 - \$130,730) and current financial liabilities of \$136,546 (October 31, 2016 - \$142,700) which have contractual maturities of 30 days or less. The Company will require additional sources of equity, joint venture partnership or debt financing to fund ongoing operations and the exploration and development of its mineral properties.

In the event that the Company is not able to obtain adequate additional funding to continue as a going concern, material adjustments would be required to both the carrying value and classification of assets and liabilities on the statement of financial position. It is not possible to predict, due to many external factors including commodity prices and equity market conditions, as to whether future financing will be successful or available at all.

##### c) Market Risk

###### i) *Interest Rate Risk*

The Company manages its interest rate risk by obtaining commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and short term investments.

###### ii) *Foreign Exchange Risk*

The Company's functional currency and the reporting currency is the Canadian dollar. Periodically the Company incurs charges on its operations for settlement in currencies other

## **CARMAX MINING CORP.**

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### **13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT DISCLOSURES (Continued)**

than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

As at April 30, 2017, the Company held no financial assets or liabilities which were denominated in currencies other than the Canadian dollar.

#### *iii) Commodity Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### **14. SUBSEQUENT EVENTS**

- On May 1, 2017, 11,000,000 warrants with an exercise price of \$0.075 expired unexercised.
- In May 2017, Carmax was informed that the Supreme Court's Judicial Review decision has been postponed until July 17, 2017.