



**SOKOMAN IRON CORP.**

(An Exploration Stage Company)

**Consolidated Interim Financial Statements**

**For the Six Months Ended**

**December 31, 2016**

(Stated in Canadian Dollars)

**Responsibility for Financial Statements**

The accompanying financial statements for Sokoman Iron Corp. Corp. have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") consistently applied. Only changes in accounting policies have been disclosed in these unaudited consolidated interim financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated interim financial statements for the period ended December 31, 2016.

SOKOMAN IRON CORP.  
Consolidated Statements of Financial Position

		<b>AUDITED</b>	
		<b>As at</b>	<b>As at</b>
		<b>December 31</b>	<b>June 30</b>
		<b>2016</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current</b>			
Cash		47,132	12,409
HST receivable		1,770	2,762
Account receivable		25,000	-
Security deposit	4	6,500	-
		80,402	15,171
<b>Long Term</b>			
Exploration and evaluation assets	6	327,315	311,415
Property and equipment, net	5	9,159	10,375
		336,474	321,790
<b>Total Assets</b>		<b>416,876</b>	<b>336,961</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	8	61,007	57,245
<b>Shareholders' Equity</b>			
Share capital	9(a)	7,572,711	7,537,761
Warrants	9(b)	119,500	9,700
Contributed surplus	9(e)	3,609,640	3,599,940
Deficit		(10,945,982)	(10,867,685)
<b>Total Shareholders' Equity</b>		355,869	279,716
<b>Total Liabilities and Shareholders' Equity</b>		<b>416,876</b>	<b>336,961</b>
Nature of operations and going concern	1		

**Approved by the Board on February 28, 2017**

Signed: "Tim Froude"

Signed: "John Ryan"

**SOKOMAN IRON CORP.**  
**Consolidated Statements of Changes in Equity**

	Share Capital \$	Warrants \$	Contributed Surplus \$	Deficit \$	Total \$
<b>Balance, June 30, 2016</b>	7,537,761	9,700	3,599,940	(10,867,685)	279,716
Private placement - July 2016	100,000	-	-	-	100,000
Share issue costs	(1,050)	-	-	-	(1,050)
Share issue costs - warrants	(78,000)	78,000	-	-	-
Private placement - December 2016	45,000	-	-	-	45,000
Share issue costs - warrants	(41,500)	41,500	-	-	-
Warrants expired	-	(9,700)	9,700	-	-
Shares issued to acquire property	10,500	-	-	-	10,500
Loss and comprehensive loss	-	-	-	(78,296)	(78,296)
<b>Balance, December 31, 2016</b>	<b>7,572,711</b>	<b>119,500</b>	<b>3,609,640</b>	<b>(10,945,982)</b>	<b>355,869</b>
<b>Balance, June 30, 2015</b>	7,537,761	19,384	3,590,256	(10,694,737)	452,664
Loss and comprehensive loss	-	-	-	(54,515)	(54,515)
<b>Balance, December 31, 2015</b>	<b>7,537,761</b>	<b>19,384</b>	<b>3,590,256</b>	<b>(10,749,252)</b>	<b>398,148</b>

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

SOKOMAN IRON CORP.  
Consolidated Statements of Loss and Comprehensive Loss  
For the Six Months Ended December 31

	Three Months Ended		Six Months Ended	
	December 31	December 31	December 31	December 31
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Expenses</b>				
Mineral exploration expenses	11,138	22,056	48,029	32,763
Office and general	78	936	281	2,261
Business development	5,847	1,949	10,364	5,339
Management fees	4,000	2,500	8,500	5,000
Professional fees	6,000	3,500	11,000	9,000
Amortization	61	76	122	152
<b>Loss and comprehensive loss</b>	<b>27,124</b>	<b>31,017</b>	<b>78,296</b>	<b>54,515</b>
Deficit, beginning of period	10,718,235	10,605,758	10,694,737	10,569,979
Deficit, end of period	10,745,359	10,636,775	10,773,033	10,624,494
<b>Loss per share</b>	<b>0.001</b>	<b>0.002</b>	<b>0.003</b>	<b>0.004</b>
<b>Weighted average number of shares</b>	<b>23,096,090</b>	<b>18,050,438</b>	<b>22,551,286</b>	<b>18,050,438</b>

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

SOKOMAN IRON CORP.  
Consolidated Statements of Cash Flows  
For the Six Months Ended December 31

	2016	2015
	\$	\$
<b>Operating activities</b>		
<b>Net loss for the period</b>	(78,296)	(54,515)
<b>Add back / deduct non cash expenses</b>		
Amortization	122	152
Amortization in exploration expenses	1,094	1,462
<b>Total Non Cash Expenses</b>	1,216	1,614
Changes in non-cash balances		
HST receivable	990	12,810
Security deposit - net	(6,500)	-
Accounts payable and accrued liabilities	3,763	(2,784)
<b>Changes in Operating Activities</b>	(1,747)	10,026
<b>Total cash used in operating activities</b>	(78,827)	(42,875)
<b>Investing activities</b>		
Purchase of mining property	(5,400)	-
Proceeds from sale of fixed assets	-	-
<b>Total cash used in investing activities</b>	(5,400)	-
<b>Financing activities</b>		
Proceeds from issuance of shares in private placement	120,000	-
Share issue costs	(1,050)	-
<b>Total cash provided by financing activities</b>	118,950	-
Increase in cash	34,723	(42,875)
Cash at beginning of year	12,409	40,686
Cash at end of period	47,132	(2,189)

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

**SOKOMAN IRON CORP.**  
**Notes to the Interim Consolidated Financial Statements (Unaudited)**  
**December 31, 2016**

**1. Nature of operations and going concern**

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Sokoman Iron Corp. ("Sokoman" or "Company") is a public company listed on the TSX Venture Exchange (TSXV-SIC) and operating under the laws of the Province of British Columbia. The Company is an exploration-stage company that is in the process of exploring its mineral properties located in Canada and has not yet determined whether these properties contain reserves that are economically recoverable. The Company's registered office is 7735 Leslie Road West, Puslinch, Ontario N0B 2J0.

These interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from December 31, 2016. At December 31, 2016, the Company has an accumulated deficit of \$10,945,982 (June 30, 2016 - deficit of \$10,867,685) and has working capital of \$19,395 (June 30, 2016 - \$42,074). The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient funds and continue to obtain sufficient capital from investors to meet its current and future obligations. The Company is subject to risks and challenges similar to other exploration stage companies. As a result of these risks, a material uncertainty exists that casts significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

**2. Summary of significant accounting policies**

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Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB ("International Accounting Standards Board") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 - Interim Financial Reporting. The accounting policies followed in these interim financial statements are the same as those applied in the audited annual financial statements of the Company for the year ended June 30, 2016 ("Fiscal 2016").

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of November XX, 2016, the date the Audit Committee approved the statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements for the year ended June 30, 2016.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds, and income taxes. Differences may be material.

The Company operates in one segment defined as the cash generating unit ("CGU") which is North America. These financial statements were authorized for issue by the Board of Directors on February 28, 2017.

Basis of presentation

The interim consolidated financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments designated at FVTPL, which are measured at fair value. The comparative figures presented in these financial statements are in accordance with IFRS.

Basis of measurement

These interim consolidated financial statements have been prepared on the historical cost basis. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting.

# SOKOMAN IRON CORP.

## Notes to the Interim Consolidated Financial Statements (Unaudited)

December 31, 2016

### 2. Summary of significant accounting policies (Continued)

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#### Basis of consolidation

The interim consolidated financial statements include the accounts of the Company and its inactive wholly-owned subsidiary Golden Dory Exploration Ltd. which has the same fiscal reporting period as Sokoman Iron Corp.

#### Foreign currency translation

The functional currency, as determined by management, of Sokoman Iron Corp. is the Canadian dollar. For the purpose of the financial statements, the results and financial position are presented in Canadian dollars.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### Financial instruments

All financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- a) Financial assets and liabilities at fair value through profit or loss ("FVTPL"): A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the Statements of Loss and Comprehensive Loss. Gains and losses arising from changes in fair value are presented in the Statements of Loss and Comprehensive Loss within other gains and losses in the period in which they arise.

Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which is classified as non-current.

- b) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive loss. Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive loss to the Statements of Loss and Comprehensive Loss and are included in other gains and losses.
- c) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.
- d) Other financial liabilities: Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are derecognized when the obligations are discharged, cancelled or expired.

**SOKOMAN IRON CORP.**  
**Notes to the Interim Consolidated Financial Statements (Unaudited)**  
**December 31, 2016**

**2. Summary of significant accounting policies (Continued)**

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	FVTPL
GST/HST receivable, other receivable	Loans and receivables
Security deposit	Loans and receivables
Financial liabilities	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash held in a financial institution or investments having a maturity of ninety days or less at acquisition, that are readily convertible to the contracted amounts of cash. Cash and equivalents are classified as FVTPL and measured at fair value.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

- a) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- b) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive loss that is reclassified to net loss.
- c) Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

Property and equipment

Equipment is recorded at historical cost, less accumulated amortization and accumulated impairment loss. Historical cost includes all costs directly attributable to the acquisition. Amortization is provided using the declining balance method using the following rates:

Exploration equipment	20%
Office equipment	20%
Trucks	30%

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

## **SOKOMAN IRON CORP.**

### **Notes to the Interim Consolidated Financial Statements (Unaudited)**

**December 31, 2016**

#### **2. Summary of significant accounting policies (Continued)**

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##### Exploration and evaluation assets

Acquisition costs related to exploration properties are capitalized as exploration and evaluation assets at fair value at the time the legal right to explore the property has been acquired. The acquisition costs are written off when an exploration and evaluation asset is disposed of through sale or abandonment.

Exploration and evaluation expenditures incurred on exploration properties are expensed until such time that a future economic benefit is more likely to be realized than not by the establishment of ore resources. Exploration and evaluation expenditures incurred subsequent to the establishment of commercially viable and technically feasible gold resources on a property are capitalized as an exploration and evaluation asset. Exploration and evaluation assets are not depreciated until the properties are in commercial production.

##### Farm-out

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral property interest, as consideration, for an agreement by transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral property interest given up by the Company, with any excess cash accounted for as a gain on disposal.

##### Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company has no material provisions at December 31, 2016 or June 30, 2016.

##### Decommissioning or restoration provision

The Company records the fair value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation, and re-vegetation of affected areas.

The estimated fair value of a liability, and corresponding increase in the related property, is reported in the year in which it is incurred and when a reasonable estimate of fair value can be made. The fair value is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation transaction and, in the absence of observable market transactions, is determined as the present value of expected cash flows. The Company subsequently allocates the cost to expense using a systematic and rational method over its useful life, and records the accretion of the liability as a charge to the Statements of Loss and Comprehensive Loss .

As the Company has not commenced construction and development of any mining operations, it does not have any provisions for decommissioning or restoration costs.

##### Impairment of non-financial asset

At each reporting date of the statements of financial position, the Company reviews the carrying amounts of its indefinite tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. Definite life assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statements of Loss and Comprehensive Loss.

## **SOKOMAN IRON CORP.**

### **Notes to the Interim Consolidated Financial Statements (Unaudited)**

**December 31, 2016**

#### **2. Summary of significant accounting policies (Continued)**

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Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

##### Flow-through shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. Pursuant to the terms of flow-through share agreements, the Company agrees to incur qualifying expenditures and renounce the tax deductions associated with these qualifying expenditures to the flow-through subscribers at an agreed upon date.

Flow-through shares are reported at issue price. If the flow-through shares are issued at a premium to the market price of non-flow through or hard dollar shares at the date of announcement, such premium or excess proceeds is reported as a liability on the Statements of financial position. The subsequent renunciation of such qualifying expenditures incurred by the Company in favor of the flow-through subscribers is reported as a reduction in the 'deferred premium on flow-through shares' liability on the Statements of Financial Position and a corresponding reduction in deferred tax expense on the Statements of Loss and Comprehensive Loss.

##### Share based compensation transactions

###### Stock options

The fair value of stock options granted to directors, officers, and employees is measured at grant date using the Black-Scholes valuation model using assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, expected forfeitures and expected life of the options. The fair value of this share-based payment is recognized as a charge to the Statements of Loss and Comprehensive Loss with a corresponding credit to shareholders' equity on the Statements of Financial Position.

The fair value of stock options, subject to a vesting schedule, is recognized using the accelerated method and is measured using Black Scholes and assumptions at the time of vesting. The applicable fair values of any stock options which are exercised are transferred from contributed surplus to capital stock. Management is required to estimate forfeitures, and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to management's estimate on forfeitures, if any, is recognized during the period.

###### Share-based payments to non-employees

Share-based payments granted to non-employees are measured at the fair value of the goods or services received. In the event the Company cannot reasonably estimate the fair value of goods or services received, the transaction is recorded at the estimated value of the underlying equity instrument, measured at the date the Company obtains the goods or the counterparty renders the service. Management is required to estimate forfeitures, and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to management's estimate on forfeitures, if any, is recognized during the period.

##### Loss per common share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period, including contingently issuable shares which are included when the conditions necessary for the issuance have been met. Diluted earnings per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. In periods where the Company reports a loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive and therefore basic and diluted loss per share are the same.

##### Segment disclosures

The Company operates in North America in the acquisition and exploration of mineral properties.

##### Income taxes

Income taxes are calculated using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for timing differences between the tax and accounting basis of assets and liabilities, and for the recognition of accumulated capital and non-capital losses, which in the opinion of management, are more likely than not to be realized before expiry.

## **SOKOMAN IRON CORP.**

### **Notes to the Interim Consolidated Financial Statements (Unaudited)**

**December 31, 2016**

#### **2. Summary of significant accounting policies (Continued)**

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Deferred tax assets and liabilities are measured at the tax rates that are expected to be in effect in the period when the asset is expected to be realized or the liability is expected to be settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period and are disclosed as non-current. The effect on deferred income tax assets and liabilities resulting from a change in enacted tax rates is included in income in the year in which the change is enacted or substantively enacted.

##### Revenue recognition

Rental income from property and/or equipment is allocated to income, when collection is reasonably assured, on the first date of rental and monthly thereafter until termination. Income from the option of exploration properties is recognized when received. Investment income from marketable securities is recognized when received.

##### Comprehensive income

Comprehensive income is the change in equity (net assets) of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a year except those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net income for the period and other comprehensive income. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in "other comprehensive income" until it is considered appropriate to recognize into net earnings.

The Company had no comprehensive income or loss transactions, other than its net loss, presented in the Statements of Loss and Comprehensive Loss, nor has the Company accumulated other comprehensive income during the periods that have been presented.

The Company had no comprehensive income or loss transactions, other than its net loss, presented in the Consolidated Statements of Loss and Comprehensive Loss and Deficit, nor has the Company accumulated other comprehensive income during the periods that have been presented.

##### Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or is a member of the key management personnel of the reporting entity. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between said parties. Such transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

##### Significant judgments in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the Interim Financial Statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the Interim Financial Statements. Areas of significant judgment and estimates affecting the amounts recognized in the unaudited interim condensed financial statements include:

##### a) Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the Statements of Loss and Comprehensive Loss in the period when the new information becomes available. The carrying value of these assets is detailed in Note 6.

##### b) Valuation of share-based payments

The Company records all share based payments and warrants using the fair value method. The Company uses the Black-Scholes model to determine the fair value of stock options, warrants and broker warrants. The main factor affecting the estimates of the fair value of stock options, warrants, broker warrants and compensation options is the stock price expected volatility used. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

## SOKOMAN IRON CORP.

### Notes to the Interim Consolidated Financial Statements (Unaudited)

December 31, 2016

#### 2. Summary of significant accounting policies (Continued)

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- c) The estimated useful lives and residual values of equipment and the measurement of depreciation expense  
Management estimates the useful lives of equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's equipment in the future.

#### Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to the Statements of Loss and Comprehensive Loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the Statements of Loss and Comprehensive Loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

#### Government grants

The Company makes periodic applications for financial assistance under available government incentive programs and tax credits related to the mineral property expenditures. The Company recognizes government assistance on an accrual basis when all requirements to earn the assistance have been completed and receipt is reasonably assured. Government grants are recognized on the balance sheet under tax credits recoverable and accrued as a reduction of mineral exploration expenses. Government grants relating to mineral expenditures are reflected as a reduction of the cost of the property or as a reduction to exploration expenses. Government grants relating to operating expenses are reflected as a reduction of the expense.

#### Future accounting changes

The following has not yet been adopted and are being evaluated to determine its impact on the Company.

(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(ii) IFRS 11 – Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

(iii) IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

(iv) IAS 16 – Property, Plant and Equipment ("IAS 16"). Amendments made to IAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The Company intends to adopt the amendments to IAS 16 in its financial statements for the annual period beginning on January, 2016.

(v) IAS 38 – Intangible Assets ("IAS 38"). Amendments introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This could be overcome only when revenue and consumption of economic benefits of intangible assets are highly correlated or when the intangible asset is expressed as a measure of revenue. The amendment is effective for annual periods beginning on or after January 01, 2016.

## **SOKOMAN IRON CORP.**

### **Notes to the Interim Consolidated Financial Statements (Unaudited)**

**December 31, 2016**

#### **3. Capital and financial risk management**

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The Company manages capital, based on its cash and equivalents and ongoing working capital, with an objective of safeguarding the Company's ability to continue as a going concern, maximizing the funds invested into exploration and development activities, exploring and developing gold resources, and considering additional financings which minimize shareholder dilution. There were no changes in the Company's approach to capital management during the period ended December 31, 2016.

The Company's capital structure reflects a company focused on mineral exploration and financing both internal and external growth opportunities. The exploration for and development of mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not adequately mitigate.

The Company manages capital in proportion to risk and manages the exploration and evaluation assets and capital structure based on economic conditions and prevailing gold commodity pricing and trends. The Company relies on equity financings to maintain adequate liquidity to support its ongoing exploration and development activities and ongoing working capital commitments.

#### Fair value

The carrying values for primary financial instruments, including Cash, Accounts receivables, HST receivables and Accounts payable and accrued liabilities approximate fair values due to their short-term maturities. The Company's exposure to potential loss from financial instruments relates primarily to its cash held with Canadian financial institutions.

The fair value of financial instruments that are measured subsequent to initial recognition at their fair value, is measured within a 'fair value hierarchy' which has the following levels:

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

The Company's cash is considered Level 1.

There have been no major or significant changes that have had an impact on the overall risk assessment of the Company during the year. The objectives and strategy for the exploration and evaluation asset portfolio remains unchanged.

The Company's exploration and development activities expose it to the following financial risks:

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's exposure to credit risk is concentrated in two specific areas: the credit risk on operating balances including receivables, primarily comprised of HST receivable and security deposit, and Cash held with Canadian financial institutions. The maximum exposure to credit risk is equal to the carrying values of these financial assets.

The aggregate gross credit risk exposure at December 31, 2016 was \$80,402 (June 30, 2016 - \$15,171), and was comprised of \$26,770 (June 30, 2016 - \$2,762) in other receivables, \$6,500 (June 30, 2016 - Nil) in security deposit and \$47,132 (June 30, 2016 - \$12,409) in Cash held with Canadian financial institutions with an "AA" credit rating.

## **SOKOMAN IRON CORP.**

### **Notes to the Interim Consolidated Financial Statements (Unaudited)**

**December 31, 2016**

#### **3. Capital and Financial Risk Management (Continued)**

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##### Property risk

The Company's significant projects are the Central Newfoundland Gold Project, the Star Trek antimony/gold (Sb/Au) property, and the Iron Horse (iron ore) property, all in the province of Newfoundland & Labrador, Canada. Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon these properties. If no additional mineral resource properties are acquired by the Company, any adverse development affecting these properties may have a material adverse effect on the Company's financial condition and results of operations.

##### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign currency exchange rates, commodity prices, interest rates and liquidity. A discussion of the Company's primary market risk exposures, and how those exposures are currently managed, follows:

##### Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's financial assets and liabilities and operating costs are principally denominated in Canadian dollars. The Company has operations in United States ("US") dollars. The Company has no US dollar hedging program due to its exposure to financial gain or loss as a result of foreign exchange movements against the Canadian dollar.

##### Commodity Price Risk

Commodity prices, and in particular gold spot prices, fluctuate and are affected by factors outside of the Company's control. The current and expected future spot prices have a significant impact on the market sentiment for investment in mineral exploration companies and may impact the Company's ability to raise equity financing for its ongoing working capital requirements.

##### 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 Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

##### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The purpose of liquidity management is to ensure that there will be sufficient cash to meet all financial commitments and working capital obligations as they become due. To manage cash flow requirements, the Company maintains principally all its assets in cash and equivalents.

##### Sensitivity Analysis

The Company believes that the +/- 10% movements in investments FVTPL that are reasonably possible over the next twelve-month period will not have a significant impact on the Company. The Company believes that its cash position and short term investments provide adequate liquidity to meet all of the Company's near-term obligations.

**SOKOMAN IRON CORP.****Notes to the Interim Consolidated Financial Statements (Unaudited)****December 31, 2016****4. Accounts receivable and Security deposit**

The Company's receivables arise from Harmonized Sales Tax ("HST") receivable due from Canadian government taxation authorities Government grants, security deposits and trade accounts receivable. These are broken down as follows:

	31-Dec-16	30-Jun-16
	\$	\$
HST receivable	1,770	2,762
Account receivable	25,000	-
Security deposit	6,500	-

**5. Property and equipment**

Cost	Office	Trucks	Prospecting	Total
	Equipment		Equipment	
	\$	\$	\$	\$
Balance, June 30, 2016	7,260	20,965	32,968	61,193
Additions (disposals)	-	-	-	-
<b>Balance, December 31, 2016</b>	<b>7,260</b>	<b>20,965</b>	<b>32,968</b>	<b>61,193</b>
<b>Accumulated amortization</b>				
Balance, June 30, 2016	6,042	17,416	27,360	50,818
Additions (disposals)	-	-	-	-
Amortization	122	532	561	1,215
<b>Balance, December 31, 2016</b>	<b>6,164</b>	<b>17,948</b>	<b>27,921</b>	<b>52,033</b>
<b>Net book value</b>				
Balance, June 30, 2016	1,218	3,549	5,608	10,375
<b>Balance, December 31, 2016</b>	<b>1,096</b>	<b>3,016</b>	<b>5,047</b>	<b>9,159</b>

**6. Exploration and evaluation assets**

Exploration and evaluation expenditures incurred on exploration properties are capitalized until such time that a future economic benefit is more likely to be realized than not by the establishment of ore resources.

	Acquisition Costs		
	Opening July 1, 2016	Additions (Write downs) (Recoveries)	Closing December 31, 2016
	\$	\$	\$
Burin Property	31,860	-	31,860
Lamaline	4,680	-	4,680
Iron Horse	234,875	-	234,875
Startrek	40,000	-	40,000
Crippleback	-	15,900	15,900
	311,415	15,900	327,315

## **SOKOMAN IRON CORP.**

### **Notes to the Interim Consolidated Financial Statements (Unaudited)**

**December 31, 2016**

#### **6. Exploration and evaluation assets (Continued)**

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##### **Burin/Lamaline**

The Burin property was acquired by staking and option agreements and consists of three projects; Lamaline (formerly Salmonier Hill), Lawn and Little St. Lawrence. The property lies at Tidewater immediately adjacent to the towns of Lawn, St. Lawrence and Lamaline on the southern portion of the Burin Peninsula, on Newfoundland's south coast. The Company has completed acquiring all previously optioned claims and now controls 100% interests (subject to certain NSR requirements).

On October 12, 2010 the Company optioned a portion of its Burin uranium claim holdings (Little St. Lawrence) to Newfoundland Fluorspar Exploration Limited (Newfluorex) a privately held corporation. The Company has received a total of \$25,000 cash during the 2016 fiscal year-end and 1,000,000 Newfluorex shares which were received in prior fiscal years, representing payment in full. The Newfluorex shares have been valued at \$NIL as Newfluorex is not quoted on an active market. No work is currently planned for any of the Burin area properties and discussions with potential joint venture partners is ongoing.

##### **Iron Horse**

The Iron Horse project is located approximately 120 kilometers Northeast of Labrador City, Labrador. A 50:50 joint venture agreement was formed with Metals Creek Resources Corp who was at that point the project operator. On May 16, 2012, Sokoman and Metals Creek announced a new agreement announcing that Sokoman would be increasing its interest in the joint venture to a maximum of 70% by meeting the following criteria; an additional 10% (aggregate 60%) by issuing on signing of the agreement a total of 1.5 million common shares (issued) of Sokoman to Metals Creek and by assuming responsibility for all expenditures related to the 2012 exploration program with a minimum exploration expenditure of \$500,000 (expended approx. \$322,000); an additional 10% (aggregate of 70%) by issuing an additional 2.5 million common shares (issued) of Sokoman within 18 months of the new agreement and producing a NI 43-101 compliant resource of at least 50 million tonnes by the fourth anniversary of the new agreement. The Company has amended the agreement whereby Sokoman can earn a 100% interest in Iron Horse by issuing 15 million additional shares (issued) to Metals Creek and by paying a lump sum of \$1 million upon delivery of a feasibility study. Metals Creek retains a 1.9% NSR on the Iron Horse Property. The amended agreement was subsequently approved by the TSX Venture and the amended agreement supersedes all earlier agreements. Through a 2012 financing arrangement with Callinan Royalties, (now Altius Minerals Corp through a friendly takeover of Callinan by Altius), Sokoman is required to maintain the property in good standing through December 31, 2020 with no financial commitments required. As part of the financing arrangement, Callinan (now Altius) holds a 1% NSR on the Iron Horse Property.

##### **Startrek**

The Company acquired 100% interest in two antimony/gold properties in northeastern Newfoundland, the Startrek and Antimony Ridge properties. The Company has issued two million common shares of Sokoman Iron Corp. The property is subject to a 2-per-cent net smelter returns royalty to the vendors. This acquisition agreement is with parties related to a Director. The Antimony Ridge property has since been dropped leaving only the Startrek property.

##### **Central Newfoundland Gold Project**

The Company has acquired through a combination of staking and option, the central Newfoundland Gold Project which consists of three separate properties, the Crippleback Lake, Princess Lake and East Alder properties in central Newfoundland. Consideration for Crippleback Lake includes a total cash of \$34,500 (Paid \$3450) and share payments totaling 600,000 (Issued 150,000 shares) over a three-year option agreement. The vendors will retain a 2% NSR with a buyback of 1% for \$1 million as well as a 1% NSR on Sokoman's contiguous claims with a \$500,000 cash buyback of 0.5%. The vendors will also receive 10% of the value of any third party transaction Sokoman completes on the property, as well as first consideration for any eligible field work.

**SOKOMAN IRON CORP.****Notes to the Interim Consolidated Financial Statements (Unaudited)****December 31, 2016****6. Exploration and evaluation assets (Continued)**

The Princess Lake property was acquired for a total of 1.2 million shares payable in three tranches of 400,000 shares payable on signing (issued) and 400,000 on each of the first and second anniversaries of the agreement. The vendors retain a 2% NSR with a buyback of 1% for \$1 million (Canadian).

The East Alder property consists of 30 claims in two licenses and two separate agreements, one with Benton Resources Inc., and the second with a private consortium (Unity Resources). The Benton property was acquired for an initial share payment of 1 million shares on signing and \$1,500 in cash, with 500,000 share payments due on the first and second anniversary of the agreement. Benton Resources also retain a 2% NSR of which 1% can be purchased for \$1 million. In addition, Sokoman must pay a total of \$600,000 in cash/shares upon reaching certain project milestones as follows:

- 1) \$100,000 payment upon completion of a NI 43-101 compliant resource in cash/shares/or mix;
- 2) \$200,000 payment upon completion of a pre-feasibility in cash/shares/or mix;
- 3) \$300,000 payment upon completion of a final/full/bankable feasibility

The Unity Resources block was acquired for an initial \$5,000 cash and a 750,000 shares payment on signing, with additional 650,000 shares on the first anniversary of the agreement. The vendors retain a 2% NSR of which half (1%) can be purchased for \$1 million cash. In addition to the above payments, Sokoman agrees to pay the vendors:

- 1) \$100,000 payment upon completion of a NI 43-101 compliant resource in cash/shares/or mix;
- 2) \$200,000 payment upon completion of a pre-feasibility in cash/shares/or mix;
- 3) \$300,000 payment upon completion of a final/full/bankable feasibility

**7. Mineral exploration expenses**

A summary of exploration expenditures incurred for the period ended December 31, 2016 is as follows:

	Startrek	Crippleback	July 2016 to December 2016 Total	July 2015 to June 2016 Total
	\$	\$	\$	\$
Field Office Expenses	2,510	4,511	7,021	17,797
Geo Services	1,250	4,500	5,750	-
Drilling	24,000	-	24,000	-
Assays	3,143	1,220	4,363	3,578
Government Grant	-	-	-	(11,190)
Wages & Salaries	5,802	-	5,802	13,721
Amortization	1,093	-	1,093	2,924
	37,798	10,231	48,029	26,830

**8. Accounts payable and accrued liabilities**

The Company's trade payables, accrued expenses for legal and accounting fees and payroll withholding taxes are broken down as follows:

	December 31, 2016 \$	June 30, 2016 \$
Trade payables	13,853	3,791
Accrued liabilities	47,154	53,454
Total	61,007	57,245

**SOKOMAN IRON CORP.**  
**Notes to the Interim Consolidated Financial Statements (Unaudited)**  
**December 31, 2016**

**9. Equity capital and reserve**

**(a) Share capital**

The authorized capital of the Company consists of an unlimited number of common shares, and an unlimited number of preferred shares issued in series.

	<u>Number of Shares</u>	<u>Amount</u>
<b>Balance, June 30, 2015</b>	18,050,438	\$7,537,461
<b>Balance, June 30, 2016</b>	18,050,438	\$7,537,461
Shares issued pursuant to private placement	5,000,000	100,000
Share issue costs	-	(1,050)
Less: Value of warrants issued with common shares	-	(78,000)
Shares issued pursuant to private placement	900,000	45,000
Less: Value of warrants issued with common shares		(41,500)
Shares issued to acquire Crippleback property	150,000	-
<b>Balance, December 31, 2016</b>	24,100,438	\$7,558,711

**July 2016** the Company raised \$100,000 and issued 5,000,000 shares by way of a special exemption private placement. The financing has TSX Venture Exchange approval, in accordance with the TSX Venture Exchange Bulletin dated April 7, 2014 whereby companies can apply for a discretionary waiver of the minimum \$0.05 pricing policy. The offering was priced at \$0.02 with a \$0.05 warrant exercisable for a period of five years.

**December 2016** the Company closed a first tranche financing and raised \$15,000 flow through funds and \$30,000 non-flow through funds and issued a total of 900,000 shares. The flow through offering was priced at \$0.05 with a \$0.08 warrant exercisable for a period of five years. Flow through funds will be used to advance newly acquired properties in Central Newfoundland. The non-flow through offering was priced at \$0.05 with a \$0.05 warrant exercisable for a period of five years.

**(b) Share purchase warrants**

Details of share purchase warrant transactions for the period ended December 31, 2016 is as follows:

	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>
		\$
<b>Balance, July 1, 2015</b>	2,990,200	0.06
Warrants expired	(490,200)	0.06
<b>Balance, June 30, 2016</b>	2,500,000	0.05
Warrants expired	(2,500,000)	0.05
Warrants issued from private placement – July 2016	5,000,000	0.05
Warrants issued from flow through private placement December 2016	300,000	0.08
Warrants issued from non-flow through private placement December 2016	600,000	0.05
<b>Balance, December 31, 2016</b>	5,900,000	0.05

**SOKOMAN IRON CORP.**  
**Notes to the Interim Consolidated Financial Statements (Unaudited)**  
**December 31, 2016**

**9. Equity capital and reserve (Continued)**

Details of the warrants outstanding at December 31, 2016 are as follows:

<b>Number of warrants</b>	<b>Fair value at grant date</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
	\$	\$	
5,000,000	78,000	0.05	July 21, 2021
300,000	13,500	0.08	December 30, 2021
600,000	28,000	0.05	December 30, 2021
<b>5,900,000</b>	<b>119,500</b>	<b>0.05</b>	

(c) Stock options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase Common

Shares, provided that the number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares exercisable for a period of up to five (5) years. There are NIL stock options as at December 31, 2016

	<b>Stock Options</b>	<b>Weighted Average Exercise Price</b>
		\$
<b>Balance, June 30, 2016</b>	NIL	NIL
<b>Balance, December 31, 2016</b>	NIL	NIL

(d) Black-Scholes Valuation

The fair values of the warrants and options were estimated on the issuance date using the Black-Scholes option pricing model, with the following weighted average assumptions:

	<b>2016</b>	<b>2015</b>
Expected dividend yield	Nil	Nil
Risk-free interest rate	1.16% - 1.23%	1.10% - 1.17%
Expected life	5 years	18 months - 2 years
Expected volatility	130% - 161%	106% - 154%

(e) Contributed Surplus

<b>Balance, July 1, 2015</b>	\$3,590,256
Warrants expired	9,684
<b>Balance, June 30, 2016</b>	3,599,940
Warrants expired	9,700
<b>Balance, December 31, 2016</b>	3,609,640

**SOKOMAN IRON CORP.**  
**Notes to the Interim Consolidated Financial Statements (Unaudited)**  
**December 31, 2016**

**10. Related party transactions**

Outstanding as at				Description of Relationship	Nature of Transaction
31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15		
\$	\$	\$	\$		
-	11,700	-	-	An officer	Salaries and wages
-	3,000	31,451	28,451	Company controlled by a corporate secretary	Legal Fees
10,500	5,000	-	-	Company controlled by an officer	Accounting fees
10,500	19,700	31,451	28,451		

**11. Subsequent events**

**January 20, 2017** the company closed the final tranche of a non-brokered private placement announced December 5, 2016 for gross proceeds of \$273,000 consisting of 400,000 flow-through units ("FT") for \$20,000 and 5,060,000 non flow-through units ("NFT") for \$253,000.

Each FT unit will be issued at \$0.05 and will consist of one (1) FT common share and one common share purchase warrant, each common share purchase warrant being exercisable at \$0.08 cents for five years. FT funds will be used to advance newly acquired gold properties in Newfoundland.

Each NFT unit will be issued at \$0.05 and will consist of one (1) common share and one (1) common share purchase warrant, each exercisable at \$0.05 cents for five years.

The Company has paid finder fees totaling \$19,040 and issued 380,800 warrants which can be exercised at \$0.05 for five years.

The Company has acquired the following properties:

- 1) East Alder Property which consists of 20 claims was acquired from Benton Resources Inc. The Company may earn a 100% interest in the property by paying the vendors \$1,500.00 on signing and issuing 1,000,000 shares of Sokoman. Subsequent payments are as follows: Issuing 500,000 shares on first anniversary and by issuing 500,000 shares on second anniversary. The vendors will retain a 2% NSR with a buyback of 1% for \$1 million. In addition to the above payments, Sokoman agrees to pay Benton Resources Inc.:
  - a) \$100,000 payment upon completion of a NI 43-101 compliant resource in cash/shares/or mix;
  - b) \$200,000 payment upon completion of a pre-feasibility in cash/shares/or mix;
  - c) \$300,000 payment upon completion of a final/full/bankable feasibility
- 2) The Princess Lake property which consists of 30 claims was acquired from arms-length individuals. The Company may earn a 100% interest in the property by issuing a total of 1.2 million shares in three equal payments as follows:
  - a) 400,000 shares on signing;
  - b) 400,000 shares on first anniversary of signing, and;
  - c) 400,000 shares on the second anniversary

The vendors retain a 2% NSR with a buyback of 1% for \$1 million.

- 3) The Unity Resources property which consists of 10 claims was acquired from arms-length individuals. The Company may earn a 100% interest in the property by paying the vendors \$5,000 and issuing 750,000 shares on signing and an additional 650,000 shares on the first anniversary of the agreement. In addition to the above payments the Company agrees to pay the vendors the following:
  - a) \$100,000 payment upon completion of a NI 43-101 compliant resource in cash/shares/or mix;
  - b) \$200,000 payment upon completion of a pre-feasibility in cash/shares/or mix;
  - c) \$300,000 payment upon completion of a final/full/bankable feasibility