# Carube Copper Corp.

(An Exploration Stage Company)

## Unaudited Condensed Consolidated Interim Financial Statements

## For the three month periods ended November 30, 2017 and 2016

(expressed in Canadian dollars)

## NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated interim financial statements of Carube Copper Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's Audit Committee and Board of Directors has reviewed and approved these condensed consolidated interim financial statements.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements.

## Carube Copper Corp.

(An Exploration Stage Company)

**Unaudited Consolidated Interim Statements of Financial Position**

(expressed in Canadian dollars)

| | November 30, 2017 $ | August 31, 2017 $ |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | 13,238 | 665,096 |
| Restricted cash (note 6) | - | 5,880 |
| Restricted deposits (note 4) | 28,496 | 27,840 |
| Amounts receivable (note 5) | 38,245 | 49,399 |
| Prepaid expenses | 75,894 | 90,322 |
| | 155,873 | 838,537 |
| **Equipment** | 57,941 | 62,321 |
| **Exploration advances** | 53,288 | 43,288 |
| **Mineral exploration properties** (note 6) | 7,247,198 | 7,214,464 |
| **Deferred exploration expenditures** (note 6) | 4,982,986 | 4,576,351 |
| | 12,341,413 | 11,896,424 |
| **Total assets** | 12,497,286 | 12,734,961 |
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | 441,137 | 491,786 |
| OZ Minerals Ltd. exploration advance (note 6) | - | 5,880 |
| Bridge loan payable (note 7) | 31,688 | 104,500 |
| Promissory notes payable (note 8) | 262,758 | 255,976 |
| | 735,583 | 858,142 |
| **Flow-through premium liability** (note 10) | - | 1,913 |
| **Promissory notes payable** (note 8) | 285,137 | 277,571 |
| **Total liabilities** | 1,020,720 | 1,137,626 |
| **Shareholders' equity** | | |
| **Capital stock** (note 9) | 15,406,956 | 15,406,956 |
| **Warrants** (note 9) | 408,325 | 408,325 |
| **Contributed surplus** | 1,579,585 | 1,469,094 |
| **Accumulated deficit** | (5,698,827) | (5,350,535) |
| **Accumulated other comprehensive loss** | (219,473) | (336,505) |
| **Total shareholders' equity** | 11,476,566 | 11,597,335 |
| **Total liabilities and shareholders' equity** | 12,497,286 | 12,734,961 |

Going concern (note 1)
Subsequent events (note 15)

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

Approved by the Board of Directors:

*/s/ Jeffrey Ackert*
Director

*/s/ Greg LeBlanc*
Director

## Carube Copper Corp.
(An Exploration Stage Company)
**Unaudited Consolidated Interim Statements of Operations and Comprehensive Loss**

(expressed in Canadian dollars)

| | Three months ended November 30, 2017 $ | Three months ended November 30, 2016 $ |
|---|---|---|
| **Expenses** | | |
| Promotion and investor relations | 64,232 | 35,671 |
| Regulatory authority and transfer agent fees | 3,372 | 4,565 |
| Legal, accounting, audit and financial advisory | 9,375 | 18,489 |
| Office, general and administrative | 145,243 | 79,405 |
| Share based compensation (note 9) | 110,491 | 80,388 |
| | 332,713 | 218,518 |
| Interest income | (400) | (38) |
| Interest expense | 17,697 | 35,998 |
| Other income (note 10) | (1,913) | (13,763) |
| Foreign exchange loss (gain) | 195 | (1,321) |
| | 15,579 | 20,876 |
| **Net loss for the period** | 348,292 | 239,394 |
| **Other comprehensive loss (income)** | | |
| **Items that may be subsequently reclassified to operations** | | |
| Foreign currency translation adjustment | (117,032) | (33,398) |
| **Total comprehensive loss for the period** | 231,260 | 205,996 |
| Loss per common share: | | |
| Basic and diluted | 0.00 | 0.00 |
| Weighted average number of common shares outstanding: | | |
| Basic and diluted | 109,503,475 | 70,058,539 |

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

**Carube Copper Corp.**
(An Exploration Stage Company)
**Unaudited Consolidated Interim Statements of Changes in Shareholders' Equity**

(expressed in Canadian dollars)

| | Capital stock | | Share subscriptions | Warrants | | Contributed surplus | Accumulated deficit | Accumulated other comprehensive income (loss) | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| | # | $ | $ | # | $ | $ | $ | $ | $ |
| **Balance, August 31, 2017** | 109,503,475 | 15,406,956 | - | 21,900,000 | 408,325 | 1,469,094 | (5,350,535) | (336,505) | 11,597,335 |
| Net loss for the period | - | - | - | - | - | - | (348,292) | - | (348,292) |
| Foreign currency translation adjustment | - | - | - | - | - | - | - | 117,032 | 117,032 |
| Total comprehensive loss for the period | - | - | - | - | - | - | (348,292) | 117,032 | (231,260) |
| Deferred share units (note 9) | - | - | - | - | - | 27,125 | - | - | 27,125 |
| Restricted share units (note 9) | - | - | - | - | - | 48,450 | - | - | 48,450 |
| Stock option compensation charge (note 9) | - | - | - | - | - | 34,916 | - | - | 34,916 |
| | - | - | - | - | - | 110,491 | (348,292) | 117,032 | (120,769) |
| **Balance, November 30, 2017** | 109,503,475 | 15,406,956 | - | 21,900,000 | 408,325 | 1,579,585 | (5,698,827) | (219,473) | 11,476,566 |
| | | | | | | | | | |
| **Balance, August 31, 2016** | 69,888,433 | 12,171,571 | - | 13,632,707 | 803,339 | 529,425 | (3,978,217) | (198,820) | 9,327,298 |
| Net loss for the period | - | - | - | - | - | - | (239,394) | - | (239,394) |
| Foreign currency translation adjustment | - | - | - | - | - | - | - | 33,398 | 33,398 |
| Total comprehensive loss for the period | - | - | - | - | - | - | (239,394) | 33,398 | (205,996) |
| Shares issued for property (note 6) | 238,148 | 26,434 | - | - | - | - | - | - | 26,434 |
| Share subscriptions | - | - | 3,353 | - | - | - | - | - | 3,353 |
| Restricted share units (note 9) | - | - | - | - | - | 37,900 | - | - | 37,900 |
| Deferred share units (note 9) | - | - | - | - | - | 17,625 | - | - | 17,625 |
| Stock option compensation charge (note 9) | - | - | - | - | - | 24,862 | - | - | 24,862 |
| | 238,148 | 26,434 | 3,353 | - | - | 80,387 | (239,394) | 33,398 | (95,822) |
| **Balance, November 30, 2016** | 70,126,581 | 12,198,005 | 3,353 | 13,632,707 | 803,339 | 609,812 | (4,217,611) | (165,422) | 9,231,476 |

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

# Carube Copper Corp.

(An Exploration Stage Company)

**Unaudited Consolidated Interim Statements of Cash Flows**

(expressed in Canadian dollars)

| | Three months ended November 30, 2017 $ | Three months ended November 30, 2016 $ |
|---|---|---|
| **Cash provided by (used in)** | | |
| **Operating activities** | | |
| Net loss for the period | (348,292) | (239,394) |
| Items not affecting cash: | | |
| Share based compensation (note 9) | 110,491 | 80,388 |
| Depreciation of equipment | 3,998 | 656 |
| Interest accrued on bridge loans and promissory notes | 17,536 | 35,998 |
| Interest income on restricted deposits | (51) | - |
| Reduction of flow-through premium in other income (note 10) | (1,913) | (12,818) |
| Change in working capital items: | | |
| Amounts receivable | 11,154 | (4,779) |
| Prepaid expenses | 14,428 | 1,610 |
| Accounts payable and accrued liabilities | (176,681) | 50,549 |
| | (369,330) | (87,790) |
| **Investing activities** | | |
| Exploration advances | (10,000) | - |
| Mineral exploration properties costs (note 6) | (31,256) | (3,199) |
| Deferred exploration expenditures (note 6) | (159,392) | (34,929) |
| | (200,648) | (38,128) |
| **Financing activities** | | |
| Share subscription proceeds | - | 3,353 |
| OZ Minerals Ltd. exploration funding (note 6) | - | 171,464 |
| OZ Minerals Ltd. exploration expenditures (note 6) | (5,880) | (162,086) |
| Repayment of bridge loan and accrued interest (note 7) | (76,000) | - |
| | (81,880) | 12,731 |
| **Net change in cash and cash equivalents** | (651,858) | (113,187) |
| **Cash and cash equivalents - Beginning of period** | 665,096 | 128,672 |
| **Cash and cash equivalents - End of period** | 13,238 | 15,485 |

Supplemental cash flow information (note 14)

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

(expressed in Canadian dollars)

## 1. Nature of operations and going concern

### General information

On June 18, 2015, Miocene Resources Limited ("Miocene"), now renamed Carube Copper Corp. (referred to herein collectively with its subsidiaries as the "Company"), completed a reverse takeover with Carube Resources Inc. (CRI). On July 7, 2015, the Company commenced trading on the TSX Venture Exchange ("TSX-V") under the ticker symbol CUC.

Carube Copper Corp. is an exploration stage junior mining company. Since November of 2009, the Company has been engaged in the identification, acquisition, evaluation and exploration of mineral properties. The Company has not determined whether any of its properties contain mineral resources that are economically recoverable. The recoverability of any amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

The Company's registered office is located at 365 Bay Street, Suite 400, Toronto, Ontario, Canada where it is domiciled. The Company's subsidiaries include Carube Resources Inc., domiciled in Toronto, Canada and Carube Resources Jamaica Limited and Rodinia Jamaica Limited, which are both domiciled in Kingston, Jamaica.

### Going concern

These consolidated financial statements have been prepared using International Financial Reporting Standards (IFRS) applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

From November 2009 to date, the Company has incurred losses from operations and has had negative cash flows from operating activities. As at November 30, 2017, the Company had a working capital deficiency of $579,710. Existing funds on hand are not sufficient to support ongoing corporate costs, exploration costs, interest on its indebtedness or repayment of debts. These conditions raise uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. On December 1, 2017, the Company announced the initiation of a private placement financing to raise up to $1,200,000 (see note 15). The Company will require additional funding to be able to acquire, advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on its ability to raise required financing whether through equity or debt financing; through joint ventures; the generation of profits from operations; or, the sale of property assets in the future.

There is no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

## 2. Significant accounting policies

### Statement of compliance with International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). These condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the years ended August 31, 2017 and 2016 which have been prepared in accordance with IFRS.

These financial statements were approved by the board of directors for issue on January 29, 2018.

### General information and basis of consolidation

Carube Copper Corp. (formerly Miocene Resources Limited) was incorporated under the *Business Corporations Act (Ontario)* on March 29, 2010. The Company completed a reverse takeover with CRI on June 18, 2015. Carube Resources Inc. was incorporated under the *Business Corporations Act (Ontario)* on August 2, 2007 under the name 2144321 Ontario Inc. and was inactive until October 2009 at which time its name was changed to CRI. On March 31, 2011, CRI incorporated Carube Resources Jamaica Limited (CRJL), a wholly-owned Jamaican subsidiary, in order for it to hold the Bellas Gate project mineral exploration licenses and to conduct business as operator of the project. On March 31, 2012, CRI acquired all of the outstanding shares of Rodinia Jamaica Limited (RJL) in exchange for common shares of CRI. RJL holds title to four Special Exclusive Prospecting Licenses (SEPLs) in Jamaica.

The Company's financial statements consolidate those of the parent company and each of its 100% wholly-owned subsidiaries CRI, CRJL and RJL. All inter-company balances and transactions are eliminated upon consolidation. The consolidated financial statements are expressed in Canadian dollars and are prepared using the historical cost method.

### Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended August 31, 2017.

(expressed in Canadian dollars)

## 3. Summary of significant accounting policies

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited annual consolidated financial statements for the years ended August 31, 2017 and 2016 except as described in the notes to these condensed consolidated interim financial statements.

### New and revised accounting standards

***IAS 7 – Statement of cash flows***
In January 2016, the IASB amended IAS 7, Statement of Cash Flows. The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and, (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment is mandatory for annual reporting periods beginning on or after January 1, 2017. The adoption of these IAS 7 amendments has not had an impact on the Company's financial statements.

***IFRS 9 – Financial Instruments***
In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (IFRS 9) which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption of the new standard permitted. Company management has yet to assess the impact of this new standard on the Company's consolidated financial statements. The Company does not intend to early adopt IFRS 9.

## 4. Restricted deposits

| | November 30, 2017 $ | August 31, 2017 $ |
|---|---|---|
| Guaranteed investment certificate | 15,118 | 15,067 |
| Term deposit | 13,378 | 12,773 |
| | 28,496 | 27,840 |

The Company has established a corporate credit card account for the payment of travel and corporate costs. An amount of $15,118 held in a guaranteed investment certificate has been pledged as collateral for the maximum credit limit on this credit card account. The Company has established a credit account with a supplier of fuel in Jamaica. An amount of $13,378 held in a term deposit has been pledged as collateral for fuel purchased on the account.

## 5. Amounts receivable

| | November 30, 2017 $ | August 31, 2017 $ |
|---|---|---|
| Harmonized sales tax (HST) receivable | 24,096 | 40,707 |
| Refundable import duty on exploration equipment | 8,955 | 8,595 |
| Quebec sales tax receivable | 5,194 | 47 |
| Other | - | 50 |
| | 38,245 | 49,399 |

(expressed in Canadian dollars)

**6. Mineral exploration properties and deferred exploration expenditures**

| | Bellas Gate (Jamaica) $ | Rodinia and Other Licenses (Jamaica) $ | Fiedmont (Quebec, Canada) $ | Rogers Creek, Mackenzie and Salal (BC, Canada) $ | Total $ |
|---|---|---|---|---|---|
| ***Mineral exploration properties:*** | | | | | |
| **Balance, August 31, 2017** | 1,729,838 | 1,993,425 | 187,258 | 3,303,943 | 7,214,464 |
| License and claim renewal fees | 724 | - | 532 | - | 1,256 |
| Cash option payment | - | - | 30,000 | - | 30,000 |
| Translation to reporting currency | 470 | 1,008 | - | - | 1,478 |
| **Balance, November 30, 2017** | 1,731,032 | 1,994,433 | 217,790 | 3,303,943 | 7,247,198 |
| **Balance, August 31, 2016** | 1,730,134 | 1,993,801 | 150,102 | 3,302,160 | 7,176,197 |
| License and claim renewal fees | - | - | 3,222 | 178 | 3,400 |
| Shares issued for property | - | - | 26,434 | - | 26,434 |
| Translation to reporting currency | 419 | 120 | - | - | 539 |
| **Balance, November 30, 2016** | 1,730,553 | 1,993,921 | 179,758 | 3,302,338 | 7,206,570 |
| ***Deferred exploration expenditures:*** | | | | | |
| **Balance, August 31, 2017** | 3,807,399 | 336,043 | 130,525 | 302,384 | 4,576,351 |
| Geology | 33,599 | 4,650 | 600 | 6,384 | 45,233 |
| Geochemical | 2,178 | 680 | - | 1,185 | 4,043 |
| Trenching | - | - | 62,390 | - | 62,390 |
| Drilling and related | 175,486 | - | - | - | 175,486 |
| Community and social development | 15,536 | - | - | - | 15,536 |
| Health and safety | 185 | - | - | - | 185 |
| Translation to reporting currency | 97,136 | 6,626 | - | - | 103,762 |
| **Balance, November 30, 2017** | 4,131,519 | 347,999 | 193,515 | 309,953 | 4,982,986 |
| **Balance, August 31, 2016** | 2,755,928 | 252,574 | 130,075 | 252,411 | 4,982,986 |
| Geology | 9,371 | 1,671 | - | 10,524 | 21,566 |
| Geochemical | 8,120 | 22,137 | - | 30,407 | 60,664 |
| Geophysical | 274 | - | - | 170 | 444 |
| Drilling and related | - | - | - | - | - |
| Community and social development | - | - | - | - | - |
| Health and safety | - | - | - | 22 | 22 |
| Translation to reporting currency | 30,764 | 2,032 | - | - | 32,796 |
| **Balance, November 30, 2016** | 2,804,457 | 278,414 | 130,075 | 293,534 | 5,098,478 |

**Bellas Gate property agreements**

***OZ Minerals Ltd. agreements***

Current OZ Minerals agreement

During September 2016, the Company announced it had finalized a heads of agreement ("HoA") with OZ Minerals Ltd., an Australian copper-gold producer listed on the Australian Securities Exchange ("OZ Minerals"), to acquire all of OZ Minerals' property holdings in Jamaica which include the 70% interest that OZ Minerals had earned in the Bellas Gate Project (see below) and five licenses covering 276 square kilometres which OZ Minerals had acquired directly in 2014. Additionally, the Company will retain a 100% interest in the Above Rocks project as OZ Minerals elected not to proceed with the joint venture earn-in (see below). A definitive legal agreement incorporating the terms of the HoA was concluded in January 2017.

Under the terms of the definitive agreement, for the acquisition of the 70% interest in the Bellas Gate Project the Company is obligated to: (i) pay OZ Minerals $8.5 million within one year of commencement of commercial production at Bellas Gate; (ii) pay OZ Minerals an additional $4 million within two years of commencement of commercial production; and, (iii) grant OZ Minerals a 2% net smelter royalty (NSR) with a buyback right of two-thirds of the NSR for $1.3 million with any NSR payments capped at a maximum amount of $20 million.

Additionally, the Company has acquired a 100% interest in the five OZ Minerals licenses. The Company would be obligated to provide OZ Minerals a single payment of $1.5 million within one year of commencement of commercial production on any of the five licenses. Each of the licenses is subject to a 2% NSR with a buyback of one-half of the NSR for $500,000.

(expressed in Canadian dollars)

*Preceding OZ Minerals agreements*
During May 2013, the Company entered into a term sheet with OZ Minerals that lead to a farm-in joint venture agreement relating to the Bellas Gate Project which consists of the Bellas Gate and Browns Hall Special Exclusive Prospecting Licenses (SEPLs) which total 84 sq. km. in area.

The term sheet provided that upon certain conditions being met, that OZ Minerals and the Company would enter into an agreement which would potentially lead to a joint venture with respect to the Bellas Gate Project and the Company would grant OZ Minerals a right to enter into separate agreements on each of the Company's other projects in Jamaica (which comprise the other four SEPLs, excluding the Bellas Gate Project SEPLs).
OZ Minerals agreed to make a US$900,000 equity investment in the Company, which was completed during January 2014, when OZ Minerals confirmed the satisfactory completion of their due diligence and that any conditions precedent had been satisfied such that the terms of the May 2013 term sheet became binding on OZ Minerals and the Company. A definitive agreement incorporating the terms contained in the term sheet and other conditions that are customary for mining exploration project joint venture agreements was completed during May 2015.

Significant terms of the definitive agreement included an initial phase of work by OZ Minerals for $500,000 of exploration expenditures. In total, to earn a 70% interest in the Bellas Gate Project, OZ Minerals was required to spend $6.5 million on exploration and make cash payments to the Company of $475,000 over a maximum period of 3.5 years. During January 2016, the Company announced that OZ Minerals had incurred cumulative exploration expenditures in excess of $8.3 million and had fulfilled the Phase 4 earn-in requirements to have a vested 70% interest in the Bellas Gate Project. OZ Minerals was then able to earn a further 10% interest by financing all work to the end of a feasibility study. This Phase 5 of the earn-in was initiated during February 2016.

Additionally, OZ Minerals was provided the option to fly airborne geophysics over the Company's other three Jamaican projects (comprised of four SEPLs, see *Rodinia Jamaica property licenses* below) in return for the right to enter into joint ventures on any or all of the projects. OZ Minerals completed the airborne geophysics during June 2015. During September 2015, the Company and OZ Minerals entered into a definitive agreement with respect to the earn-in and potential joint venture on the Above Rocks Project. OZ Minerals did not elect to proceed with joint ventures on the Hungry Gully and Main Ridge Projects.

The Bellas Gate Project is subject to a 2% NSR in favour of Clarendon Consolidated Minerals Ltd. ("CCM").

*OZ Minerals project funding*
Under the terms of the prior agreement, OZ Minerals had advanced total exploration funding of $5,593,373 directly to the Company to fund joint venture earn-in expenditures in addition to funds they had expended directly. As at November 30, 2017, all of these funds had been expended. As at August 31, 2017, $5,587,493 had been utilized for exploration work expenditures and $5,880 remained in restricted cash with the net working capital items related to OZ Minerals' funding of $5,880 reflected as a current liability.

**Rodinia Jamaica property licenses**

***Acquisition of Rodinia Jamaica Limited***
On March 31, 2012, the Company completed the acquisition of a 100% interest in Rodinia Jamaica Limited ("RJL") from Tigers Realm Metals Pty Limited ("TRM") and Rodinia Resources Pty Limited ("Rodinia"). At the time of the acquisition TRM held a non-controlling equity interest in the Company. RJL holds a 100% interest in four SEPLs in Jamaica which are known as Belvedere, Hungry Gully, Main Ridge and Mount Royal and total 184 sq. km. in area. The Belvedere and Mount Royal SEPLs are contiguous and are considered one project area known as Above Rocks. Rodinia retains a 2% NSR in respect of the four SEPLs. The acquisition agreement for the SEPLs included certain commitments to conduct exploration work on the SEPLs within specified time periods as amended during December 2013. A series of common share issuances were completed during calendar 2014 and 2015 in lieu of completing the exploration work commitments within specified time periods. No further commitments remain.

***OZ Minerals definitive agreement***
During September 2015, the Company entered into a definitive agreement with OZ Minerals related to the earn-in and potential joint venture with respect to the Rodinia Jamaica licenses comprising three separate projects. Terms of the agreement are as follows.

OZ Minerals had to elect on which projects it wished to earn into before December 20, 2015, and subsequently pay $50,000 to the Company within 30 days and spend $500,000 on exploration within one year of the election date to earn a 40% interest in each project elected. OZ Minerals then had a right to earn up to a 70% interest in any one of the three projects, in a staged earn-in, by paying $275,000 to the Company and solely funding $6.5 million of exploration expenditures over a period of five years or less. Thereafter, OZ Minerals could have advanced its interest in a project to 80% by solely funding all costs required for the completion of a National Instrument 43-101-compliant, Joint Ore Reserves Committee standard feasibility study.

On December 7, 2015, OZ Minerals provided the Company notice of its election to initiate an earn-in and potential joint venture with respect to the Above Rocks Project (comprising two SEPLs), totalling 104 sq. km. in area. The Company received the initial cash payment of $50,000 during December 2015. This payment was recorded as a reduction of mineral exploration property costs. OZ Minerals did not elect to proceed with joint ventures on the Hungry Gully and Main Ridge Projects.

During September 2016, OZ Minerals elected not to proceed with the Above Rocks earn-in. The Company retains a 100% interest in each of the four Rodinia SEPLs subject to Rodinia's 2% NSR.

(expressed in Canadian dollars)

**Fiedmont property option agreement**

During September 2010, the Company entered into a property option letter agreement to acquire a potential 100% interest in the Fiedmont property comprised of 54 claims, totalling 23 sq. km. in area, in Fiedmont Township, Quebec. A definitive option agreement was entered into on October 22, 2010. Consideration payable under the terms of the option agreement include: $170,000 in cash; up to 490,000 common shares; and, exploration expenditures of $700,000 as follows:

| Payable | Cash $ | Common shares | Exploration expenditures $ |
|---|---|---|---|
| Following execution of definitive option agreement (paid Nov. 2010) | 10,000 | - | - |
| Upon going public [1] | 10,000 | 90,000 | - |
| First anniversary of going public (paid Sept. 2016) | 20,000 | 90,000 | 70,000 |
| Second anniversary of going public [2] | 30,000 | 100,000 | 180,000 |
| Third anniversary of going public | 40,000 | 100,000 | 200,000 |
| Fourth anniversary of going public | 60,000 | 110,000 | 250,000 |
| Totals | 170,000 | 490,000 | 700,000 |

(1) The number of shares payable upon the Company going public was equal to the greater of: (i) a value of $25,000 based upon the initial public listing price of the Company's common shares; or (ii) 90,000 common shares. A total of 125,000 common shares were issued.
(2) On July 6, 2017, the Company entered into an amending agreement to the Fiedmont option agreement which extended the time period by which cumulative exploration expenditures of $250,000 were to be incurred. This date was extended from July 7, 2017 to December 31, 2017. The second anniversary cash payment of $30,000 was made during September 2017 and 100,000 common shares were issued during August 2017.

The Company will act as operator of the property. The Fiedmont property is subject to a 2% NSR retained by the vendors. The Company has the right to purchase up to half of the NSR by paying $500,000 for each 0.5%. The Company will also have the right of first refusal to purchase the remaining 1% of the NSR.

During September 2016, the Company issued a total of 238,148 common shares to the vendors of the Fiedmont property in satisfaction of both the cash and share obligations due on the first anniversary of going public. These common shares were valued at $26,434. During August 2017, the Company issued 100,000 common shares related to the second anniversary commitment. These common shares were valued at $7,000.

As at November 30, 2017, the Company had incurred cumulative exploration expenses of $251,893 (gross of Quebec exploration tax credits of $58,378 recorded as a reduction of deferred exploration expenditures during 2012) for the Fiedmont property.

**Rogers Creek, Mackenzie and Salal properties**
The Rogers Creek, Mackenzie and Salal projects were acquired with the reverse takeover of Miocene. These properties are described as follows.

***Rogers Creek***
The Rogers Creek property is located within the Coastal Mountain Belt of British Columbia, northeast of Vancouver and consists of 55 claims totalling 253 sq. km. in area. A 2.5% NSR royalty is payable upon production, half of which can be purchased for $1.25 million.

***Mackenzie***
The Mackenzie property is located within the Coastal Mountain Belt of British Columbia, north of Vancouver and consists of 50 claims totalling 216 sq. km. in area. The property is subject to a 2% NSR royalty which is payable upon production, 62.5% of which can be purchased at $1 million adjusted for the Consumer Price Index for the City of Vancouver. The Company has the first right of refusal to purchase the remaining 37.5% of the NSR. Additionally, a 1.5% NSR royalty on the Mackenzie property was granted to Wallbridge Mining Company Ltd. ("Wallbridge") in connection with Miocene's prior line of credit arrangements with Wallbridge. The promissory note payable to Wallbridge is secured through a first charge on the Mackenzie property (see note 8). On March 31, 2016, the maturity date of the promissory note payable to Wallbridge was extended. Consideration provided for this repayment extension included an increase in the NSR granted to Wallbridge to 1.75% and the NSR buyback clause was amended such that the NSR on the Mackenzie and Salal properties can be repurchased provided that the amended promissory note and any accrued interest have been repaid in full, as follows: (i) for $350,000 at any time on or before December 31, 2017; (ii) for $750,000 during the one-year period following December 31, 2017; or (iii) for $1,750,000 at any time thereafter.

**Salal**
The Salal property consists of 34 claims totalling 124 sq. km. in area and is located within the Coastal Mountain Belt of British Columbia, northeast of Vancouver. Seven mineral claims are subject to a 2% NSR royalty payable upon production, half of which can be purchased for $500,000. The Company has the first right of refusal to purchase the remaining 50% of the NSR royalty. One claim is subject to a 1.5% NSR royalty payable upon production, half of which can be purchased for $500,000. Additionally, a 1.5% NSR royalty on the Salal property was granted to Wallbridge in connection with Miocene's prior line of credit arrangements with Wallbridge. The promissory note payable to Wallbridge is secured through a first charge on the Salal property (see note 8). On March 31, 2016, the maturity date of the promissory note payable to Wallbridge was extended. Consideration provided for this repayment extension included an increase in the NSR granted to Wallbridge to 1.75% and the NSR buyback clause was amended such that the NSR on the Mackenzie and Salal properties can be repurchased as described above under the Mackenzie property description. A full impairment charge with respect to prior property and exploration costs associated with the Salal property was recorded by Miocene during 2013. No additional expenditures have been incurred since this time.

(expressed in Canadian dollars)

## 7. Bridge loans payable

During January 2014, the Company completed an offering of convertible promissory notes with six lenders raising proceeds of $270,000 intended to provide funding of general working capital requirements up until the completion of the Miocene going public transaction. The convertible promissory notes had an original maturity date of May 15, 2014 or the date on which the Company began trading on the TSX Venture Exchange, whichever was sooner. These bridge loans bear interest at a rate of 1.5% per month (18% per annum).

During 2014 and 2015, various bridge loans were settled via conversions into equity units of the Company and the remaining bridge loans outstanding were amended to extend their maturity dates. During February 2016, the maturity date with respect to the bridge loans was extended, with a principal balance of $148,000 extended to September 30, 2017 and $14,500 extended to January 31, 2018. During July 2016, total payments of $23,000 were made with respect to the bridge loans. During May 2017, total payments of $99,552 were made with respect to bridge loan principal and accrued interest resulting in one remaining bridge loan outstanding.

On September 30, 2017, an amending agreement with respect to the outstanding bridge loan was entered into. This amending agreement set out requirements for principal and interest payments as follows: (i) principal of $35,000 and interest of $6,000 on October 3, 2017; (ii) principal of $35,000 on November 15, 2017; and, (iii) principal of $30,000 and interest of $2,138 on December 31, 2017.

Bridge loans are summarized as follows:

| | November 30, 2017 $ | August 31, 2017 $ |
|---|---|---|
| Principal value of bridge loans payable | 30,000 | 100,000 |
| Accrued interest | 1,688 | 4,500 |
| Total principal and interest - current | 31,688 | 104,500 |

## 8. Promissory notes payable

The Company has had various promissory notes payable to officers and a contractor for the settlement of accrued compensation and cash demand loans previously advanced to the Company. Additionally, in connection with the Miocene reverse takeover transaction various payables and debts totalling $571,415 were settled with the issuance of promissory notes to the Company's Chairman, legal counsel and Wallbridge Mining Company Ltd. All promissory notes bear interest at a rate of 12% per annum. These promissory notes payable have been subject to various amendments including partial repayments, maturity date extensions and settlements with the issuance of common shares, as further described below.

During December 2015, principal and accrued interest totalling $10,000 was paid with respect to one note. During February 2016, the maturity dates with respect to four of these promissory note agreements having a total principal value of $215,474 were extended to January 31, 2018. During the period from December 2015 to July 2016, principal and accrued interest totalling $85,951 was paid with respect to certain of these notes. During February 2016, the maturity date with respect to a promissory note with a principal balance of $50,000 was extended to January 31, 2018.

The promissory note payable to Wallbridge is secured through a first charge on the Mackenzie and Salal properties (see note 6). During February 2016, the maturity date with respect to the promissory note payable to the Company's Chairman (principal balance of $40,000) was extended to January 31, 2018. On March 31, 2016, the promissory note payable to Wallbridge was amended. The maturity date with respect to the principal balance of $436,415 and accrued interest of $41,573 was extended from September 30, 2016 to December 31, 2017. Additionally at that time, the current liability payable to Wallbridge of $24,914 was included in the amended promissory note agreement. The total of the amended promissory note was $502,902 and continued to bear interest at 12% per annum. Consideration provided for this extension included an increase in the NSR on the Mackenzie and Salal properties held by Wallbridge in addition to amendments to the terms of the NSR buyback clause (see note 6). During July 2016, an amount of $20,000 was paid with respect to the note payable to the Company's Chairman.

On March 8, 2017, the Company paid a total of $64,936 to Wallbridge in payment of the outstanding interest on the promissory note and an outstanding account payable balance. On March 14, 2017, the Company amended the promissory note with Wallbridge to extend the repayment date from December 31, 2017 to December 31, 2019. In consideration for this extension of the repayment date Wallbridge has been granted a pre-emptive right with respect to any future financings of the Company in order to maintain at all times a 15.5% equity interest in the Company's outstanding common shares. Wallbridge has also been given the right to convert any of the remaining promissory note indebtedness, at any time, into common shares of the Company at a price equal to the 4-day volume weighted average price. On June 22, 2017, the Company issued 2,173,913 common shares in partial settlement of $250,000 of the Wallbridge promissory note.

On April 28, 2017, the Company entered into a Promissory Note Extension Agreement with respect to the $180,000 principal value note and accrued interest of $70,057 (interest accrued to April 30, 2017) which was previously due on January 31, 2017. Under the terms of this agreement a partial cash payment of $100,057 (comprised of $30,000 of principal and all accrued interest) was made during May 2017. The balance of $150,000 in principal is due on January 30, 2018 and remains subject to 12% interest per annum. In the event that the Company proposes an offering of its common shares or securities convertible into common shares to raise funds for the Company on or before January 30, 2018, the promissory note holder retains a right to subscribe for such offered securities having a value of up to $150,000. On June 22, 2017, the Company issued 434,783 common shares in partial settlement of $50,000 of this promissory note.

(expressed in Canadian dollars)

On April 30, 2017, the Company entered into an amended agreement with respect to the $95,000 principal value note and accrued interest of $21,270 which was previously due on December 31, 2016. Under the terms of this agreement, the promissory note holder agreed to accept 500,000 common shares of the Company valued at $60,000 as partial payment. This share payment was concluded on June 22, 2017. Following this share payment, the balance due of $56,270 is due December 15, 2017 and remains subject to 12% interest per annum.

Promissory notes payable are summarized as follows:

| | **November 30, 2017 $** | **August 31, 2017 $** |
|---|---|---|
| Principal value of promissory note payable, due December 15, 2017 | 56,270 | 56,270 |
| Principal value of promissory notes payable, due January 31, 2018 | 170,000 | 170,000 |
| Principal value of promissory note payable, due December 31, 2019 | 252,902 | 252,902 |
| Accrued interest | 68,723 | 54,375 |
| Total principal and interest | 547,895 | 533,547 |
| Less: current portion | (262,758) | (255,976) |
| **Promissory notes payable, non-current** | 285,137 | 277,571 |

## 9. Capital stock

**Authorized**
The Company is authorized to issue an unlimited number of common shares, having no par value.

**Issued**
***Fiscal 2017 financing activity***
On March 2, 2017, the Company closed a non-brokered private placement financing raising gross proceeds of $1,600,000 with the issuance of 20,000,000 units at a price of $0.08 per unit. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of $0.15 per common share and has a two year term to expiry on March 3, 2019. In connection with the financing, eligible finders were paid cash commissions of $1,890 and were issued 23,625 compensation options. Each compensation option is exercisable for a unit (having the same attributes as above) at $0.08 per unit until its expiry on March 3, 2019.

On May 18, 2017, the Company closed a non-brokered private placement financing raising gross proceeds of $1,365,000 with the issuance of 13,000,000 units at a price of $0.105 per unit. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of $0.15 per common share and has a two year term to expiry on May 19, 2019. In connection with the financing, eligible finders were paid cash commissions of $72,379 and were issued 689,328 compensation options. Each compensation option is exercisable for a unit (having the same attributes as above) at $0.105 per unit until its expiry on May 19, 2019.

On August 30, 2017, the Company closed a non-brokered private placement financing raising gross proceeds of $100,000 with the issuance of 1,250,000 units at a price of $0.08 per unit. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of $0.13 per common share and has a two year term to expiry on August 31, 2019.

***Other share issuances during fiscal 2017***
During September 2016, the Company issued a total of 238,148 common shares to the vendors of the Fiedmont property. These common shares were valued at $26,434. Additionally, during August 2017, the Company issued 100,000 common shares to the vendors of the Fiedmont property. These common shares were valued at $7,000 (see note 6). During June 2017, the Company issued a total of 3,108,696 common shares in settlement of $360,000 in promissory notes payable (see note 8). During fiscal 2017, the Company issued a total of 1,918,198 common shares for vested restricted share units which were valued at $178,567.

**Warrants**
As at November 30, 2017, a total of 21,900,000 warrants were outstanding as follows:

| **Number** | **Exercise price $** | **Expiry date** |
|---|---|---|
| 625,000 | 0.13 | August 31, 2019 |
| 1,500,000 | 0.15 | March 21, 2018 |
| 2,500,000 | 0.15 | July 20, 2018 |
| 10,000,000 | 0.15 | March 3, 2019 |
| 6,500,000 | 0.15 | May 19, 2019 |
| 775,000 | 0.25 | May 1, 2020 |
| 21,900,000 | 0.15 | |

(expressed in Canadian dollars)

During February 2017, a total of 250,000 warrants exercisable at $0.30 expired. During July 2017, a total of 8,607,707 warrants exercisable at $0.30 expired.

The fair value of warrants have been estimated using the Black-Scholes option pricing model and this value has been presented as a separate component of shareholders' equity. The range of assumptions used for the valuation of warrants during fiscal 2018 and 2017 are as follows.

| | 2018 | 2017 |
|---|---|---|
| Expected life in years | n/a | 2.0 |
| Expected volatility | n/a | 86% to 91% |
| Risk-free interest rate | n/a | 0.46% to 0.67% |
| Dividend yield | n/a | Nil |

**Compensation options and compensation option warrants**

In connection with the March 2017 unit financing, the Company issued an aggregate of 23,625 compensation options to eligible finders. These compensation options are exercisable at $0.08 per unit to obtain one common share and one-half common share purchase warrant and expire March 3, 2019. A potential total of 11,813 common share purchase warrants are issuable upon exercise of the compensation options. These common share purchase warrants would be exercisable to obtain a common share at $0.15 per share and would expire March 3, 2019. These compensation options were valued at $1,037.

In connection with the May 2017 unit financing, the Company issued an aggregate of 689,328 compensation options to eligible finders. These compensation options are exercisable at $0.105 per unit to obtain one common share and one-half common share purchase warrant and expire May 19, 2019. A potential total of 344,664 common share purchase warrants are issuable upon exercise of the compensation options. These common share purchase warrants would be exercisable to obtain a common share at $0.15 per share and would expire May 19, 2019. These compensation options were valued at $40,995.

In connection with the June 2016 unit financing, the Company issued an aggregate of 43,671 compensation options to eligible finders. These compensation options are exercisable at $0.10 per unit to obtain one common share and one-half common share purchase warrant and expire July 20, 2018. A potential total of 21,836 common share purchase warrants are issuable upon exercise of the compensation options. These common share purchase warrants would be exercisable to obtain a common share at $0.15 per share and would expire July 20, 2018. These compensation options were valued at $3,320.

In connection with the financings completed concurrently with the Miocene reverse takeover transaction, the Company provided compensation options to agents who referred investors to the Company. A total of 135,000 compensation options were issued. These compensation options were exercisable at $0.20 per unit to obtain one common share and one-half common share purchase warrant. These compensaton options expired on July 7, 2017.

The fair value of compensation options has been estimated using the Black-Scholes option pricing model and these values have been recorded in contributed surplus and share issue costs reducing capital stock. The assumptions used for the valuation of compensation options are as follows: expected life of two years; expected volatility ranging from 86% to 100%; risk-free interest rates ranging from 0.40% to 0.49%; and, dividend yield of nil.

**Stock options**

During October 2010, the Company approved a stock option plan available to its employees, officers, directors and service providers. The number of options available under the plan is a maximum of 10% of the total number of issued and outstanding common shares. The Compensation Committee recommends to the Board the vesting period and exercise rights for each stock option granted.

Activity with respect to stock options is as follows:

| | Number | Weighted-average exercise price $ | Expiry |
|---|---|---|---|
| **Balance, August 31, 2016** | 4,561,500 | 0.12 | March 2017 to February 2021 |
| Expired | (411,500) | 0.55 | March 2017 to August 2017 |
| Granted | 2,585,000 | 0.10 | April and June 2022 |
| **Balance, August 31, 2017 and November 30, 2017** | 6,735,000 | 0.09 | February 2021 to June 2022 |

(expressed in Canadian dollars)

As at November 30, 2017 outstanding stock options are as follows:

| Options outstanding | | | Options exercisable | | |
|---|---|---|---|---|---|
| **Exercise price $** | **Number of options** | **Weighted-average remaining contractual life (years)** | **Number of options** | **Weighted-average remaining contractual life (years)** | **Expiry** |
| 0.08 | 4,150,000 | 3.25 | 4,150,000 | 3.25 | February 28, 2021 |
| 0.10 | 2,085,000 | 4.42 | 1,045,000 | 4.42 | April 30, 2022 |
| 0.10 | 500,000 | 4.58 | - | 4.58 | June 22, 2022 |
| | 6,735,000 | 3.71 | 5,195,000 | 3.48 | |

On February 29, 2016, the Company's board of directors approved the grant of a total of 4,150,000 stock options to officers, directors and consultants of the Company. During June 2017, the Company granted a total of 2,585,000 stock options to a consultant and directors.

During the three month period ended November 30, 2017, the Company recorded a total of $34,916 (Q1 fiscal 2017 - $24,863) in share based compensation expense related to stock options. Share based compensation amounts are included in shareholders' equity as contributed surplus. The values determined using the Black-Scholes option pricing model, with respect to stock options granted during fiscal 2017 and 2016, utilized the following assumptions and values.

| | **2017** | **2016** |
|---|---|---|
| Expected volatility | 72% to 76% | 100% |
| Expected option life (in years) | 5.0 | 5.0 |
| Risk-free interest rate | 0.56% | 0.42% |
| Expected dividend yield | Nil | Nil |
| Weighted-average exercise price | 0.10 | 0.08 |
| Weighted-average market price at grant date | 0.12 | 0.07 |
| Weighted-average fair value | 0.07 | 0.05 |

The Company determines expected volatility in relation to both historical Company volatility and by analysis of comparable companies in the mineral exploration sector.

**Restricted share unit / Deferred share unit plan ("RSU / DSU Plan")**

On June 13, 2013, Company shareholders adopted a RSU/DSU Plan. The Plan provides for granting of RSUs and DSUs for the purpose of advancing the interests of the Company through motivation, attraction and retention of employees, consultants and non-employee directors by granting equity-based compensation incentives, in addition to the Company's stock option plan. The number of shares reserved for issuance for the RSU/DSU Plan and the stock option plan combined shall not exceed 20% of the issued and outstanding common shares on the date of adoption. Under the RSU/DSU Plan, no cash settlements are made as settlement is in common shares only. On June 16, 2017, shareholders of the Company approved an increase in the number of common shares reserved for the RSU/DSU Plan to 9,126,451. Under the terms of the RSU/DSU Plan, the number of common shares issued and issuable to insiders within a one-year period shall not exceed 10% of the issued and outstanding common shares; and, to any one insider within one year shall not exceed 5% of the issued and outstanding common shares. The maximum grant within a one-year period to any one participant shall not exceed 5% of the total issued and outstanding common shares.

***Restricted share units***

RSUs are used to compensate participants for their individual performance based achievements and corporate performance, and they are intended to supplement stock option awards. The Company's Compensation Committee may determine the vesting schedule of RSUs at the time of grant. The settlement date shall be no later than the third anniversary of the date of grant and all payments in respect of the vested units shall be paid in full before the end of the same calendar year. Non-vested RSUs are forfeited if the participant voluntarily leaves employment with the Company. On exercise of RSUs, the shares are issued from treasury.

As at November 30, 2017, a total of 1,371,147 RSUs are outstanding having been granted to officers of the Company. These RSUs vest ratably over the one year period following the date of grant. The total value of these RSUs will be recorded as share based compensation expense in contributed surplus over the vesting period. During the three month period ended November 30, 2017, a total of $48,450 (Q1 fiscal 2017- $37,900) was recorded in share based compensation expense related to RSUs. During the year ended August 31, 2017, a total of 1,918,198 common shares were issued in satisfaction of vested RSUs valued at $178,567.

***Deferred share units***

DSUs are used as a means of reducing the cash payable by the Company for amounts owing to non-employee directors. A DSU is a notional share that has the same value as one share of the Company as at the grant date. DSUs are paid out to directors as common shares when they retire from the Board. As DSUs are equity settled, they are fair valued based on the market value of the shares at the grant date.

During the three month period ended November 30, 2017, a value of $27,125 (Q1 fiscal 2017 - $17,625) was recorded in stock based compensation expense and in contributed surplus related to DSUs. On October 31, 2016, 889,087 DSUs valued at $82,500 were granted in satisfaction of the fiscal 2016 director fees. On February 29, 2016, a total of 544,423 DSUs valued at $98,250 were granted to directors of the Company as settlement for director fees related to the period from June 2014 to August 2015. DSUs are recorded in contributed surplus and will be settled in the future with the issuance of common shares when directors retire from the Board.

(expressed in Canadian dollars)

### 10. Commitment for qualifying flow-through expenditures / Flow-through premium liability

During March 2016, the Company closed a round of flow-through financing for total proceeds of $20,000 for which it had up until December 31, 2017 to incur the related qualifying expenditures. As at November 30, 2017 all of the qualifying expenditures related to this flow-through financing had been incurred.

Common shares issued on a flow-through basis typically include a premium over the market price of the Company's common shares that is associated with the tax benefits of the flow-through share. The Company estimates the proportion of proceeds attributable to the flow-through premium as the excess of the subscription price over the market value of the shares and records this value as a liability at issuance. As qualified expenditures are incurred, the Company recognizes a pro-rata reduction of the flow-through premium liability as other income in the consolidated statements of operations and comprehensive loss. During the three month period ended November 30, 2017, a reduction in the flow-through premium liability of $1,913 (Q1 fiscal 2017 - $12,818) was recorded in other income.

### 11. Related party transactions and compensation of key management

The Company has contracts for management and geological services with its officers, directors and companies controlled by its officers and directors. Key management includes all persons named or performing the duties of Chief Executive Officer and President, Chief Financial Officer, Vice President and Director. Compensation awarded to key management has been recorded at the exchange amount, being the amount agreed to by the respective parties, and is with respect to short-term compensation and was conducted in the normal course of business. Amounts are summarized as follows:

| | Three months ended November 30, 2017 $ | Three months ended November 30, 2016 $ |
|---|---|---|
| Chief Executive Officer and President service contract fees | 26,000 | 18,000 |
| Executive Vice-President Corporate Development service contract fees | - | 21,000 |
| Chief Financial Officer service contract fees | 27,911 | 20,047 |
| Value of RSUs with officers expensed | 48,450 | 28,000 |
| Value of stock options with officers and directors expensed | 34,916 | 14,977 |
| Value of DSUs related to Director board meeting and committee fees | 27,125 | 17,625 |
| | 164,402 | 119,649 |

As at November 30, 2017, a total of $21,846 (August 31, 2017 - $953) is included in accounts payable and accrued liabilities with respect to amounts due to key executive management for service contract obligations.

In addition to the above, Rampton Resource Group ("RRG"), a corporation controlled by a Company director, has also charged the Company for shared services related to accounting, an office administrator, office rent and related office expenses in the amount of $20,891 (Q1 fiscal 2017- $30,371) during the three month period ended November 30, 2017. Office rent of $2,925 (Q1 fiscal 2017 - $2,925) included in that total is in accordance with a rental agreement between RRG and an independent director of the Company. As at November 30, 2017, a total of $5,357 (August 31, 2017 - $Nil) is included in accounts payable and accrued liabilities with respect to amounts due to RRG for accounting and office costs.

Certain management service contracts include potential entitlements for restricted share unit grants in addition to cash compensation (see note 9). During July 2015, the Board approved a decision that all director fees would be settled by the issuance of DSUs.

The Company has management service agreements with each of the Chief Executive Officer and President and Chief Financial Officer which provide for a payment upon termination without cause. These payments are equivalent to 18 months' compensation for each of these two individuals. The service agreements also provide that, should a change in control event occur that each of these individuals would be entitled to a lump sum payment equivalent to 24 months' compensation irrespective of whether their services were retained subsequent to the change in control.

### 12. Financial instruments and risk management

As at November 30, 2017, the Company's financial instruments include cash and cash equivalents, exploration advances and accounts payable and accrued liabilities. Due to the short-term nature of these financial instruments the carrying values approximate their fair values. Other financial instruments include bridge loans payable and promissory notes payable which have carrying values approximating fair value as they are carried at cost plus accrued interest and stated interest rates approximate current market rates that would be obtained for instruments with similar terms and maturity dates.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, currency risk and interest rate risk. These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Company's annual financial statements as at August 31, 2017. There have been no changes in the Company's risk management policies or procedures since the year end.

(expressed in Canadian dollars)

### 13. Segmented information

The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Ontario, Canada. The Company's exploration property assets are in Jamaica, British Columbia, Canada and Quebec, Canada. Long-term assets by geographic area are as follows:

| | November 30, 2017 | | | August 31, 2017 | | |
|---|---|---|---|---|---|---|
| | Equipment $ | Mineral exploration properties $ | Deferred exploration expenditures $ | Equipment $ | Mineral exploration properties $ | Deferred exploration expenditures $ |
| Canada | 51,011 | 3,521,733 | 503,468 | 55,008 | 3,491,201 | 432,909 |
| Jamaica | 6,930 | 3,725,465 | 4,479,518 | 7,313 | 3,723,263 | 4,143,442 |
| | 57,941 | 7,247,198 | 4,982,986 | 62,321 | 7,214,464 | 4,576,351 |

### 14. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

| | Three months ended November 30, 2017 $ | Three months ended November 30, 2016 $ |
|---|---|---|
| Mineral exploration property costs included in accounts payable and accrued liabilities | - | 201 |
| Exploration expenditures included in accounts payable and accrued liabilities | 137,824 | 56,290 |
| Depreciation of field vehicles charged to exploration expenditures | 382 | 531 |
| Interest accrued on bridge loans and promissory notes | 17,536 | 35,998 |
| Shares issued for property payments | - | 26,434 |

### 15. Subsequent event

***Private placement financing***

On December 1, 2017, the Company announced its intention to raise up to $1,200,000 by way of a non-brokered private placement offering of up to 20,000,000 units of the Company at a price of $0.06 per unit. Each unit will be comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will be exercisable into one common share at a price of $0.10 per common share for a period of two years from the closing date of the offering. Eligible finders who source funds may earn a cash commission of up to 6 percent of the gross proceeds raised by the finder and may receive compensation options entitling the finder to purchase that number of units at $0.06 per unit equal to 6 percent of the number of units sold by the finder.