No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities. The securities offered by this prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States of America. See "Plan of Distribution".

PROSPECTUS

Initial Public Offering *June 29, 2017*

Alopex Gold Inc.

MINIMUM OFFERING: $5,000,000
MAXIMUM OFFERING: $10,000,000

This prospectus (the "**Prospectus**") is being filed by Alopex Gold Inc. ("**Alopex**" or the "**Corporation**") to qualify the initial public offering (the "**Offering**") of a minimum of 10,000,000 common shares in the share capital of the Corporation (the "**Shares**"), for total gross proceeds to the Corporation of $5,000,000 (the "**Minimum Offering**"), and a maximum of 20,000,000 Shares, for total gross proceeds to the Corporation of $10,000,000 (the "**Maximum Offering**"), at a price of $0.50 per Share (the "**Offering Price**"). The Offering is being made pursuant to the terms of an agency agreement dated June 29, 2017 (the "**Agency Agreement**") between the Corporation, Paradigm Capital Inc., acting as lead agent (the "**Lead Agent**") and Canaccord Genuity Corp. (together with the Lead Agent, the "**Agents**"). The Offering Price has been determined by negotiation between the Corporation and the Agents, in the context of the market.

	Price to the Public	Agents' Commission(1)	Net Proceeds to the Corporation(2)(3)
Per Share	$0.50	$0.0325	$0.4675
Minimum Offering(4)	$5,000,000	$325,000	$4,675,000
Maximum Offering	$10,000,000	$650,000	$9,350,000

Notes:

(1) The Agents will receive a commission (the "**Commission**") of 6.5% of the gross amount raised in the Offering, payable in cash from the proceeds of the sale of the Shares. The Corporation has also agreed to pay the Lead Agent a work fee of $15,000 per month for four months, commencing January 1, 2017 (the "**Work Fee**"), of which an aggregate of $30,000 has been paid as of the date of this Prospectus. Any Work Fee payable shall be creditable against any Commission that becomes payable. In addition, the Corporation has agreed to grant to the Agents, as additional compensation, non-transferable Share purchase warrants (each an "**Agents' Warrant**") that will entitle the Agents to purchase, at the Offering Price, such number of Shares (each an "**Agents' Warrant Share**") as is equal to 6.5% of the aggregate number of Shares sold under the

Offering at any time after August 31, 2017 and on or before the date which is 36 months following the date of the initial closing of the Offering (the "**Initial Closing**"). This Prospectus also qualifies the distribution of the Agents' Warrants. See "*Plan of Distribution – The Offering*".

(2) After deducting the Commission but before deducting the Offering expenses, estimated at $530,000.

(3) The Corporation has granted to the Agents an option (the "**Over-Allotment Option**") exercisable, in whole or in part in the sole discretion of the Agents, at any time for a period of 30 days following the date of the final closing of the Offering (the "**Final Closing**"), to sell up to an aggregate number of additional Shares as is equal to 15% of the aggregate number of Shares issued pursuant to the Offering to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full by the Agents, the total price to the public, Commission and net proceeds to the Corporation will be $5,750,000, $373,750, and $5,376,250, respectively, in the case of the Minimum Offering and $11,500,000, $747,500 and $10,752,500, respectively, in the case of the Maximum Offering. The purchase price of each additional Share sold under the Over-Allotment Option will be equal to the Offering Price. This table excludes any additional Shares issuable upon exercise of the Over-Allotment Option. See "*Plan of Distribution – The Offering*". This Prospectus qualifies the distribution of the Over-Allotment Option and the distribution of the additional Shares to be issued by the Corporation upon exercise of the Over-Allotment Option.

(4) There will be no closing of the Offering unless a minimum of 10,000,000 Shares are sold. If subscriptions for a minimum of 10,000,000 Shares have not been received within 90 days following the date of issuance of a receipt for this Prospectus, or such later date as the regulatory authorities may permit, this Offering may not continue and subscription proceeds will be returned to subscribers of Shares, without interest or deduction, unless an amendment to this Prospectus is filed. The proceeds from subscriptions will be received by the Agents or such other registered dealers or brokers as are authorized by the Agents pending the Initial Closing and any subsequent closing of the Offering.

References to "**Shares**" within this Prospectus include the additional Shares issuable upon exercise of the Over-Allotment Option, unless otherwise stated.

A purchaser who acquires Shares forming part of the Agents' over-allocation position acquires those Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Agents' position is as follows:

Agents' Position	Maximum Number of Shares Available	Exercise Period or Acquisition Date	Exercise Price
Over-Allotment Option(1)	3,000,000	On or before 30 days following the date of the Final Closing	$0.50
Agents' Warrants(2)	1,300,000	After August 31, 2017 and on or before 36 months following the date of the Initial Closing	$0.50

Notes:

(1) Assuming exercise in full of the Over-Allotment Option.
(2) The Agents' Warrants are qualified for distribution by this Prospectus. See "*Plan of Distribution – The Offering*".

FBC Holdings S.à r.l. ("**FBC Holdings**"), indirectly through its subsidiary FBC Mining (Nalunaq) Limited ("**FBC Nalunaq**"), and Vatnar S.à r.l. ("**Vatnar**"), which hold 33.3% and 16.4%, respectively, of the issued and outstanding Shares, have committed to purchase $450,000 and $50,000 worth of Shares, respectively, if the Offering proceeds in the manner contemplated in this Prospectus, such that following completion of the Offering and prior to giving effect to the exercise of the Over-Allotment Option, FBC Holdings, indirectly through FBC Nalunaq, and Vatnar would hold 28.04% and 13.02%, respectively, of the issued and outstanding Shares under the Minimum Offering and 23.04% and 10.69%, respectively, of the issued and outstanding Shares under the Maximum Offering, in each case on a non-diluted basis.

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and

the extent of issuer regulation. See "*Risk Factors – Risks Related to the Offering – There is no current public market for the Shares*".

The TSX Venture Exchange (the "**Exchange**") has conditionally approved the listing of the Shares and the Agents' Warrant Shares, subject to the Corporation fulfilling all of the requirements of the Exchange.

As at the date of this Prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on (i) the Toronto Stock Exchange, (ii) Aequitas NEO Exchange Inc., (iii) a U.S. marketplace, or (iv) a marketplace outside Canada and the U.S.

An investment in the Shares is speculative and involves a high degree of risk that should be considered by prospective investors. The degree of risk increases substantially where the issuer's properties are in the exploration stage as opposed to the development or operational stage, as in the present case. See "*Risk Factors*".

In connection with the Offering, subject to applicable laws, the Agents may over-allot or effect transactions that stabilize or maintain the market price of the Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution – The Offering*".

The Agents offer the Shares on a best efforts basis, if, as and when issued by the Corporation and accepted by the Agents in accordance with the conditions contained in the Agency Agreement and subject to the approval of certain legal matters on behalf of the Corporation by Blake, Cassels & Graydon LLP and on behalf of the Agents by Bennett Jones LLP. See "*Plan of Distribution – The Offering*".

Subscriptions for Shares will be subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing of the Offering, other than any Shares offered upon the exercise of the Over-Allotment Option, is expected to occur not later than 90 days after a receipt for this Prospectus is issued, or, if a receipt is issued for an amendment to this Prospectus, within 90 days of the issuance of such receipt, and, in any event, not later than 180 days from the date of the receipt for this Prospectus (the "**Offering Period**"). If less than the maximum number of Shares is subscribed for at the Initial Closing date, subsequent closings may be held within the Offering Period.

On the date of each closing of the Offering, registration of interest in and transfers of the Shares held through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee will be made electronically in the non-certificated inventory (NCI) system of CDS. On the date of each closing of the Offering, the Corporation, via its transfer agent, will electronically deliver the Shares registered to CDS or its nominee. All rights of shareholders who hold Shares in CDS must be exercised through, and all payments or other property to which such shareholders are entitled will be made or delivered by, CDS or the CDS participant through which the shareholder holds such Shares. Except in limited circumstances, no certificates will be issued to purchasers of Shares.

No person has been authorized to give any information other than that contained in this Prospectus, or to make any representations in connection with the Offering made hereby, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Corporation. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy securities in any jurisdiction or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The Lead Agent:

Paradigm Capital Inc.
Tel: 416-361-9892

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GENERAL MATTERS

In evaluating whether or not to purchase Shares pursuant to the Offering, a prospective investor should rely only on all of the information contained in this Prospectus and not on certain parts of this Prospectus to the exclusion of others. No person has been authorized to give any information other than that contained in this Prospectus, or to make any representations in connection with the Offering made hereby, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Corporation. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or any sale of the Shares.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Corporation, certain statements in this Prospectus may constitute forward-looking information, future oriented financial information or financial outlooks (collectively, "**forward-looking information**") within the meaning of Canadian securities laws. Forward-looking information may relate to this Prospectus, the Corporation's future outlook and anticipated events or results and, in some cases, can be identified by terminology such as "may", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "project", "predict", "potential", "targeted", "possible", "continue" or other similar expressions concerning matters that are not historical facts and include, but are not limited in any manner to, those with respect to commodity prices, mineral resources, mineral reserves, the Corporation's expectations, strategies and plans for the Nalunaq Property and the Tartoq Property, including the Corporation's planned exploration and development activities, realization of mineral reserves, existence or realization of mineral resource estimates, the results of future exploration and drilling and estimated completion dates for certain milestone, the timing and amount of future production, the timing of construction of the proposed mine and process facilities, capital and operating expenditures, the timing of receipt of permits, rights and authorizations, and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions, as such matters may be applicable. In particular, this Prospectus contains forward-looking information pertaining to the following:

- strategy, growth, development and acquisition opportunities, and return on existing assets;
- operational efficiency and financial management;
- anticipated revenue and cash needs, as well as estimates regarding capital and operating expenditures;
- the ability to raise additional capital;
- the estimation of any mineral resources and the realization of mineral reserves based on mineral resource,
- estimated future development, if any, and possible variations of ore grade or recovery rates;
- proposed expenditures for exploration work and general and administrative expenses;
- estimated results of planned exploration and development activities;
- expectations regarding competition from other companies globally;
- the ability to maintain supplier relationships;
- anticipated trends and challenges in the Corporation's business and the markets in which it operates, including:
    - with respect to potential new gold projects, supply outlook and growth opportunities;
    - limitations of insurance coverage;
    - the future price of and demand for gold;
    - the use of net proceeds of the Offering and other available funds;

- economic and financial conditions;
- interest rates and foreign exchange rates;
- performance of counterparties in fulfilling their obligations;
- government regulation of mining operations, accidents, environmental risks, exploration risks, reclamation and rehabilitation expenses;
- title disputes or claims; and
- the timing and possible outcome of pending regulatory and permitting matters.

Such forward-looking information is based on a number of material factors and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this Prospectus, including, without limitation, the timing and results of exploration and drilling as described in the Nalunaq Report and the Tartoq Report, the availability and final receipt of required approvals, licences and permits, obtaining required renewals for existing approvals, licences and permits, sufficient working capital to develop and operate any proposed mine, access to adequate services and supplies, the inability to guarantee the title to the Corporation's properties, the accuracy of budgeted exploration and development costs and expenditures, including to complete development of the infrastructure at the Nalunaq Property and the Tartoq Property, the price of other commodities such as fuel, operating conditions being favorable, including whereby the Corporation is able to operate in a safe, efficient and effective manner, economic conditions, weather conditions, commodity prices, foreign currency exchange rates, tax rates, governmental royalty, interest rates, political and regulatory stability, access to capital and debt markets and associated costs of funds, availability of a qualified work force, and the ultimate ability to mine, process and sell mineral products on economically favorable terms. While the Corporation considers these material factors and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including, but not limited to, the risks and uncertainties disclosed in this Prospectus. The Corporation cautions that the foregoing lists of important assumptions and factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking information contained herein. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, investors are cautioned against placing undue reliance on forward-looking statements. See "*Risk Factors*".

Any forward-looking information in this Prospectus is based only on information currently available and speaks only as of the date it was made. Other than as required by law, the Corporation does not intend, and undertakes no obligation, to update any forward-looking information to reflect, among other things, new information or future events.

MARKETING MATERIALS

A "template version" of the following "marketing materials" (as such terms are defined in NI 41-101) has been filed with the securities commission or similar authority in each of the provinces of Canada except Québec, and is incorporated by reference into this Prospectus:

(i) the indicative term sheet dated May 1, 2017 (the "**May 2017 Term Sheet**");

(ii) the corporate presentation dated May 1, 2017; and

(iii) the revised indicative term sheet dated June 29, 2017 (the "**June 2017 Term Sheet**").

The June 2017 Term Sheet updated the May 2017 Term Sheet to include the Offering Price and the size of the Offering (including the number of Shares to be issued under the Minimum Offering and the Maximum Offering). These revisions are reflected in this Prospectus.

Such marketing materials are available for review under the Corporation`s profile on SEDAR on www.sedar.com.

Any template of any marketing materials that have been or that are utilized by the Agents in connection with the Offering are not part of this Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, subject to the provisions of any particular plan, provided the Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the Exchange) or the Corporation is a "public corporation" as defined in the Tax Act, the Shares offered hereby if issued on the date hereof would be, as of the date hereof, qualified investments under the Tax Act and the Regulations for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered education savings plan ("**RESP**"), a registered disability savings plan ("**RDSP**"), a deferred profit sharing plan, or a tax free savings account ("**TFSA**").

Notwithstanding that the Shares may be qualified investments for a trust governed by an RRSP, RRIF or a TFSA, the annuitant under an RRSP or RRIF or the holder of a TFSA may be subject to a penalty tax if such Shares are "prohibited investments" for the RRSP, RRIF or TFSA within the meaning of the Tax Act. The Shares will generally not be a "prohibited investment" provided that the annuitant under the RRSP or RRIF or the holder of the TFSA, as the case may be, deals at arm's length with the Corporation for purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in the Corporation. Pursuant to Tax Proposals contained in the Canadian federal budget released on and effective as of March 22, 2017, the prohibited investment rules will also apply to a trust governed by an RESP or a RDSP.

Prospective investors who intend to hold Shares in their TFSA, RRSP, RRIF, RESP or RDSP are urged to consult their own tax advisors regarding their particular circumstances.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

Three of Alopex's directors, namely Eldur Ólafsson, Georgia Quenby and Graham Stewart, and three of Alopex's non-director officers, namely Justinas Matusevičius, William Kellaway and Joan Plant, reside outside of Canada. Fernando Saez and James Gilbertson, the principal authors of the Nalunaq Report and the Tartoq Report, also reside outside of Canada. Each of these directors, officers and Experts have appointed the following agent for service of process:

Name and Address of Agent
Blakes Extra-Provincial Services Inc. 199 Bay Street, Commerce Court West, 40th Floor Toronto, Ontario M5L 1A9

Investors are advised that it may not be possible for them to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

EXCHANGE RATE DATA

Dollar references in this Prospectus are in Canadian Dollars unless otherwise indicated. In instances where amounts originally presented in Danish Krone ("**DKK**") have been converted to Canadian Dollars in this Prospectus, the rate of exchange for the DKK, expressed in Canadian Dollars, is 1.00 DKK equals Canadian $0.1906 as at December 31, 2016.

The following table sets forth the average exchange rates for the years ended December 31, 2016 and 2015 based on the Bank of Canada noon rate for DKK. The rates are set forth as DKK per one Canadian Dollar. The exchange rates disclosed have been rounded.

	Year Ended December 31,	
	2016	**2015**
High for the period	5.3591	5.6915
Low for the period	4.6860	4.8780
End of the period	5.2466	4.9652
Average rate during the period	5.0786	5.2593

In instances where amounts originally presented in U.S Dollars have been converted to Canadian Dollars in this Prospectus, the rate of exchange for the U.S Dollar, expressed in Canadian Dollars, is 1.00 U.S Dollar equals Canadian $1.3427 as at December 31, 2016.

The following table sets forth the average exchange rates for the years ended December 31, 2016 and 2015 based on the Bank of Canada noon rate for U.S Dollars. The rates are set forth as U.S Dollars per one Canadian Dollar. The exchange rates disclosed have been rounded.

	Year Ended December 31,	
	2016	**2015**
High for the period	0.7972	0.8527
Low for the period	0.6854	0.7148
End of the period	0.7448	0.7225
Average rate during the period	0.7548	0.7820

In instances where amounts originally presented in Euros have been converted to Canadian Dollars in this Prospectus, the rate of exchange for the Euro, expressed in Canadian Dollars, is 1.00 Euro equals Canadian $1.4169 as at December 31, 2016.

The following table sets forth the average exchange rates for the years ended December 31, 2016 and 2015 based on the Bank of Canada noon rate for Euros. The rates are set forth as Euros per one Canadian Dollar. The exchange rates disclosed have been rounded.

	Year Ended December 31,	
	2016	**2015**
High for the period	0.7207	0.7627
Low for the period	0.6278	0.6537
End of the period	0.7058	0.6654
Average rate during the period	0.6821	0.7051

In instances where amounts originally presented in U.K. Pound Sterling have been converted to Canadian Dollars in this Prospectus, the rate of exchange for the U.K. Pound Sterling, expressed in Canadian Dollars, is 1.00 U.K. Pound Sterling equals Canadian $1.6564 as at December 31, 2016.

The following table sets forth the average exchange rates for the years ended December 31, 2016 and 2015 based on the Bank of Canada noon rate for U.K. Pound Sterling. The rates are set forth as U.K. Pound Sterling per one Canadian Dollar. The exchange rates disclosed have been rounded.

	Year Ended December 31,	
	2016	**2015**
High for the period	0.6246	0.5600
Low for the period	0.4817	0.4791
End of the period	0.6037	0.4900
Average rate during the period	0.5567	0.5118

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Readers are directed to carefully review this Prospectus in its entirety. Certain terms used in this summary have the meanings set forth under the heading "Glossary" commencing at page 11.

The Corporation: The Corporation is an exploration stage company engaged in the identification, acquisition, exploration and development of gold properties in Greenland. The Corporation was incorporated under the CBCA.

The Corporation's head office and registered and records office is located at 123 Front Street West, Suite 905, Toronto, Ontario M5J 2M2.

See "*The Corporation*".

Business: The Corporation indirectly holds, through its wholly-owned subsidiary Nalunaq A/S, an undivided 100% interest in the Nalunaq Property and the Tartoq Property.

See "*The Corporation – Pre-IPO Reorganization*" and "*Description of the Business*".

The Nalunaq Property: The Nalunaq Property is an advanced exploration property in Southern Greenland at which gold is the principal commodity of interest. The Nalunaq Property lies within an exploitation licence (the Nalunaq Licence) and hosts a former gold mine (the Nalunaq Gold Mine) that was operational until 2013, and recent exploration indicates the potential for additional vein-hosted gold resources to be identified.

See "*Description of the Business – Nalunaq Property*".

The Tartoq Property: The Tartoq Property is an early stage exploration property in Southwest Greenland at which gold is the principal commodity of interest. The Tartoq Property lies within an exploration licence (the Tartoq Licence) in which historical exploration has indicated the presence of erratic gold mineralisation hosted within certain lithologies within linear Archaean greenstone belts. Mineral resources have not yet been defined.

See "*Description of the Business – Tartoq Property*".

The Offering: The Corporation is offering for sale a minimum of 10,000,000 Shares and a maximum of 20,000,000 Shares at the Offering Price, for gross proceeds of a minimum of $5,000,000 and a maximum of $10,000,000. The Shares are being offered on a best efforts basis pursuant to an Agency Agreement between the Corporation and the Agents. The latest date that the Shares may be taken up by the Agents is 90 days from the date that a receipt is issued for this Prospectus, or such later date as the regulatory authorities may permit.

See "*Plan of Distribution – The Offering*".

Over-Allotment Option: The Corporation has granted to the Agents the Over-Allotment Option exercisable for 30 days following the Final Closing to sell up to an aggregate number of additional Shares as is equal to 15% of the aggregate number of Shares issued pursuant to the Offering. The Agents may exercise the Over-Allotment Option, in whole or in part, for the purpose of covering over-allotments, if any, in connection with this Offering and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Commission, and net proceeds to the Corporation will be $5,750,000, $373,750, and $5,376,250, respectively, in the case of the Minimum Offering and $11,500,000, $747,500 and $10,752,500, respectively, in the case of the Maximum Offering.

See "*Plan of Distribution – The Offering*".

Agents' Compensation: Pursuant to the Agency Agreement, the Agents will be paid the Commission upon Closing.

The Corporation has also agreed to grant to the Agents, as additional compensation, Agents' Warrants that will entitle the Agents to purchase, at the Offering Price, such number of Agents' Warrant Shares as is equal to 6.5% of the aggregate number of Shares sold under the Offering. The Agents' Warrants will be exercisable at any time after August 31, 2017 and on or before the date which is 36 months following the Initial Closing. The Corporation has also agreed to pay the Work Fee to the Lead Agent, of which $30,000 has already been paid.

The Corporation has also agreed to reimburse the Agents for the Agents' expenses, including the Agents' legal fees in connection with the Offering.

See "*Plan of Distribution – The Offering*".

Lead Investors: FBC Holdings, indirectly through its subsidiary FBC Nalunaq, and Vatnar hold 33.3% and 16.4%, respectively, of the issued and outstanding Shares, and have committed to purchase $450,000 and $50,000 worth of Shares, respectively, if the Offering proceeds in the manner contemplated in this Prospectus, such that following completion of the Offering and prior to giving effect to the exercise of the Over-Allotment Option, FBC Holdings, indirectly through FBC Nalunaq, and Vatnar would hold 28.04% and 13.02%, respectively, of the issued and outstanding Shares under the Minimum Offering and 23.04% and 10.69%, respectively, of the issued and outstanding Shares under the Maximum Offering, in each case on a non-diluted basis.

Use of Proceeds: Maximum Offering

The gross proceeds of the Maximum Offering to the Corporation will be $10,000,000 (excluding any Shares sold upon exercise of the Over-Allotment Option). The estimated net proceeds of the Maximum Offering to the Corporation after deduction of the anticipated Commission of $650,000 (excluding any Shares sold upon exercise of the Over-Allotment Option) but excluding the Offering expenses of $530,000 will be $9,350,000.

Minimum Offering

The gross proceeds of the Minimum Offering to the Corporation will be $5,000,000 (excluding any Shares sold upon exercise of the Over-Allotment Option). The estimated net proceeds of the Minimum Offering to the Corporation after deduction of the anticipated Commission of $325,000 (excluding any Shares sold upon exercise of the Over-Allotment Option) but excluding the Offering expenses of $530,000 will be $4,675,000.

The principal purposes for which the available funds are intended to be used are listed below in order of their priority.

Principal Purposes	**Minimum Offering - Estimated Amount to be Expended**	**Maximum Offering - Estimated Amount to be Expended**
Underground exploration program	-	$4,395,000
Components:		
Mobilization		$1,310,000
Lateral development (42 days, target 400m)		$1,186,000

Drilling (1,700 m)		$204,000
Dewatering		$91,000
Demobilization		$335,000
Management, logistics, support, reporting and other		$1,269,000
Surface exploration program	$1,807,000	$1,433,000
Components:		
Mobilization/demobilization	$131,000	$59,000
Drilling (3,150 m)	$469,000	$351,000
Surface reconnaissance and sampling at Nalunaq	$148,000	$128,000
Surface reconnaissance and sampling at Tartoq and other areas	$150,000	$300,000
Mining method and remnant mining investigation	$67,000	$67,000
Helicopter support	$130,000	$170,000
Management, logistics, support, reporting and other	$712,000	$358,000
Nalunaq Infrastructure	$396,000	$796,000
Components:		
Camp	$300,000	$300,000
Heavy equipment and transportation	$96,000	$133,000
Fuel storage	-	$50,000
Infrastructure in the mine	-	$313,000
General and administrative expenses for 18 months	$1,339,000	$1,339,000
Components:		
Directors and officers	$713,000	$713,000
Professional fees	$331,000	$331,000
Office, travel, investor relations and other	$295,000	$295,000
Working capital deficit	$360,000	$360,000
Unallocated, including contingencies	$243,000	$497,000

The table above excludes any proceeds from additional Shares issuable upon exercise of the Over-Allotment Option. See "*Plan of Distribution – The Offering*". Any additional proceeds from the exercise of the Over-Allotment Option will be added to the working capital.

In the event that only the Minimum Offering is raised, the Corporation will need to raise further capital in order to start the underground exploration program. It is

contemplated that the set up of the camp, surface drilling and preparation recommended with respect to the Nalunaq Property will be completed on the basis of the capital raised under the Minimum Offering.

The Corporation intends to spend the funds as stated in this Prospectus. There may, however, be circumstances where for sound business reasons a re-allocation of funds is necessary. See "*Risk Factors*".

See "*Use of Proceeds – Funds Available and Principal Purposes – Minimum Offering*".

Board and Management:

Name	Position Held
George Fowlie	Chairman of the Board and Director of Corporate Development
Eldur Ólafsson	President, Chief Executive Officer and Director
Robert Menard	Director
Georgia Quenby	Director
Graham Stewart	Director
William Kellaway	Vice-President, Exploration
Ingrid Martin	Chief Financial Officer
Justinas Matusevičius	Vice-President, Operations and Logistic
Joan Plant	Corporate Secretary

See "*Directors and Officers*".

Risk Factors:

An investment in the Shares should be considered highly speculative due to the nature of the Corporation's business and the present stage of its development. The business of exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. The Corporation has not determined whether the Nalunaq Property or the Tartoq Property contain economically recoverable reserves of gold and currently has not earned any revenue from the Properties and, therefore, does not generate cash flow from its operations. Investors should not invest any funds in the Offering unless they can afford to lose their entire investment.

A prospective purchaser of Shares should be aware that there are various risks that could have a material adverse effect on, among other things, the Properties and the business and condition (financial or otherwise) of the Corporation. These risks include the following:

- The Corporation is an exploration stage company.
- The Corporation's liquidity and capital resources are uncertain.
- The Corporation requires substantial funds merely to determine whether commercial mineral deposits exist on the Properties.
- Gold price volatility may adversely affect the Corporation.
- Title to the Corporation's mineral properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers or claims and other defects.

- Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure.
- Exploration activities are influenced, amongst others, by the location, its climate and terrain.
- The Corporation is an exploration stage company, and there is no assurance that a commercially viable deposit or "reserve" exists on any properties for which the Corporation has or might obtain an interest.
- Mineral exploration and development activities are speculative in nature.
- The Corporation depends on the Properties.
- There is no assurance that the Corporation will be able to acquire other mineral properties.
- The Corporation's insurance does not cover all of its potential losses, liabilities and damage related to its business.
- Competition may hamper the Corporation's ability to acquire attractive mineral properties.
- Insofar as certain directors and officers of the Corporation hold similar positions with other mineral resource companies, conflicts may arise between the obligations of these directors and officers to the Corporation and to such other mineral resource companies.
- The loss of one of certain key individuals could have an adverse effect on the Corporation.
- The Corporation does not maintain key man insurance to compensate the Corporation for the loss of certain key individuals.
- The Corporation may experience difficulty attracting and retaining qualified management to meet the needs of its anticipated growth.
- Estimates and assumptions used in preparing the Corporation's financial statements and actual amounts could differ.
- Investors may not be able to enforce judgments against foreign persons.
- Certain significant shareholders of the Corporation may have interests that are not aligned with the Corporation's interests and those of the Corporation's other shareholders.
- The Corporation is subject to the risks and liabilities associated with possible accidents, injuries or deaths on its properties.
- The Corporation's operations depend on permits and government regulations.
- The Corporation's operations are subject to compliance with environmental laws and regulations.
- The Corporation may lose its interests in licences.
- The Corporation is exposed to fluctuation in exchange rates.
- The Corporation is subject to political risks.

- The Board has the ability to issue preferred shares without the shareholders' approval.
- There is no current public market for the Shares.
- It is anticipated that the Shares will become publicly traded, and the Shares may be subject to various factors which may make the share price volatile.
- The Corporation has no dividend payment policy and does not intend to pay any cash dividends in the foreseeable future.
- The management will have discretion concerning the use of the proceeds of the Offering.
- To the extent that significant numbers of options are granted and exercised after the Final Closing, the interest of then existing shareholders of the Corporation will be subject to dilution.

See "*Risk Factors*".

Financial Information:

The following table sets forth a summary of the financial information for Nalunaq A/S, Alopex's operating subsidiary, for the three month period ended March 31, 2017, the year ended December 31, 2016, the three month period ended December 31, 2016 and the 98 days ended December 31, 2015. This summary is derived from, and should be read in conjunction with, the Nalunaq Financial Statements, "Consolidated Capitalization" and "Management's Discussion and Analysis" that are included elsewhere in this Prospectus.

	Three months ended March 31, 2017	**Three months ended Dec. 31, 2016**	**Year ended December 31, 2016**	**98 days ended December 31, 2015**
Revenues	-	-	-	-
Exploration and evaluation expenses	$46,346	$139,393	$800,103	-
General and administrative expenses	$172,171	$118,642	$445,188	$8,517
Net loss	$220,053	$251,026	$1,143,424	$8,504
Cash on hand	$58,999	$137,322	$137,322	$41,791
Total assets	$785,310	$772,153	$772,153	$768,488
Total current liabilities	$693,817	$460,805	$460,805	$74,511
Shareholders' equity (deficiency)	$(33,716)	$187,939	$187,939	$329,108
Working capital (deficiency)	$(403,976)[1]	$(182,050)	$(182,050)	$41,791

Note:

(1) As at May 31, 2017, the estimated working capital deficiency of Nalunaq A/S was $546,000.

GLOSSARY

When used in this Prospectus, the following terms have the following meanings ascribed thereto:

"**2000 CIM Code**" means the CIM Definition Standards for Mineral Resources and Mineral Reserves, prepared by the CIM Standing Committee on Mineral Reserve and Mineral Resource Definitions and adopted by the CIM Council on August 20, 2000.

"**2002 MRE**" means the Mineral Resource estimate for the Nalunaq Property produced by SRK Consulting (Toronto) in 2002 and prepared in accordance with the 2000 CIM Code and NI 43-101.

"**2004 CIM Code**" means an updated version of the 2000 CIM Code, adopted by the CIM Council on November 14, 2004.

"**Advance Notice By-Law**" means the by-law adopted by the Board which includes provisions requiring advance notice of nominations of directors of the Corporation.

"**Agency Agreement**" means the Agency Agreement between the Corporation and the Agents dated June 29, 2017 with respect to the Offering as more particularly described under the heading "*Plan of Distribution – The Offering*".

"**Agents**" means the Lead Agent and Canaccord Genuity Corp.

"**Agents' Warrants**" means the non-transferable Share purchase warrants granted to the Agents to purchase that number of Agents' Warrant Shares as is equal to 6.5% of the number of Shares sold under the Offering, with each Agents' Warrant entitling the holder thereof to purchase one Agents' Warrant Share at the Offering Price at any time after August 31, 2017 and on or before the date which is 36 months following the Initial Closing.

"**Agents' Warrant Share**" means a Share issuable upon exercise of an Agents' Warrant.

"**Angel Mining**" means Angel Mining Plc (formerly Angus & Ross Plc).

"**Angel Mining Subco**" means Angel Mining (Gold) A/S.

"**ARC**" means Arctic Resources Capital S.à r.l.

"**Arctic Mining**" means Arctic Mining Ltd (United Kingdom).

"**Audit Committee**" means the audit committee of the Board.

"**Audited Nalunaq Financial Statements**" means the Nalunaq A/S audited financial statements as at and for the year ended December 31, 2016 and as at and for the 98 days ended December 31, 2015, and the notes thereto.

"**Board**" or "**Board of Directors**" means the board of directors of the Corporation.

"**Business Day**" means a day other than a Saturday, Sunday or other day when banks in the City of Toronto, Ontario are not generally open for business.

"**CBCA**" means the *Canada Business Corporations Act*.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**CIM**" means the Canadian Institute for Mining, Metallurgy and Petroleum.

"**Closing**" means each closing of the sale of Shares pursuant to the Offering.

"**Closing Date**" means the date on which a Closing occurs.

"**Closure Plan**" means the process for closure of the Nalunaq Gold Mine agreed to by Arctic Mining and the Government of Greeland in May 2010 and completed in October 2014.

"**Collaboration Agreement**" means the collaboration agreement dated July 17, 2015 between FBC Mining and ARC for the purposes of maximizing the value of certain mineral projects, including the Nalunaq Exploration Project.

"**Cominco**" means Cominco Ltd.

"**Commission**" means a cash commission equal to 6.5% of the gross proceeds of the Offering payable to the Agents upon each Closing.

"**Consulting Agreement**" means the consulting agreement entered into between the Corporation and Ingrid Co. dated February 22, 2017.

"**Corporation**" or "**Alopex**" means Alopex Gold Inc.

"**CRA**" means the Canada Revenue Agency and any successor thereto.

"**Crew Gold**" means Crew Gold Corporation.

"**Crossroads**" means Crossroads Holding S.à r.l.

"**EAMRA**" means the Environmental Agency for Mineral Resource Activities established by the Government of Greenland.

"**Eligible Persons**" means directors, senior officers, employees and consultants of the Corporation.

"**Escrow Agent**" means Computershare Trust Company of Canada.

"**Escrow Agreement**" means the escrow agreement to be entered into on or prior to the Initial Closing among the Corporation, the Escrow Agent and the certain Principals of the Corporation.

"**Exchange**" means the TSX Venture Exchange.

"**Experts**" means, collectively, Blake, Cassels & Graydon LLP, on behalf of the Corporation, Bennett Jones LLP, on behalf of the Agents and Fernando Saez, CIP Geol Eng, MAIG (Member of the Australian Institute of Geoscientists) and James Gilbertson CGeol (Chartered Geologist, Geological Society of London), the principal authors of the Nalunaq Report and the Tartoq Report.

"**FBC Holdings**" means FBC Holdings S.à r.l.

"**FBC Mining**" means FBC Mining (Holdings) Limited, a wholly-owned subsidiary of FBC Holdings.

"**FBC Nalunaq**" means FBC Mining (Nalunaq) Limited, a wholly-owned subsidiary of FBC Mining.

"**FBC Nalunaq Royalty**" means the royalty (if any) payable under the Processing Plant and Royalty Agreement. See *"Description of the Business – Nalunaq Property – Background"*.

"**Final Closing**" means the date of the last Closing.

"**forward-looking information**" means forward-looking information, future oriented financial information or financial outlooks contained in this Prospectus.

"**GEUS**" means the Geological Survey of Denmark and Greenland.

"**Greenex**" means Greenex A/S.

"**Greenland Exploration Standard Terms**" means the *Standard Terms for Exploration Licences for Minerals (Excluding Hydrocarbons)* (Greenland) dated November 16, 1998, as amended on September 10, 2010, June 25, 2013 and July 1, 2014.

"**Holder**" means a purchaser of Shares who, at all relevant times, deals at arm's length and is not affiliated with the Corporation, and who will acquire and hold such Shares as capital property.

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board, as amended from time to time.

"**Indicated Mineral Resources**" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

"**Inferred Mineral Resources**" means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

"**Ingrid Co.**" means Ingrid Martin CPA Inc., a company controlled by Ingrid Martin.

"**Initial Closing**" means the date of the first Closing.

"**Iterlak Prospect**" means the northern sub-area of the Tartoq Licence.

"**Lead Agent**" means Paradigm Capital Inc.

"**Listing Date**" means the date on which the Shares are listed for trading on the Exchange.

"**Main Vein**" means the principal gold-mineralized feature at the Nalunaq Property, comprising quartz veining hosted in a shear zone within the Nalunaq Mountain.

"**Maximum Offering**" means the maximum offering of 20,000,000 Shares.

"**MD&A**" means management's discussion and analysis of the Corporation contained in this Prospectus.

"**Measured Mineral Resources**" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the

deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

"**Minimum Offering**" means the minimum offering of 10,000,000 Shares.

"**Mineral Reserve**" means the economically mineable part of a Measured Mineral Resource and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level, as appropriate, that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

"**Mineral Resources**" means a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

"**MLSA**" means Government of Greenland, Mineral Licence and Safety Authority.

"**Modifying Factors**" are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

"**Mountain Block**" means the uppermost mining area at the Nalunaq Gold Mine.

"**Nalunaq Exploration Project**" means the exploration project on the Nalunaq Property as described in the Nalunaq Report.

"**Nalunaq Financial Statements**" means the Audited Nalunaq Financial Statements and the unaudited condensed interim financial statements of Nalunaq A/S for the three months ended March 31, 2017 and March 31, 2016, and the notes thereto.

"**Nalunaq Gold Mine**" means the former underground mine located in the Nalunaq Exploration Project area.

"**Nalunaq Licence**" means the exploitation licence #2003/05 issued by the MLSA.

"**Nalunaq Property**" means the property located in the Municipality of Kujalleq on the northern side of the Kirkespirdalen Valley, about 33 km northeast of the town of Nanortalik.

"**Nalunaq Report**" means the technical report of the Nalunaq Property dated March 20, 2017 and effective as of December 16, 2016, compliant with NI 43-101 prepared by Fernando Saez, CIP Geol Eng, MAIG (Member of the Australian Institute of Geoscientists) under the supervision of James Gilbertson, CGeol (Chartered Geologist, Geological Society of London), Managing Director & Principal Consultant (Geology) at SRK, Jon Russill, Principal Exploration Geologist at SRK, and Michael Selby, Principal Consultant (Mining) at SRK.

"**Named Executive Officers**" or "**NEOs**" means each of the individuals comprised of the Chief Executive Officer and the Chief Financial Officer of the Corporation as at the date of this Prospectus and any other executive officers of the Corporation as at the date of this Prospectus whose individual total salary and bonus for the most recently completed financial year exceeded $150,000, and any individual who would have satisfied these criteria but for the fact that individual was not serving as such an officer at the end of the most recently completed financial year.

"**Nanoq**" means Nanoq Resources Ltd.

"**Nordic Mining**" means Nordic Mining Ltd.

"**Nuuluk Prospect**" means the southern sub-area of the Tartoq Exploration Project.

"**NI 33-105**" means National Instrument 33-105 - *Underwriting Conflicts* of the Canadian Securities Administrators.

"**NI 41-101**" means National Instrument 41-101- *General Prospectus Requirements* of the Canadian Securities Administrators.

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators.

"**NI 45-102**" means National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators.

"**NI 58-101**" means National Instrument 58-101 - *Disclosure of Corporate Governance Practice* of the Canadian Securities Administrators.

"**Non-Resident Holder**" means a Holder who, for purposes of the Tax Act and at all relevant times, is neither resident nor deemed to be resident in Canada and does not use or hold, and will not be deemed to use or hold, Shares in a business carried on in Canada.

"**NP 46-201**" means National Policy 46-201 - *Escrow for Initial Public Offerings* of the Canadian Securities Administrators.

"**NunaOil**" means NunaOil A/S.

"**Offering**" means the initial public offering of a minimum of 10,000,000 Shares and a maximum of 20,000,000 Shares of the Corporation as described in this Prospectus, as well as any additional Shares issuable upon exercise of the Over-Allotment Option.

"**Offering Period**" means the 90-day period after a receipt for this Prospectus is issued, or, if a receipt is issued for an amendment to this Prospectus, the 90-day period after the issuance of such receipt, which shall be no later than 180 days from the date of the receipt for this Prospectus.

"**Offering Price**" means $0.50 per Share.

"**Option Plan**" means the Corporation's stock option plan adopted by the Board and providing for the granting of incentive options to Eligible Persons in accordance with the rules and policies of the Exchange.

"**Order**" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation.

"**Over-Allotment Option**" means the option granted by the Corporation to the Agents exercisable, in whole or in part in the sole discretion of the Agents, to sell up to an aggregate number of additional Shares as is equal to 15% of the aggregate number of Shares issued pursuant to the Offering within 30 days following the Final Closing.

"**Pre-IPO Reorganization**" means the reorganization completed by Nalunaq A/S, ARC, ARC's shareholders, FBC Nalunaq and the Corporation prior to the date of this Prospectus. See "*The Corporation – Pre-IPO Reorganization*".

"**Principal**" of the Corporation means:

(a) a person or company who acted as a promoter of the Corporation within two years before this Prospectus;

(b) a director or senior officer of the Corporation or any of its material operating subsidiaries at the time of this Prospectus;

(c) a person or company that holds securities carrying more than 20% of the voting rights attached to the Corporation's outstanding securities immediately before and immediately after the Corporation's initial public offering;

(d) a person or company that:

(i) holds securities carrying more than 10% of the voting rights attached to the Corporation's outstanding securities immediately before and immediately after the Corporation's initial public offering, and

(ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Corporation or any of its material operating subsidiaries; or

(e) such other person or company designated as a "principal" under NP 46-201.

"**Probable Mineral Reserve**" means the economically mineable part of an Indicated Mineral Resource, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

"**Processing Plant and Royalty Agreement**" means the agreement dated March 31, 2017 entered into between Nalunaq A/S and FBC Nalunaq in connection with the transfer of the processing plant located on the Nalunaq Property from FBC Nalunaq to Nalunaq A/S and the granting of the FBC Nalunaq Royalty by Nalunaq A/S to FBC Nalunaq, as amended by an addendum dated April 11, 2017.

"**Properties**" means the Nalunaq Property and the Tartoq Property.

"**Prospectus**" means this final prospectus of the Corporation dated June 29, 2017.

"**Proven Mineral Reserve**" means the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

"**PwC**" means PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.

"**QP**" means Qualified Person as such term is defined in NI 43-101.

"**RDSP**" means a registered disability savings plan.

"**Regulations**" means the Tax Act and the regulations thereto.

"**Regulation D**" means Regulation D under the U.S. Securities Act.

"**Regulation S**" means Regulation S under the U.S. Securities Act.

"**Renzy**" means Renzy Mines Ltd.

"**Resident Holder**" means a Holder who, for the purposes of the Tax Act and any applicable tax treaty or convention and at all relevant times, is or is deemed to be resident in Canada.

"**RESP**" means a registered education savings plan.

"**RRIF**" means a registered retirement income fund.

"**RRSP**" means a registered retirement savings plan.

"**Secondment Agreement**" means the secondment agreement entered into between SRK and the Corporation on April 5, 2017 pursuant to which SRK agreed to second Mr. Kellaway to Alopex on an exclusive full-time basis in order to act as Vice-President, Exploration of Alopex.

"**SGS**" means SGS Minerals Services UK Ltd.

"**Shares**" means the common shares in the capital of the Corporation, including the additional Shares issuable upon exercise of the Over-Allotment Option.

"**South Block**" means the lowermost mining area at the Nalunaq Gold Mine.

"**SRK**" means SRK Exploration Services Ltd.

"**Target Block**" means the central mining area at the Nalunaq Gold Mine.

"**Tartoq Exploration Project**" means the exploration project on the Tartoq Property as described in the Tartoq Report.

"**Tartoq Licence**" means the mineral exploration licence #2015/17 issued by the MLSA.

"**Tartoq Property**" means the properties located in Southwest Greenland, approximately 260 km SE of Greenland's capital, Nuuk as set out in the Figure T-1 in this Prospectus.

"**Tartoq Report**" means the technical report of the Tartoq Property dated March 20, 2017 and effective as of January 30, 2017 compliant with NI 43-101 prepared by James Gilbertson, CGeol (Chartered Geologist, Geological Society of London), Managing Director & Principal Consultant (Geology), at SRK.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended.

"**Tax Proposal**" means all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

"**TFSA**" means a tax-free savings account.

"**Treaty**" means *Canada-United States Income Tax Convention (1980)*.

"**Upper Block**" means the uppermost mining area at the Nalunaq Gold Mine.

"**U.S.**" means the United States of America.

"**Vagar Licence**" means the exploration licence #2006/10 issued by the MLSA.

"**Vatnar**" means Vatnar S.à r.l.

"**Work Fee**" means the amount of $15,000 per month payable to the Lead Agent for a period of four months commencing January 1, 2017, of which an aggregate of $30,000 has been paid as of the date of this Prospectus.

Glossary of Symbols

Symbol	Definition	Symbol	Definition
"o"	degree symbol	"ICP-MS"	inductively coupled plasma mass spectrometry
"µm"	micrometre	"kbar"	kilobar
"AAS"	atomic absorption spectroscopy	"kg"	kilogram
"Ag"	silver	"km^2"	square kilometre
"ALS"	ALS Limited	"koz"	thousand ounces
"As"	arsenic	"level"	horizontal mine drive numbered by approximate elevation above sea level
"$Au(HS)_2$"	gold hydrosulphide complex	"LHA"	Lower Hillside Anomaly
"Au"	gold	"m"	metre
"BIF"	Banded Iron Formations	"Ma"	million years
"C"	Celsius	"masl"	metres above sea level
"CaCl2"	calcium chloride	"MB"	Mountain Block
"CIP"	Carbon in pulp cyanide leaching circuit	"moz"	million ounces
"cm"	centimetres	"mm"	millimetre
"CoC"	Chain of Custody	"Mt"	million tonnes
"CRM"	Certified Reference Material	"NAC"	North Atlantic Craton
"Cu"	copper	"NaCN"	sodium cyanide
"ECZ"	Eastern Carbonate Zone	"NNE"	north-northeast
"EVZ"	Eastern Valley Zone	"NQ"	core diameter of 47.6 mm in diamond drilling
"Fe"	iron	"oz"	ounce

Symbol	Definition	Symbol	Definition
“FW”	footwall	“QAQC”	Quality Assurance and Quality Control
“g”	gram	“SD”	standard deviation
“g/t”	gram per tonne	“TTG”	Archaean tonalite-trodhjemite-granodiorite
“HLEM”	Horizontal-Loop Electromagnetic	“VLF”	Very Low Frequency Electromagnetic
“HW”	hanging wall	“VMS”	Archaean Volcanogenic Massive Sulphide
“HWV”	Hanging Wall Vein	“WCZ”	Western Carbonate Zone
“ICP-AES”	inductively coupled plasma atomic emission spectroscopy	“WVSS”	West Valley banded Sulphide Showing

Metric Measure	=	Imperial Measure
1 metre		3.2808 feet
1 kilometre		0.6214 miles
1 hectare		2.4711 acres
1 gram		0.0322 troy ounces
1 kilogram		2.2046 pounds
1 tonne		1.1023 short tons

Imperial Measure	=	Metric Measure
1 foot		0.3048 metres
1 mile		1.6093 kilometres
1 acre		0.4047 hectares
1 troy ounce		31.1033 grams
1 pound		0.4541 kilograms
1 short ton		0.9071 tonnes

THE CORPORATION

The Corporation is an exploration stage company engaged in the identification, acquisition, exploration and development of gold properties in Greenland. The Corporation indirectly holds, through its wholly-owned subsidiary Nalunaq A/S, an undivided 100% interest in the Nalunaq Property and the Tartoq Property.

Name, Address and Incorporation

The Corporation was incorporated under the CBCA on February 22, 2017. On June 27, 2017, the articles of the Corporation were amended in order to remove the restriction on the transfer of the Shares. The Corporation's head and registered office is located at 123 Front Street West, Suite 905, Toronto, Ontario M5J 2M2. In total, the Corporation has five officers and employees of which one is located in Iceland, one is located in Canada, two are located in the United Kingdom and one is located in Lithuania. Four of such personnel are involved in the administration of the Corporation and one of such personnel is involved in exploration activities.

Intercorporate Relationship

The following diagram illustrates the intercorporate relationship between the Corporation and Nalunaq A/S, a corporation incorporated under the laws of Greenland.

The words "Alopex" and "the Corporation" are used interchangeably throughout this Prospectus and in each case refer, as the context may require, to all or any of Alopex and Nalunaq A/S.

PRE-IPO REORGANIZATION

Nalunaq A/S was incorporated on September 25, 2015 in accordance with the terms of the Collaboration Agreement and a project schedule executed in connection therewith. Prior to the Pre-IPO Reorganization, ARC and FBC Nalunaq held 66.67% and 33.33%, respectively, of the issued and outstanding shares of Nalunaq A/S. See "*Description of the Business – History*".

Prior to the date of this Prospectus, ARC, FBC Nalunaq and the Corporation completed the Pre-IPO Reorganization. Pursuant to the Pre-IPO Reorganization, ARC transferred the shares of Nalunaq A/S held by ARC to its shareholders, including Crossroads and Vatnar, by way of a distribution in kind. Upon completion of such distribution, Nalunaq A/S issued shares to each of ARC and FBC Nalunaq in settlement of outstanding debt obligations in the aggregate amount of $173,978 which was owed to them for advances made to fund the operations of Nalunaq A/S, and contemporaneously therewith, each of ARC, ARC's shareholders and FBC Nalunaq transferred all of their respective shares of Nalunaq A/S to the Corporation in exchange for an aggregate of 35,999,999 Shares. As of the date of this Prospectus (without giving effect to the Offering), ARC and its shareholders and FBC Nalunaq hold 66.67% and 33.33%, respectively, of the issued and outstanding Shares.

DESCRIPTION OF THE BUSINESS

History

Pursuant to the Collaboration Agreement and the terms of a project schedule dated July 17, 2015, as extended by a subsequent project schedule dated March 31, 2017, each forming part of the Collaboration Agreement, ARC, FBC Mining and FBC Nalunaq agreed as follows with respect to the Nalunaq Exploration Project: (i) to incorporate a joint venture Greenlandic subsidiary, Nalunaq A/S; (ii) to procure that the Nalunaq Licence and all assets in the area of the Nalunaq Licence which had not been removed under the Closure Plan be transferred to Nalunaq A/S; and (iii) to procure that Nalunaq A/S purchases the processing plant at the Nalunaq Gold Mine from FBC Nalunaq and pay the FBC Nalunaq Royalty to FBC Nalunaq. See *"Description of the Business – Nalunaq Property – Background"*.

Nalunaq Property

The Nalunaq Report, dated March 20, 2017 and effective as of December 16, 2016 was prepared at the request of Nalunaq A/S so as to conform to NI 43-101. Unless stated otherwise, the information in this section is summarized, compiled or extracted from the Nalunaq Report, except for the disclosure found under the headings "Description of the Business – Nalunaq Property – Background" and "Description of the Business – Nalunaq Property – Royalties" which was not extracted from the Nalunaq Report, and provides a summary of the physical setting, geology, mining history, and mineral exploration potential of the Nalunaq Exploration Project and provides recommendations for exploration. Certain figures and tables from the Nalunaq Report are included in this Prospectus. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. The Nalunaq Report is available for review in its entirety under the Corporation's profile on the SEDAR website at www.sedar.com.

Most of the information about the Nalunaq Exploration Project and surrounding areas are given in U.S. terms and units, although metric units are also used at times. References to currency are in U.S. dollars. For more information on the references used to identify the below tables, please see the Nalunaq Report.

Nalunaq Property Description, Location and Access

The Nalunaq Property is located in Southern Greenland at 60º21'N latitude and 44º50'W longitude in the Municipality of Kujalleq. Greenland is an autonomous territory within the Danish Realm. It is the largest island in the world with an area of 2,166,086 km^2 although it has a small population of just 56,000 people. Most of the island is covered by the Greenland ice sheet, thus the population lives along the coastal fringe which is heavily incised by fjords. Most of the population is located on the west and south coasts and the largest settlement is the capital, Nuuk. The Nalunaq Property is located on the northern side of the Kirkespirdalen Valley, about 33 km northeast of the town of Nanortalik.

The Nalunaq Exploration Project area lies within the Nalunaq Licence which covers an area of 22 km^2 and includes the Nalunaq Gold Mine, a former underground mine which ceased operating in 2013.

South Greenland is accessed via the international airport at Narsarsuaq with regular flights from Denmark and Iceland as well as regular internal flights from other international airports in Greenland, including Kangerlussuaq and Nuuk. From Narsarsuaq, there are regular helicopter flights to other towns in the area, including Nanortalik. Most areas can also be travelled by scheduled or chartered boat from Narsarsuaq or Qaqortoq.

The Nalunaq Gold Mine site is located 6 km inland along the Kirkspirdalen Valley from an embayment on the eastern side of Saqqaa Fjord. The fjord does not generally freeze over during the winter and navigation by boat to the Nalunaq Gold Mine's jetty is possible for most of the year. This takes around one hour from Nanortalik. From the jetty, the Nalunaq Gold Mine can be reached by 4x4 vehicle along the 9 km long road of Nalunaq

Gold Mine which is unsealed but in reasonable condition. The 4x4 vehicle can be mobilised to the area by landing craft.

Figure N-1 Aerial view north-eastwards up the Kirkespirdalen Valley with Nalunaq Mountain arrowed (source: SRK ES 2016)

The climate of South Greenland is relatively mild for the latitude. In Nanortalik, the temperature ranges between averages of -5°C in January and 7°C in August. Temperatures below 0°C occur between November and March. Rainfall is moderate and fairly consistent at around 8-10 mm per month. Snow cover is likely between October and April, with the possibility of deep snow during the winter months.

The Nalunaq Licence was granted in April 2003 by the Government of Greenland to Nalunaq Gold Mine A/S, a subsidiary of Crew Gold, and is valid until April 24, 2033.

The administration regarding mineral resources in Greenland is handled by the MLSA under the Greenland autonomous government authorities. One of the main tasks of the MLSA is the day-to-day administration of licences within the area of mineral resources, as well as it being responsible for technical and geological matters. Decisions concerning environmental matters are made by EAMRA. Moreover, the Ministry of Industry, Labour and Trade is responsible for issues concerning industry and labour policy including social impact assessments and impact benefit agreements for mineral resources companies and similar related socio-economic matters.

Background

Crew Gold sold the Nalunaq Exploration Project, including the Nalunaq Licence, the Nalunaq Gold Mine and all associated infrastructure, to Angel Mining Subco, a wholly owned subsidiary of Angel Mining, in June 2009 for US$1.0 million, and the MLSA approved the transfer in September 2009.

In October 2009, Angel Mining Subco filed an application with the MLSA pursuant to the *Mineral Resources Act* (Greenland) for approval of the Closure Plan upon Angel Mining Subco ceasing its operations at the Nalunaq Gold Mine. MLSA approved the exploitation plan and Closure Plan in May 2010.

In 2010, Arctic Mining, a wholly-owned subsidiary of Angel Mining, became the operator of the Nalunaq Gold Mine on behalf of Angel Mining SubCo. All trading activity except gold sales was conducted through Arctic Mining, which acted as a mining subcontractor for Angel Mining Subco. Arctic Mining was paid solely for mining the Nalunaq Gold Mine, with gold extracted belonging to Angel Mining Subco as owner of the Nalunaq Licence.

In May 2011, Arctic Mining commenced gold production at the Nalunaq Gold Mine and in August 2011, Angel Mining Subco achieved its first gold sales.

The working capital resources of the Angel Mining group of companies were under severe pressure in early 2013. Creditors of the Angel Mining group of companies agreed to deferred payment proposals put forward by Arctic Mining and a standstill arrangement was put in place with creditors on January 21, 2013. Arctic Mining continued to operate the Nalunaq Gold Mine with suppliers on cash only terms.

On February 27, 2013, Angel Mining went into administration and in April 2013, new directors were appointed to the board of directors of Arctic Mining to handle the day to day responsibility for operations.

Despite gold production improving and stabilizing at around 36 kg per month, in August 2013, following months of falling gold prices (a drop of US$400 per oz since the start of the year), and operational difficulties, the new board of directors of Arctic Mining concluded that while Arctic Mining was unable to deploy further capital into exploration, it was in Arctic Mining's interests to cease operations and close the Nalunaq Gold Mine in accordance with the Closure Plan.

The Nalunaq Gold Mine stopped operating in October 2013, the final closure work was successfully completed in the summer of 2014 and the satisfactory completion of the Closure Plan was formally signed off by the Greenland Government in October 2014. Notwithstanding the successful completion of the closure work, the Nalunaq Property remains subject to annual environmental monitoring. See "*Description of the Business – Nalunaq Property – Environmental Liabilities*".

Arctic Mining was wound up voluntarily on December 17, 2014, but Angel Mining Subco continued to exist and hold the Nalunaq Licence.

In June 2015, after the discussions between FBC Holdings, ARC and Angel Mining Subco relating to the transfer of the Nalunaq Licence from Angel Mining Subco to Nalunaq A/S reached an advanced stage, ARC submitted a work program to the MLSA proposing a number of steps in order to resume exploitation at the Nalunaq Gold Mine and filed an application to transfer the Nalunaq Licence to Nalunaq A/S. Angel Mining Subco and Nalunaq A/S entered into a sale and purchase agreement on October 15, 2015 pursuant to which Angel Mining Subco transferred the following assets to Nalunaq A/S for a purchase price of $47,175 (DKK250,000): (i) the Nalunaq Licence, including the environmental monitoring provision attached thereto; (ii) all knowledge gained by Angel Mining Subco in connection with the activities carried under the Nalunaq Licence, including all relevant studies, reports and documents; (iii) all plant, machinery, tools and equipment used by Angel Mining Subco in performing its work under the Nalunaq Licence; (iv) all the assets owned by Angel Mining Subco within the area covered by the Nalunaq Licence which had not been removed under the Closure Plan; (v) all mineral exploration and mining-related data, maps and reports pertaining to the area covered by the Nalunaq Licence and the Closure Plan; and (vi) an amount of $726,599 (DKK 3,607,729) held under escrow by GrønlandsBANKEN as security to the MLSA for the contingent liabilities attached to the Nalunaq Licence (environmental monitoring). See "*Description of the Business – Nalunaq Property – Environmental Liabilities*".

The transfer of the Nalunaq Licence was approved by Angel Mining Subco's trustee in October 2015 and by the MLSA on March 7, 2016. The transfer of the Nalunaq Gold Mine processing plant was carried out under the terms of the Processing Plant and Royalty Agreement. Pursuant to the Processing Plant and Royalty Agreement, FBC Nalunaq transferred the processing plant to Nalunaq A/S in consideration of the following: (i) payment by Nalunaq A/S of the initial purchase price of US$1 and (ii) payment by Nalunaq A/S of the

deferred consideration of US$1,999,999 on a "pay as you can" basis until the deferred consideration is paid in full; provided that if only part of the processing plant is used, then the deferred consideration payable shall be reduced by an amount to be agreed by FBC Nalunaq and Nalunaq A/S to reflect the value of the part of the processing plant used, and provided further that the deferred consideration may be reduced to the extent that the processing plant or any part which is being used requires repairs, is not in good working condition or is not capable of doing the work for which it was designed. Nalunaq A/S may dispose or otherwise deal with the processing plant or any part of it at its own cost. If any disposal proceeds (defined as proceeds received minus costs of dealing with the disposal) are received by Nalunaq A/S, such disposal proceeds shall be paid to FBC Nalunaq and such amount shall be deemed to be the deferred consideration payable by Nalunaq A/S under the terms of the Processing Plant and Royalty Agreement. If there are any disposal proceeds remaining after the deferred consideration has been paid in full, the disposal proceeds remaining may be retained by Nalunaq A/S.

The Processing Plant and Royalty Agreement also provides for the grant by Nalunaq A/S to FBC Nalunaq of the FBC Nalunaq Royalty, representing a 1% annual royalty on the net revenue (total revenue minus production, transportation and refining costs) of Nalunaq A/S in respect of the Nalunaq Gold Mine and payable to the extent the operating profit per ounce of gold in the preceding year exceeded US$500, subject to a lifetime cap of US$1,000,000.

In March 2016, the MLSA issued the Addendum No. 2 to the Nalunaq Licence whereby it approved the transfer of the Nalunaq Licence to Nalunaq A/S and approved the work program subject to the following conditions: (i) exploitation resuming at the Nalunaq Gold Mine by no later than January 1, 2021; (ii) estimated additional exploration expenditures being incurred as follows calculated and documented in accordance with the Greenland Exploration Standard Terms: (A) US$240,000 by no later than March 31, 2016; (B) US$2,100,000 by no later than December 31, 2016; (C) US$9,600,000 by no later than December 31, 2018; (iii) bankable feasibility study, environmental impact assessment and a social impact assessment regarding all planned exploitation activities being submitted to the MLSA by no later than December 31, 2019; (iv) an impact benefit agreement being entered into among Nalunaq A/S, the Greenland Government and the relevant Municipality by no later than December 31, 2020; (v) Nalunaq A/S taking on all obligations relating to the escrow account set up with GrønlandsBANKEN in which funds are deposited in favour of the Government of Greenland (Ministry of Mineral Resources) as security for expenses under the Closure Plan; (vi) updating of the Closure Plan in relation to any development or change in exploration or exploitation activities subject to MLSA's approval; and (vii) the payment of all costs and expenses relating to case processing, supervision and other administrative work in connection with the Nalunaq Licence and activities thereunder, including costs and expenses required for translation and interpretation.

Pursuant to Addendum No. 3 to the Nalunaq Licence dated May 2016, the MLSA agreed to a reduction in the estimated exploration expenses to be incurred during sub period 2 ending on December 31, 2016 to US$1,750,000.

On March 27, 2017, the MLSA confirmed that the Government of Greenland had approved that the outstanding exploration obligations initially scheduled to be incurred by December 31, 2016 (sub period 2) be carried forward to the ensuing licence sub period ending on December 31, 2018. As a result, Nalunaq A/S is committed to perform specific exploration activities as expected to be outlined in Addendum No. 4 (which is currently being drafted) to the Nalunaq Licence totaling an estimated amount of US$10,259,000 by no later than December 31, 2018 (sub period 3). This US$10,259,000 takes into account the obligation expected to be included in Addendum No.4 (which is currently being drafted) totaling an estimated amount of US$11,350,000 less the US$1,091,000 expenditures of 2016 calculated in line with the MLSA guidelines. It must be noted that the Nalunaq License is an exploitation licence, the main objective of which is to provide assurance to the MLSA that the Nalunaq Property will be brought into production by January 1, 2021. As a result, such amounts and timelines are subject to ongoing adjustment taking into account, among other matters, actual versus budgeted costs and the results of each successive phase of the work program. For the purpose of crediting expenditures for MLSA purposes, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. Failure to satisfy any of the conditions set forth in the

addendums to the Nalunaq Licence may result in the MLSA revoking the Nalunaq Licence without further notice. See "*Use of Proceeds – Business Objectives and Milestones*".

To the extent the Minimum Offering is raised and the first phase of the planned overall work program described under the heading "*Use of Proceeds – Business Objectives and Milestones*" is completed, the Corporation estimates that exploration expenditures in the amount of approximately $5,100,000 (prior to giving effect to the multiplier factor discussed above) will remain to be incurred by December 31, 2018 to satisfy the conditions of the Nalunaq Licence. To the extent the Maximum Offering is raised and the second phase of the planned overall work program described under the heading "*Use of Proceeds – Business Objectives and Milestones*" is completed, the Corporation estimates that exploration expenditures in the amount of approximately $100,000 (prior to giving effect to the multiplier factor discussed above) will remain to be incurred by December 31, 2018 to satisfy the conditions of the Nalunaq Licence.

Royalties

The Nalunaq Property is subject to the FBC Nalunaq Royalty. See "*Description of the Business – Nalunaq Property – Background"*.

Moreover, on July 1, 2014, the Greenland Government adopted an addendum to the Greenland Exploration Standard Terms providing for the terms and conditions upon which a licencee may be required to pay to the Greenland Government a royalty of 2.5% of the value of minerals sold. In respect of exploitation licences granted prior to July 1, 2014, the addendum provides that the royalty requirement may be imposed in the event: (i) the exploration licence on the basis of which the exploitation licence was granted, including any addendum or any other amendment thereto, expressly provided for the ability of the Greenland Government to impose a royalty; or (ii) the Greenland Government and the licencee otherwise agreed that the addendum shall apply to the licence. Although the exploration licence underlying the Nalunaq Licence did not provide for any such royalty terms, Alopex is aware that all exploitation licences granted after 2014 were granted conditionally upon the licencee agreeing to be subject to the royalty requirements, even though such exploitation licences did not stem from exploration licences providing for the Greenland Government's ability to impose a royalty. Alopex's management estimates that it is probable that the Greenland Government will eventually impose a royalty of up to 2.5% on the Nalunaq Licence.

Environmental Liabilities

Following closure of the Nalunaq Gold Mine in 2014, under the terms of the Closure Plan, an annual environmental monitoring program was commissioned by EAMRA which will be carried out by the Danish Center for Environment and Energy.

The purpose of the environmental monitoring program is to discover and prevent any unwanted environmental impacts from the operation of the Nalunaq Gold Mine. Environmental monitoring was carried out in 2016, but the samples were lost in transit so no invoice was raised for reimbursement. The monitoring will therefore be repeated in 2017 and then the final environmental monitoring will take place in 2019. The costs related to such environmental monitoring are paid from the funds deposited in the escrow account set up with GrønlandsBANKEN. The total costs of the 2016 environmental monitoring was budgeted at 721,617 DKK and the total costs of the 2019 environmental monitoring are budgeted to be 726,210DKK. As at December 31, 2016, there is a balance of $617,213 (DKK 3,238,260) in the escrow account. Any balance remaining in the escrow account following the completion of the final environmental monitoring in 2019 will be reimbursed to Nalunaq A/S.

All work programs are reviewed by EAMRA and their approval is required before work can commence. Furthermore, exploration activities must adhere to the "Rules for Fieldwork and Reporting Regarding Mineral Resources" as published by the Greenland Government in 2000, which includes measures to protect the environment and wildlife.

History

Regional geological mapping in the area had been carried out in the 1960s by GEUS and provides a foundation for mineral exploration. In the late 1980s, the exploration company Carl Nielsen A/S found small flakes of gold in alluvial gravels where the Kirkespirdalen valley meets the coast. NunaOil was granted an exploration licence for an area that included the Nalunaq Property in 1990, on the assumption that alluvial gold at the coast must be derived from primary mineralization in the mountains around the Kirkespirdalen valley. This was supported by geochemical sampling of stream sediments and scree sediments which showed gold anomalies five to ten times higher than other areas in the region (Gowan et al., 1993). In 1992, further exploration led to the discovery of visible gold in a quartz vein of 0.5 – 2 m in thickness, outcropping at about 400 m above sea-level on the eastern flanks of the Nalunaq Mountain and traceable for 800 m up the mountain. This became known as the "Main Vein". Further exploration confirmed the presence of a coherent mineralized structure hosting high grade, sometimes bonanza grade, gold. Visible gold, sometimes abundant, is common (for example up to 5,240 g/t Au over 0.8 m in an exploration channel sample).

Exploration intensified after this discovery and, in 1993, a NunaOil and Cyprus Greenland Corporation joint venture undertook surface mapping and a 13 hole NQ diamond drilling program for a total of 2,950 m in order to test the continuity of the Main Vein. Cyprus withdrew later that year, but NunaOil continued mapping, sampling and drilling during 1994-1996, including 8 NQ diamond drill holes (848 m). This lead to the discovery of a new quartz vein in the hangingwall and a section of the Main Vein low on the mountain that was vertically displaced from the rest of the vein. This was termed the "South Block". NunaOil entered a new joint venture with Mindex A/S in 1997 and undertook mapping, sampling and metallurgical 'bulk' sampling of the Main Vein and HWV from surface pits.

1998 saw the start of a major exploration effort when 5,134 m of drilling was completed from 37 surface NQ holes, and a 288 m long exploration drive was driven at 400 m above sea level. Two raises were developed from this drive to test grade continuity and variability of the Main Vein.

1999 saw a further 19 diamond holes drilled (2,520 m) for resource expansion and underground development planning. Channel sampling was also undertaken at 1 m intervals on the exposed Main Vein between elevations of 468 m to 775 m. Mindex A/S merged with Crew Development Corporation that year which resulted in Crew Gold becoming the operator of the project.

Figure N-2 Locations of historical surface exploration sampling and surface diamond drilling pads.

Mineral Resource Development International produced a pre-feasibility study in 1999 based on the surface and underground exploration data. This was positive and defined a resource with an average grade of 32 g/t gold (diluted to 1 m).

As is usually required with mineralization of this type, an underground development program was started in 2000 with the aim of determining grade and geological continuity of the Main Vein. This was carried out by Strathcona Mineral Services (Strathcona, 2000; 2001; 2002b) and comprised a bulk sampling program. This required development of the 350 and 450 levels and extension of the 400 level, from which the Main Vein was blocked out at approximately 80 m intervals by linking the levels with a series of raises. For an illustration of the first exploration adits and raises of the 350 and 450 levels, please see Figure 5.2 of the Nalunaq Report which has been filed under the Corporation's profile on SEDAR at www.sedar.com. In total, 1,902 m of lateral development was carried out, including 893 m of driving and 538 m of raising. 341 bulk samples totalling 21,300 tonnes were collected and analyzed. This activity included the use of a pilot plant on site (Lind et al. 2001).

Figure N-3 Longitudinal section drawn in the plane of the Main Vein, dipping at about 36o SE, showing the first exploration adits and raises (from Lind et al, 2001).

Diamond drilling and underground development continued in 2001 for a total of 2,478 m (13 holes) and 1,500 m, respectively.

In 2002, Kvaener Engineering and Construction UK Ltd. completed a feasibility study for mining operations at the Nalunaq Property. This was based on Mineral Resources as described under the heading "*Description of the Business - Nalunaq Property - Historical Mineral Resource Estimates*" in this Prospectus and presented a number of operational scenarios, with the best economic case of no mineral processing on site, but shipping ore elsewhere to an existing processing plant.

Surface drilling continued after mining operations commenced in 2004. Between 2004 and 2006, 83 surface holes were drilled for a total of 13,404 m, mainly in the Nalunaq Mountain and South Block. This brought the total amount of surface drilling at the Nalunaq Property between 1993 and 2006 to 172 drillholes for 30,478 m.

Underground development and exploration drilling was also carried out between 2004 and 2008. The total amount completed was 237 drillholes for 5,572 m. Underground chip-channel sampling was undertaken throughout the exploration and mine development; there are 2,041 samples with gold assays that were taken in exploration adits and raises, and 5,478 samples from development workings.

GEUS has provided SRK with a database for all sampling at the Nalunaq Property for the period from 1993 to 2008. This dataset is described in more detail by Schlatter and Olsen (2011), and its contents are summarised in the table N-1 below.

Table N-1 Summary of samples from exploration and development at Nalunaq which have gold assays assigned to them as of 2011 (from Schlatter and Olsen, 2011)

Type of Sample	Number of samples with gold assays
Drillcore from surface drillholes	7,164
Surface rock samples	458
Drillcore from underground drillholes	723
Underground exploration channel samples	2,041
Underground development channel samples	5,478
Miscellaneous samples (not from Main Vein)	104

Type of Sample	Number of samples with gold assays
Total samples	**15,968**

Historical Mineral Resource Estimates

The Mineral Resources declared by previous operators, particularly those prior to mining operations, have largely been mined out. They are, however, described here to illustrate the order of magnitude of resources that were identified by the early stages of operations in the lower north-eastern parts of the Nalunaq Mountain. The 2002 MRE was produced by SRK Consulting (Toronto) in 2002 as the basis to the Kvaener's 2002 Feasability Study using three-dimensional computer block modelling and geostatistical kriging methods using Gemcom software (SRK, 2002).

Although exploration data included surface sampling from 400 masl to 1,250 masl, the 2002 MRE only related to the developed portion of the Main Vein in the Target Block between 300 masl and 500 masl. However, the potential for additional resources beyond this target area was recognized.

Later in 2002, SRK updated the 2002 MRE to include samples from a further 800 m of underground development, using the same estimation method. This added ounces to the Target Block and South Block and converted some Inferred Mineral Resources to Indicated Mineral Resources or Measured Mineral Resources. The updated 2002 MRE is summarised in Table N-2 below, reported at a 1.5 m minimum stoping width.

Table N-2 Summary of the updated 2002 MRE reported at a 1.5 m minimum stoping width and a zero cut-off grade (SRK, 2002; table taken from Snowden, 2005).

Resource Category	Tonnage (t)	Grade (g/t gold)	Ounces gold
Main Vein Resource			
Measured	245,000	19	150,000
Indicated	210,000	21	142,000
Inferred	260,000	18	150,000
South Vein Resource			
Measured	56,000	12	21,600
Indicated	120,000	12	46,300
Inferred	95,000	11	33,600

In addition to the 2002 MRE for areas that were subject to underground exploration development, SRK (2002) also defined Inferred Resources for the Upper Block and Mountain Block based on diamond drilling and surface sampling (see Table N-3 below). These were reported at a minimum stoping width of 1.5 m and a zero cut-off grade and used the 2000 CIM Code.

Table N-3 Mineral Resource Estimate for the Upper and Mountain Blocks (SRK, 2002; table taken from Snowden, 2005)

Inferred Mineral Resources	Tonnage (t)	Grade (g/t gold)	Ounces gold
Upper Block	125,000	11.5	46,200
Indicated	201,000	18.7	121,000

Following the start of mining in 2004, Mineral Resources were updated by Snowden in 2005 (Snowden, 2005, 2005a). Mineral Resources were estimated using a kriged block model in Datamine software and reported in accordance with the 2004 CIM Code. In contrast to the 2002 MRE, which defined Measured Resources to all blocks that were within 10 m of development, Snowden assigned developed parts of the Target Block to the Indicated category. This reflected Snowden's belief that the required level of confidence for Measured Resources was not present, even proximal to underground development. Furthermore, even with mining underway, grade continuity was not being proved.

Table N-4 shows the mineral inventory remaining in the Target Block as of September 2005, having accounted for depletion through mining.

Table N-4 Target Block Mineral Resources diluted to 1.4 m and at a zero cut-off grade (Snowden, 2005a)

Block	Inferred Mineral Resources	All tonnes in resource[1]	Stope tonnes	Pillar tonnes (in-situ)	Pillar tonnes (planned)	Grade g/t gold	Ounces gold
Target	Indicated	381,000	329,000	14,000	38,000	21	257,000
	Inferred	270,000	243,000	None	27,000	16	139,000
South Central	Indicated	57,000	51,000	None	6,000	19	35,000
	Inferred	80,000	72,000	None	8,000	17	44,000

[1] Depleted by 145,000 tonnes from production

Snowden (2005) also provided an estimate for Inferred Mineral Resources for other blocks based on diamond drilling and surface sampling. A 'payability factor' was applied to the tonnage estimates to provide a payable tonnes value. This was to account for likely resource upgrading and associated uncertainty, and is commonly used in the resource estimation of high nugget effect deposits. An average factor of 45% was used, based on the relative proportion of high grade mineralized zones believed to pass through each block.

Table N-5 South, Target North, Upper and Mountain Blocks Inferred Mineral Resources (Snowden, 2005a)

Block	Tonnage[1]	Grade[2] g/t gold	Ounces gold
South	520,000	18 (16-21)	301,000
Target North	290,000	18 (16-21)	168,000
Upper	320,000	18 (16-21)	185,000
Mountain	190,000	18 (16-21)	110,000
Global	1,320,000	18 (16-21)	765,000

[1] Payable tonnage factored
[2] Global best estimate grade within a grade range

The final Mineral Resource and Mineral Reserve statement was produced by Arctic Mining after the decision to close the Nalunaq Gold Mine had been taken. However, SRK does not consider these statements to be compliant to international reporting codes. For a table illustrating such Mineral Resource and Mineral Reserve statements, please see Table 5-7 of the Nalunaq Report which has been filed under the Corporation's profile on SEDAR at www.sedar.com.

Inferred Mineral Resources were defined as those parts of the Mineral Resources that could be demonstrated to provide reasonable evidence for structural continuity, on the basis of surface drilling, but where the widely spaced sampling could not provide reliable data for grade estimation.

Indicated Mineral Resources were declared in areas where underground development and sampling had taken place along the mineralized structure or in areas of continuous surface sampling. It appears that Indicated Mineral Resources were also assigned to blocks where at least one third of drillholes intersecting the block included intersections exceeding 6 g/t gold. Mineable reserves were declared only in areas where the Main Vein had been fully exposed and developed by strike drives and slot raises, and where the drifts have been systematically sampled and assayed. In the areas where the structure was well-defined, the reserve blocks are extended two levels (c. 20 m vertically) away from the last mine opening.

As far as SRK is aware, no geostatistical analysis was used for resource estimation; the estimation process involved the simple extrapolation of grade across polygonal blocks and the dilution of grade to a 1.5 m stoping thickness. SRK does not consider this to be an appropriate method for this style of mineralization nor does it meet industry standards for the disclosure of Mineral Resources.

Exploitation History

No processing was carried out by Crew Gold on site during Crew Gold's tenure. From early 2004 until late 2006, broken ore was shipped to a processing facility in Spain, and then to Crew Gold's Nugget Pond processing plant in Newfoundland until they stopped operations. In total, between the two processing plants, 352,307 oz of gold were produced by Crew Gold from 654,755 t of milled ore at an average production cost of US$530/oz gold.

Table N-6 Data for ore shipments and gold production from the Nalunaq Gold Mine from 2004 to 2009

Year	Processing Location	Tonnage shipped	Average Grade, g/t	Contained Gold (est.), oz	Tonnage Milled	Recovered Gold, oz.
2004		97,300	20.6	71,468	94,144	56,817
2005	Spain	114,106	20.4	76,542	113,921	66,769
2006		107,557	16.5	62,716	107,600	67,937
Sub-totals		***318,963***		***210,727***	***315,665***	***191,523***
2007		155,341	15.4	84,471	132,768	70,996
2008	Nugget Pond	135,308	11.2	53,801	140,870	59,046
*2009**		50,227	11.3	19,996	65,452	30,742
Sub-totals		***340,876***		***158,268***	***339,090***	***160,784***
Total		**659,839**		**368,995**	**654,755**	**352,307**

* *2009 was a short year up to the end of operations. The last shipment was in March 2009.*

The ore shipments to Spain can be correlated to the throughput at the mill. There are, however, differences in both the tonnage milled compared to the tonnage shipped, suggesting that there were inaccuracies in weighing ore either at the mine or at the processing plant. The amount of gold recovered is also substantially different to

the estimated contained gold in the ore shipments. This is most likely due to over-estimation of grade in the mine, gold losses in the mine, underestimation of the amount of dilution, or ore being lost during transport.

These differences are less marked for the period that ore was processed at Nugget Pond, but it is more difficult to correlate ore shipments against milling. As demonstrated in the differences between the annual ore shipped and the annual ore milled, the processing facility must have been stockpiling ore and processing it in subsequent years. Overall, the data suggest that some problems with the mine call may have been addressed.

All underground mining activities ceased by February 28, 2009 and the Nalunaq Property was placed on care and maintenance.

Angel Mining Subco / Arctic Mining Exploitation

In September 2009, the MLSA approved the transfer of the Nalunaq Licence to Angel Mining, through its wholly-owned Greenlandic subsidiary Angel Mining Subco. Arctic Mining carried out all mining operations and installed an underground processing plant in the mine at the 300 level. This plant required an investment of US$35 million and comprised a mill and a CIP which fed into a furnace that produced doré bars. The plant was designed for a head grade of 13.5 g/t gold.

The first pour was carried out in late May 2011, with an optimum production target of approximately 24,000 oz gold per annum, but this target was never reached. A number of problems disrupted early production and the challenging logistics of operating at the site were highlighted. Early in 2012 two significant production delays occurred. The first was that incorrect parts were sent for a critical pump causing plant downtime of two weeks while they waited for the correct parts. The second delay was on March 5, 2012 when the main generator failed and the back-up generator was not of sufficient capacity to power the crushing circuit. It took six weeks to repair the generator, during which time no ore could be crushed.

The average monthly production by Arctic Mining from June 2011 to July 2013 was approximately 600 oz gold, well short of their target optimum production rate of 2,000 oz gold per month. The Arctic Mining production rates are also low compared to the average of 5,544 oz gold per month produced by the Nugget Pond processing plant, when averaged over the 29 months of operation at this plant. For a table evidencing the monthly production of doré by Angel Mining Subco at the Nalunaq Gold Mine, from June 2011 to July 2013, please see Table 5-9 of the Nalunaq Report which has been filed under the Corporation's profile on SEDAR at www.sedar.com.

Due to financial difficulties and an inability to repay loans, Angel Mining went into administration on February 27, 2013, and Stephen Cork and Andrew Beckingham of Cork Gully LLP were appointed joint administrators.

The joint administrators made the decision to keep the Nalunaq Gold Mine in production. While Angel Mining Subco was into administration**,** Arctic Mining continued mine operations and run of mine material was predominantly sourced from pillar mining with minor additional ore from level ramping. Development continued and in February 2013 exploration was being carried out at 720 MB level, consisting of raises and an adit towards the west at the 740 MB level. The Main Vein was followed for 12 m to the west where it stopped, mirroring the structure observed in 720 MB level. It is known that in August 2013, pillar mining and level ramping on the 470 MB level and 730 MB level, respectively, produced a total of 2,990 tonnes of ore.

Minor problems continued with the processing plant. For example, during February 2013, 2,917 tonnes of ore were milled at an average head grade of 18.5 g/t gold. However, during this period the grade of the tailings averaged 3.3 g/t, with tailings samples ranging from 0.9 g/t to 34.0 g/t gold. These high grades indicate a significant loss of gold due to a combination of factors, including that the plant was receiving material that graded above its designed head grade of 13.5 g/t gold, meaning that a proportion of the gold was not being recovered from the leachate; and secondly that an incorrect order of fine-grained carbon had been placed

meaning that, when introduced into the plant, it was not recovered during screening leading to carbon combined with gold being lost to the tailings.

Arctic Mining expected that doré produced at the Nalunaq Property in 2013 would contain 90% gold and 8% silver for planning purposes. In 2013, actual doré assay results returning gold and silver contents of 85.5% and 11.6% respectively in January 2013, and 93.2% and 6.4% respectively in July 2013.

The closure of the Nalunaq Gold Mine was announced in October 2013 and by November 15, 2013 all mining staff had left and remediation by a local constructing company began. All mining equipment and surface infrastructure, including the camp and the port facility (apart from the jetty), was removed. The underground processing plant was left in place, and the mine portals were closed with waste rock. The Closure Plan was completed in October 2014.

Figure N-4 The final extent of mining areas at Nalunaq shown in relation to surface exploration coverage (white circles show surface drill collars; blue circles show surface samples). Note that structures (black lines) are historical interpretations that are currently under review.

Figure N-4 is not a reference to the Nalunaq Report; however, has been provided by James Gilbertson, CGeol (Chartered Geologist, Geological Society of London), Managing Director & Principal Consultant (Geology) at SRK based on information contained therein.

Geological Setting, Mineralization and Deposit Types

Regional Geology

Nalunaq lies within the wider Psammite Zone in Southern Greenland that hosts the Nanortalik Gold Belt (Hughes et al., 2013). This zone is part of the Ketilidian Mobile Belt which evolved between 1,850 Ma to 1,725 Ma during supposedly northward subduction of an oceanic plate under the southern margin of the Archaean North Atlantic Craton. Similarities to gold mineralization of the same age and orogenic setting have been noted and it is possible that the Nanortalik Gold Belt is a continuation of the Swedish Gold Line (Schlatter et al., 2016).

Modified from Steenfelt et al. (2016)

Figure N-5 Nalunaq in relation to the Nanortalik Gold Belt.

The Ketilidian belt is divided into four geological domains: the Ketilidian Border Zone, the Julianehåb Batholith Zone, the Psammite Zone and the Pelite Zone. For the purposes of describing the metallogeny of South Greenland, Steenfelt et al. (2016) divides South Greenland into the Northern, Central and Southern Domains. For a geological map of South Greenland highlighting the major tectonic divisions of the Ketilidian Orogen, and known gold occurrences, please see Figure 6-2 of the Nalunaq Report filed under the Corporation's profile on SEDAR at www.sedar.com.

The Nanortalik Gold Belt parallels the boundary between the Psammite Zone and the Julianehåb Batholith Zone and includes a significant number of gold occurrences. Apart from Nalunaq, these are at an early stage of exploration or have not yet been systematically explored at all. Known gold occurrences are shown in Figure 6-2 of the Nalunaq Report, whilst stream sediment and heavy mineral geochemical data shows numerous anomalies for gold and gold pathfinder elements, indicating further unexplored potential in the area (Figure N-6).

Figure N-6 **Stream sediment (<0.1 mm fraction) and heavy mineral concentrate anomalies in South Greenland. Nalunaq is indicated by the red circle (map from Steenfelt et al., 2016). Anomalies defined as values above the 95th percentile of the frequency distributions of data for entire South Greenland; large symbols are above the 99th percentile. Yellow shading shows areas of greenschist to amphibolite metaarkose rocks.**

Nalunaq Property Geology

The geology of the Nalunaq Mountain is dominated by a package of fine- to medium-grained tholeiitic basalt flows and locally coarser, sub-concordant doleritic sills. This package is part of the Nanortalik Nappe and has been thrust over metasediments and the sequence is intruded by later granites and several generations of late aplite and pegmatite dykes. Most previous workers believe that the gold-bearing quartz vein is associated with a shear zone that is several metres thick (Secher et al. 2008). The volcanic host rocks have been metamorphosed to upper greenschist or amphibolite facies. Following a review of data from geological mapping (Petersen 1993; Kaltoft et al. 2000) and drilling programs (Schlatter 1997; Schlatter 1998; Kludt and Schlatter 2000; Schlatter and Aasly 2001), Schlatter and Olsen (2011) drew up a simplified stratigraphic column though the ore-bearing horizons at Nalunaq (Figure N-8).

Due to the lack of primary volcanic textures and a lack of age relations of the rock sequence, the true stratigraphic way up is unknown. The stratigraphy has therefore been assigned into the structural FW and structural HW with respect to the Main Vein (Schlatter and Olsen, 2011). There is also a less continuous and thinner auriferous quartz vein about 15-20 m above the Main Vein and is known as the HWV.

Figure N-7 **Photograph from Schlatter and Olsen (2011) of the southeast face of the Nalunaq Mountain showing the principal stratigraphic components. The labels A and B refer to positions on the stratigraphic column shown in Figure N-8 (below). Note that the Upper Block is referred to as the "Mountain Block".**

Figure N-8 **Simplified stratigraphic column for the Nalunaq Mountain through the ore-bearing horizons (Schlatter and Olsen, 2011)**

Structural FW

The FW comprises metavolcanics intruded by biotite granites, and the contacts between these can be seen at surface and in boreholes. Volcanic and volcaniclastic rocks comprise a sequence of silicified siltstone with abundant sulphides and intercalated graphitic beds, fine-grained amphibolite and coarse-grained dolerite sills or dykes which can be several metres thick, all intruded by thin aplite dykes or sills. Greenish calc-silicate alteration appears to be more common in the FW than the HW, present as elongated lenses and stringers that become increasingly parallel to the Main Vein the closer they become to it (Kolb, 2013). Whilst most authors refer to this alteration as calc-silicate, it more correctly comprises garnet-epidote and clinopyroxene alteration (Kolb, 2013). The sequence of sulphide-rich volcanics represent part of the lowermost stratigraphy of the Nanortalik Nappe and are the base of the mineralized thrust sheet.

Nalunaq Main Vein

The main mineralized horizon is represented by the 0.5 – 2 m thick Main Vein, commonly with increased alteration extending for up to 1 – 1.5 m in width on both sides of the vein. The Main Vein slightly cross-cuts the foliation and can be traced at surface for over 1 km on the east- and north-facing slopes of the Nalunaq Mountain, about 250 m across the western face of the mountain and at least 800 m down the south-western slopes.

Hanging Wall Vein

The HWV vein is less continuous, thinner and lower grade than the Main Vein. Its thickness is up to a few tens of centimetres and consists of a quartz vein, sometimes with visible gold. It pinches out along strike and may only be represented by thin seams of calc-silicate alteration and silicification in the volcanic rocks, or it is not present at all. It is possible that it represents a splay off the Main Vein (Schlatter and Olsen, 2011). SRK has not observed this structure underground, but noted its presence above the Main Vein on the west face of the mountain.

Structural Hanging Wall

The HW consists of a sequence of fine-grained amphibolite and medium- to coarse-grained dolerites, with the Main Vein often carrying increased gold grades at the contact with these dolerites. They are distinctly more massive and darker than FW lithologies and this colour/texture contrast can be seen at distance on surface. Several generations of pegmatite and aplite crosscut these lithologies.

Structural Blocks of the Nalunaq Mountain

The Nalunaq deposit has been divided into three main blocks based on their division by post-mineralization faulting. From southeast to northwest these are named South Block, Target Block and Mountain Block. The most significant fault is between the South Block and the Target Block: normal fault movement on this caused about 80 m of vertical offset of the South Block relative to the Target Block, and it also exhibits dextral displacement interpreted by SRK to be about 85 m. It is well exposed on surface and intruded by a 30 m thick aplite dyke (Figure N-9). It is known as the Pegmatite Fault, although it does not exhibit particularly pegmatitic textures.

Figure N-9 The Pegmatite Fault exposed on the south side of the mountain with the South Block to the east and the Target Block to the west. It has been intruded by a 30 m wide aplite dyke (source: SRK 2016).

Lind et al. (2001) suggest that the Target Block is separated from the Mountain Block by a dextral fault with minor displacement of only a few metres, known as the Mosquito Net Fault. However, former geologists from the Nalunaq mine suggest that, to date, there is limited evidence of faulting in this area and SRK has found no evidence of it underground. This area requires further structural assessment, and continuity of the Main Vein between the Target and Mountain Blocks cannot be ruled out.

Other significant faults that cut the Main Vein, albeit with much smaller offsets than the Pegmatite Fault, include the Clay Fault and Your Fault.

Offsets created by these late faults have added considerable complication to exploration, mine design and mining operations at Nalunaq, and misinterpretation of movement on faults could easily result in the Main Vein being lost, even with small deviations in the direction of ore drives or small fault offsets relative to the direction of the drives.

Mineralization

The presence of gold mineralization in South Greenland was first recognised in the early 1990s. Gold occurs in structures both within the supracrustal rocks of the Psammite Zone as well as in the Julianehåb Batholith. The gold is typically associated with As-Bi-W-Cu-(Mo). Arsenic is found in small but widespread amounts in the region and is considered a good proxy for gold mineralization.

Lode-gold systems are generally characterised by a high nugget effect (>50%) and the presence of coarse gold particles (>100 µm in size), and this is true for mineralization at Nalunaq. Kaltoft, Schlatter & Kludt (2000) report that the principal orebody at Nalunaq, the Main Vein, and associated zones of veining are hosted within a continuous ductile shear zone that is related to deformation and metamorphism associated with the regional Nanortalik Nappe structure and were emplaced in a brittle-ductile regime during multiple influxes of hypothermal fluids (300-600ºC). They suggest that mineralization is related to the D4 and D5 events of the Ketilidian Orogeny, and were contemporaneous with granite emplacement.

The Main Vein structure varies in width from 0.05 m to 1.6 m, maintains an average dip of 35°E, and contains high and sometimes bonanza gold grades (up to 5,240 g/t Au over 0.8 m). Exposures of the vein in underground development often display pinch and swell structures, show evidence of both compressive and dilatational post-mineralization deformation, and are cut by late aplitic dykes. The vein also often displays perpendicular quartz-filled tension gashes. These may be developed either upwards from the Main Vein or,

more rarely, downwards. Their presence eludes to deformation in a brittle environment, rather than ductile as suggested by previous workers (Kaltoft et al., 2000).

Gold occurs mostly in the native form and locally as the gold-bismuth alloy maldonite and associated with native bismuth (Grammatikopoulos et al, 2004). Gold fineness ranges from about 800 to 950. Lollingite and arsenopyrite are also observed. Native gold particles range in size from a few microns up to eight millimetres, with coarse visible gold being common in the high-grade sections of the Main Vein.

As well as complications caused by offsets on late faults, there are also complexities within the vein itself. Whilst the basic structure that hosts the Main Vein shows continuity over thousands of metres, the vein is more variable and shows marked pinching and swelling and splitting, sometimes reducing from tens of centimetres in width to a few centimetres or nothing over a few metres. Where the vein pinches out, the hosting structure can still be seen, often with hydrothermal alteration and some minor, poorly mineralized veining. In some areas the Main Vein is cut or invaded by aplite dykes, causing dilution.

Ore Controls

Previous workers interpreted that there are three main ore shoots in the Main Vein that plunge towards the east-northeast. However, SRK notes that this was based on the assumption that all gold grades used in this interpretation were from samples that were taken on the Main Vein structure. SRK is of the opinion that several of the drives have deviated from the Main Vein and a parallel non-mineralized structure either in the HW or FW lithologies was sampled instead. This was because sub-vertical tectonics have displaced the Main Vein and exposed these barren structures, giving the impression that the Main Vein had suddenly decreased in quality. Records show that the displacing faults were sometimes recognised but their effects rarely acted upon. This would have resulted in false boundaries being assigned to the gold mineralization, leading to the interpretation of the ore shoots, whilst the mineralization may in fact continue further along strike. Whilst SRK's data modelling does indicate some directional bias (which may in itself be a function of data distribution) that agrees with the ore shoot model, it should be noted that further exploration may result in a new interpretation.

Three-dimensional modelling by Bell (2016) revealed structural controls on mineralization, whereby the highest grade sections of the deposit coincide with more steeply dipping parts of the Main Vein. This may be true on a local scale but SRK finds that, on a deposit scale, there is a weakly inverse correlation between gold grade and the dip of the Main Vein.

The Main Vein is located along a contact between fine-grained meta-volcanics in the FW and medium- to coarse-grained meta-dolerites in the HW, and areas of increased gold grade tend to occur where the HW meta-dolerites are well-developed. This contact is readily visible in the mine and, as an exploration tool, it provides a distinctive marker that can be observed around the mountain. It may also have resulted in increased gold precipitation due to chemical and/or competency contrasts, with the latter possibly resulting in local changes in the geometry of the vein as observed by Bell (2016). The FW/HW stratigraphic boundary was, in SRK's opinion, an original layer of permeability that was clearly enhanced when deformation events exploited it.

Late-stage faults appear to correlate with localised areas of low gold grades, suggesting remobilisation of gold. The role of granite intrusions and aplite dykes in remobilisation and possibly re-precipitation of gold requires further work.

Bell (2016) also used petrographic thin section analysis to show that sulphidation, saussuritization and hydrolysis reactions are important in precipitating gold, which may suggest an $Au(HS)_2$ transport complex for gold.

Alteration

Mineralized zones at Nalunaq show hydrothermal alteration that is commonly associated with orogenic gold deposits formed at high pressure and temperature. The most abundant hydrothermal alteration minerals are quartz, biotite, diopside, Ca-rich amphibole, Ca-rich plagioclase, carbonates, muscovite, epidote, scheelite, chlorite, tourmaline, and sphene (Kaltoft et al., 2000; Grammatikopoulos and Kristic, 1999).

Whilst the Main Vein itself represents the principal ('proximal') hydrothermal feature, 'medial' and 'distal' alteration zones are found in symmetry either side of the Main Vein. The medial zone is about 15 cm thick and includes banded biotite alteration with sulphides. The distal zone is about 1.5 m thick and comprises calc-silicate and silica-altered amphibolites or dolerites depending on the stratigraphic position of the Main Vein.

Gold mineralization is always associated with distal calc-silicate alteration. However, strongly calc-silicate altered amphibolites may be found in barren areas of the FW and HW), sometimes far from the Main Vein, suggesting that alteration was caused by fluids that did not carry gold.

The calc-silicate alteration is comprised of two types (Kolb, 2013):

Garnet-epidote alteration: Bright green in colour and often features clusters of 0.25-1 cm wide garnets, sometimes with large pyrite and chalcopyrite crystals. The texture varies from replacement to strong veining in lower parts of the mine. It is not observed throughout the mine and is more prevalent in peripheral areas;

Clinopyroxene alteration: 0.25-5 cm wide pockets of 0.25-2 mm biotite and feldspar crystals, and a green clinopyroxene-quartz granular halo which is 2-30 cm in width. Grain size is generally similar to the host rock, apart from biotite and feldspar. Arsenopyrite and pyrrhotite may be associated. This type of alteration overprints the garnet-epidote alteration.

When very high gold grades are encountered in the vein, the alteration zone may also sporadically carry significant gold grades, but is generally of low grade (Grammatikopoulos et al, 2004).

Petrographic and dating studies by Bell (2016) indicate that multi-stage hydrothermal alteration occurred over a period of 40 million years, pre- and post-dating mineralization, and can be correlated to deformation events in the Palaeoproterozoic Ketilidian Orogen. A correlation between high gold grades and a 20 cm wide biotite-arsenopyrite alteration zone is also noted. Isotope analyses suggest that early amphibolite alteration was caused by fluids with a crustal source, while fluids that formed the gold-quartz veins have an orogenic source, and fluids forming the greenschist facies alteration are meteoric and contemporaneous with late-stage faulting.

Most historic reports and academic documents refer to the structure that hosts the Main Vein as a shear or a ductile shear zone. In SRK's opinion, the Main Vein structure in its current form is a result of multiple phases of deformation simply described as extensional (pull apart), thrusting (compressional) and then a later stage extensional regime which may be coincident with the granite aplite dyke intrusion. This is based on the regional and local geological setting and SRK's underground observations of the morphology of the Main Vein and the hosting structure in areas where veining is absent.

Deformation History and Influences

The Main Vein is most spectacular, and possibly carries most gold, where it is made up of multiple layers of quartz veining. It can exhibit a good deal of internal structure that may indicate syn- or post-mineralization movement. Stacked quartz layers creating thicker reef, small ramp-like surfaces and tight folds with axes perpendicular to the Main Vein dip- may indicate thrust movement. Structures such as 'thinned remnant quartz lenses', internal shear planes and tension gashes are more suggestive of pull-apart extensional tectonics.

SRK considers that there may have been three main tectonic episodes; the timing of these is not yet clear and this deserves further work.

1. It is possible that the Main Vein was emplaced along an original fault plane; gold-bearing hydrothermal fluids migrated into this to form the quartz-gold vein, becoming especially well developed in dilational zones that resulted from this pull-apart tectonic regime as evidenced by the tension gashes. The fault may have exploited a stratigraphic contact between the coarse-grained amphibolite in the HW and the finer grained amphibolites in the FW;

2. The structure was then subjected to a thrusting event where, in places, quartz vein layers were ramped up over each other causing stacking and zones of thicker reef (as observed in the Target Block). It is acknowledged that the current evidence for thrusting is very much at a local scale. It may not be the case that the entire vein was deformed in a thrusting event;

3. Finally, there seems to have occurred a flattening event (extension parallel to the Main Vein) resulting in a foliation parallel to the Main Vein and 'pinch and swell' of the Main Vein. This translates into localised thinning of existing quartz veins into remnant lenses/slivers connected by a single surface (as observed in the upper Mountain Block). It is acknowledged however that surfaces bereft of vein quartz could also be created on a thrust plane on the steep part of a ramp or down dip of it. It is possible that this event preceded or accompanied the intrusion of the granite body beneath Nalunaq Mountain. The aplite dykes that emanate from the granite seem to represent the last tectonic movement. The manner in which they invade and exploit the Main Vein zone suggests that this last event could have been closely related.

In some areas (600, 640, 670 and 680 levels Mountain Block west) the Main Vein is not represented by any veining and is just a planar structure. Grey vitreous quartz and reasonable gold values (e.g. 5.90 g/t gold over 0.70 m in chip sampling in the 670 level) testify to the fact that the structure is indeed the Main Vein. Such areas where quartz veining is absent may be reasonably large, as can be expected if a thrust or an extensional fault plane has developed along the Main Vein. The Main Vein has effectively been tectonically thinned if the thrusting context is correct; if there are areas of duplicated quartz veining it is reasonable to suspect that there must be barren areas from which those stacked veins have been thrust away. This implies that exploration will no doubt encounter areas of the Main Vein structure where there is no veining. Differentiation of the Main Vein structure from other structures must therefore rely on the stratigraphic position and the alteration assemblage.

In some areas of the mine, notably from the 550 to 530 level on the western side of the Target Block, the Main Vein is thin (+/- 20 cm) with small tension gashes and the alteration assemblage is dominated by biotite. The abundance of biotite seems to have an adverse effect on the strength of the surrounding rock in this area; some falls of ground are observed and there are also numerous aplite sills and dykes close to or inside the Main Vein structure which may have exploited these weak zones.

Intrusives

Numerous aplite dykes and sills may be found within the mine area and throughout Nalunaq Mountain. These emanate from the granitic intrusions that underlie the mountain and cross-cut and invade the main orebody. More attention is required to determine their influences with respect to gold grade, remobilisation of gold, structural understanding and mine planning.

Several areas have been observed where dykes have intruded faults, or faulting has occurred post-intrusion. In both cases, the presence of a fault and the possible offset of the Main Vein may not have been recognised due to the feature being obscured by the dyke, causing the drives to deviate away from the Main Vein.

Some areas of the mine show more intensive levels of intrusion and therefore dilution of the orebody. In future it will be important to recognise these areas in advance such that mining can be planned accordingly. It is reasonable to assume that dykes and sills will become more numerous closer to the granitic intrusions, both along strike and down-dip.

As far as SRK is aware, no mapping of the aplites has been carried out for most of the mine, apart from in the early exploration drives. It would be useful to compile data for their thickness, orientation and frequency and incorporate this into 3D models for the mine. This could be overlain onto a grade distribution map and also compared to surface outcrops of aplites. If there is correlation between underground and surface aplite occurrences, this could be used as a predictive tool for future underground development and mining.

Deposit Types

Gold mineralization at the Nalunaq Property is hosted in an amphibolite-granite sequence and can be classified as a narrow-vein orogenic lode-gold type system. It displays typical features, being:

1. Generally less than 1 m in thickness;

2. Dominated by quartz veining;

3. Structurally controlled;

4. Associated with wall rock hydrothermal alteration that shows symmetry in the HW and FW;

5. Having a formation temperature of between 300-600 ºC at a crustal level of about 10 km depth (See Figure N-11 below) and related to brittle-ductile deformation (Kaltoft et al., 2000); and

6. Dominated by coarse, often visible gold and a nuggetty grade distribution (See Figure N-10 below).

Figure N-10 High grade gold-quartz vein sample from the Nalunaq Main Vein containing coarse gold (source: Crew Gold).

Figure N-11 Classification of gold deposits after Goldfarb et al. (2005), adapted by Schlatter and Olsen (2011) to illustrate Nalunaq's classification as a hypozonal orogenic gold deposit.

High salinity (14-26 wt% NaCl + $CaCl_2$ eq.) observed in fluid inclusion studies on Nalunaq samples by Kaltoft et al. (2000) may indicate that the Nalunaq deposit is related to intrusions (Schlatter and Olsen, 2011). "Typical" orogenic gold deposits are more commonly characterised by low salinity (≤ 6 wt% NaCl eq.) fluid inclusions (Groves et al. 2003).

The age of gold mineralization at Nalunaq has been estimated at 1.8 to 1.77 billion years (Stendal and Frei, 2000), which is a favourable age when compared to orogenic gold deposits worldwide (Goldfarb et al., 2005, Figure 7-3 in the Nalunaq Report).

Resource Estimation Complexities with Nalunaq Style of Mineralization

On account of their narrow size, coarse mineralization and high (or extreme) nugget effect, orogenic narrow-vein gold deposits rank amongst the most difficult of deposit types in terms of producing an accurate and precise resource estimate. Sampling them effectively is difficult because of the relatively low concentrations involved and erratic nature of the gold particles. Grade continuity is usually less consistent than gross geological continuity, and is typified by the localisation of high grades within discrete ore zones or "shoots". There is potential to miss high grade shoots due to their restricted spatial nature, and assumptions that ore shoots show continuity along strike and down dip may not hold true.

In many cases drilling, particularly diamond drilling, is an effective measure of global geological continuity, whereas grade can only be reliably estimated from underground development and sampling, often undertaken at close spacing. Depending upon drill density and geology, it is unlikely that anything above an Inferred Mineral Resource can be estimated from surface or underground diamond drilling alone. An additional implication with this style of mineralization is that it is possible that no 'bankable' reserves may be in place prior to production start-up.

Exploration

Introduction

The Nalunaq Exploration Project is best described as an advanced exploration project with good resource potential benefiting from a recent mining history. Previous exploration and mining operations have provided a large quantity of data and records to aid the understanding of geology and mineralization. The data has arisen from 30,478 m of surface drilling, 5,572 m of underground drilling, 458 surface samples and 7,519 underground samples. This understanding (plus new interpretations) can be applied to new exploration, allowing informed decisions to be made in targeting. The Nalunaq Exploration Project has the additional benefit of current underground access meaning that the deposit can be viewed in three dimensions.

The future of the Nalunaq Exploration Project depends on the identification of new resources that extend beyond the Nalunaq Gold Mine. This process is at an early stage, but continuity of the mineralized structure has been confirmed up-dip and along strike by surface sampling on the north, west and southwest faces of the mountain, with the latter two areas producing grades of 32 g/t gold and 23 g/t gold in grab samples in Nalunaq A/S's 2015 and 2016 fieldwork, respectively. This has outlined an exploration area that extends about 1,000 m across strike and up to 800 m up-dip from the Nalunaq Gold Mine. Furthermore, historic drilling indicates down-dip continuity below the South Block.

Continuation of mineralization along strike is also supported by SRK's interpretation that underground drives have deviated from the Main Vein as a result of faulting, possibly with only small offsets, meaning that the Main Vein may continue, un-sampled, beyond the drives. This has resulted in the current model of plunging high grade ore shoots potentially being inaccurate, although a degree of directionality in grade cannot be discounted. Deviation of the drives and the presence of the Main Vein a short distance from the drives was in fact confirmed in the first exploration adits at Nalunaq, but never accounted for in future mine development.

Previous exploration data also suggests the presence of mineralized structures about 100 m above and 100 m below the Main Vein respectively. Additional zones of mineralization cannot be ruled out and their investigation should be allowed for in future exploration.

With the above in mind and the principal objective of identifying new areas of potential resources, exploration completed by Nalunaq A/S since 2015 has resulted in, amongst other things, confirmation of mineralization over larger areas than previously demonstrated, and significant new structural interpretations.

Nalunaq A/S Surface Exploration 2015

The outcrop of the Main Vein to the north of the old mine and running up the north-eastern and northern sides of the mountain has been known about for some time and sampled fairly extensively. However, the continuation of this outcrop around the western side of the mountain as well as on the south-western flanks has long been postulated.

A major objective of Nalunaq A/S's 2015 exploration program was to locate and sample this suspected continuation of the Main Vein outcrop. This would allow for the extension of the prospective Main Vein structure up-dip and along strike, raising the possibility of substantial additions to the resource potential at Nalunaq. Also, it would allow new assessment of the form and geometry of the vein if present in this area.

The Main Vein outcrop area to the west is on the sheer face of the Nalunaq Mountain on the opposite side of the mountain to the minesite. Access therefore required the skills of specialist mountaineers.

Sampling of the Upper Mountain Block

Following an orientation helicopter flight to assess the likely location of the Main Vein, the west face of the mountain was accessed on ropes by two mountaineers from Hekla Consulting Ltd. The Main Vein structure was located and sampled over a period of three days (28-30 August, 2015).

The mountaineers were set down by helicopter on the crest of Nalunaq Mountain and traversed down to a terrace which was then used as a base for descending. A fixed line was established along the terrace extending laterally along the west face for approximately 210 m.

Five abseil descents (each separated laterally by approximately 50 m) from this fixed line to the projected location of the Main Vein were conducted; on all occasions the Main Vein structure was encountered. The descents were monitored by two geologist spotters on an opposite mountain who guided the mountaineers via VHF radio to the Main Vein location. The mountaineers then collected samples where possible and used a handheld GPS to take an averaged (5 minute) location. In addition to sampling the Main Vein, quartz stringer veins were sampled and located by GPS when possible.

Samples were collected using a geological hammer and biased toward quartz, and no more than 3 kg in size each. They were placed into cotton sample bags, given an ID number and GPS location, and sent to ALS Geochemistry in Ireland for analysis.

The trace of the Main Vein structure where exposed on the west face of the mountain is shown in Figure N-12. Preferential erosion has taken place along the structure which aids its identification (Figure N-13). The base of the Nanortalik Nappe can also be seen as the distinctive zone of iron staining in these photographs.

Figure N-12 Trace of the Main Vein structure (yellow line) across the west face of Nalunaq Mountain showing strike extension along a distance of about 230 m (source: SRK 2016)

Figure N-13 Detail of the Main Vein structure on the west face, present as an eroded feature within the yellow rectangle (source: SRK 2016)

Nalunaq A/S Surface Exploration 2016

In August 2016, Nalunaq A/S again deployed a team of Hekla Consulting Ltd. mountaineers to Nalunaq in order to continue the sampling of the suspected Main Vein outcrop down the south-western flank of the mountain. The Main Vein structure could be clearly followed across the western face (sampled in 2015) to where it crosses over the ridge and dips down the south-western flanks. Therefore, it is highly likely that it was the same structure being sampled.

The mountaineers were inserted by helicopter and all work required access by rope. They were monitored by a geologist spotter on the opposite side of the valley who guided the mountaineers via VHF radio to the Main Vein location. As in 2015, it was not possible to cut channel samples using rock saws; samples were obtained with geological hammers across the Main Vein outcrop with all efforts made to be as representative of the in-situ rock mass as possible. Nonetheless, there is a chance that the samples could be biased towards quartz. Samples were typically between about 1 kg and 3 kg in weight.

Sample locations were recorded using a handheld Garmin GPS unit. At each sampling location, the true width of the Main Vein structure was recorded as well as its dip, strike and basic geological characteristics. The climbers were instructed how to take dips and strikes with Silva Ranger type compass-clinometers by SRK. Their competency in this regard was regularly tested. Photographs were also taken at each sampling location.

Samples were placed into cotton sample bags, given an ID number and GPS location, and sent to ALS Geochemistry in Ireland for analysis.

A total of 89 samples were obtained from 66 locations along a profile down the mountainside; more than one sample was taken at some locations. This resulted in the Main Vein structure being mapped and sampled over a lateral distance of about 690 m and a vertical distance of 430 m from 1,150 m to 720 m above sea level, thus representing down-dip continuity of over 800 m (Figure N-14).

Figure N-14 **Approximate position of the 2016 sampling profile on the southwest flanks of Nalunaq Mountain (source: SRK 2016)**

Figure N-15 **The Main Vein structure clearly visible (highlighted as the red line) on the upper parts of the 2016 sampling profile. Mountaineers circled for scale (Source: SRK ES, 2016)**

Main Vein Geometry

Nalunaq West Face

For the first four descents working southwards across the west face of the mountain, the Main Vein was found to be consistent in its thickness and appearance, being of between 0.3-0.5 m thick and dominated by quartz. The Main Vein characteristics changed on the fifth descent (furthest west) where it comprised a number of stringers, as opposed to a single quartz vein. It is, however, possible that the Main Vein may be obscured in this location by an accumulation of rock debris, and only stringers located above the Main Vein may have been sampled on this occasion.

On all five descents, quartz stringer veins – at least some assumed to be the Hanging Wall Vein – were also identified above the Main Vein. These are narrow, approximately 5 cm thick, and ranged in abundance from one to three. They were found between 2-15 m above the Main Vein.

Nalunaq Southwest Flanks

SRK is more confident that the upper set of samples from the 2016 profile are on or near the Main Vein structure. This is on account of the ability to follow the structure from where it crosses the west face, and observations of alteration, HW and FW lithologies that are characteristic of the Main Vein structure and that are more commonly observed in the upper parts of the profile compared to lower down.

The lower set of samples is less clearly on the structure; below about 900 masl, the structure became more difficult to follow partly due to scree cover, a larger number of intrusive dykes and sills and a reduced topographic expression of the structure. It is therefore possible that a different structure was followed. This may explain the change in orientation of the sampling profile and the change in the structural measurements.

In several locations, especially in the lower part of the profile, no quartz veining was observed along the structure that was followed. This may be expected as the Main Vein is known to pinch and swell.

The thickness of the features sampled, where measured, is variable between 0.02 m and 0.25 cm with no apparent correlation to elevation. Where material is observed that can be confidently interpreted as the Main Vein, it tends to be between 0.10 m and 0.25 m in thickness.

It is also notable that the principal structure of interest often exhibits increased amounts of erosion compared to surrounding rocks, thus forming overhangs or gullies. This could be due to the increased alteration in rocks adjacent to the Main Vein making them more susceptible to weathering. It is possible that this may result in the surface expression of the Main Vein appearing thinner than it may be in unweathered areas. Also, in some areas (including those where high grade material was sampled), the HW rocks have been eroded completely, leaving the Main Vein exposed as a veneer of vein quartz on the mountain surface.

Structural measurements on features that were sampled in this area appear to show two trends, changing at about halfway down the sampling profile. Between elevations of 1,250 m and 850 m, the average (n=46) dip is 41° and strike is 050°. Below this, between 848 m and 718 m, the average (n=12) dip is 33° and strike is 033°. This change occurs where the trend of the sampling profile moves from southeast to east-southeast and indicates that either the trend of the Main Vein changes, or a different structure was followed and sampled.

Overall, however, structural measurements taken along the sampling profile show excellent correlation to structural measurements taken underground for the Main Vein within the mine area, particularly for the surface samples above 850 m. This provides further support that the structure sampled at surface was the Main Vein structure. Lower samples show slightly less correlation with underground measurements.

Sample Analysis Results

The 113 surface samples taken during the 2015 and 2016 field seasons were submitted to the ALS Geochemistry laboratory in Ireland for analysis. The samples were crushed, pulverized and analyzed using a screened metallic fire assay method (ALS code Au-SCR24). This involves screening the sample at 100 microns and analyzing the coarse and fine fractions separately, with the results providing an indication of the proportions of coarse and fine gold mineralization.

Results for gold are shown in Figure N-16, plotted onto the satellite imagery for the area and showing the existing mine layout superimposed for context. The results are plotted alongside historical sampling results across the northern side of the mountain for context and to show full sampling coverage, although recent and historic results should not be directly compared due to differences in sampling methods. Historical grades are considered to be more representative due to their larger sample size and more regular coverage.

The best result from the 2015 program was 32.50 g/t gold from a 0.50 m thick vein. In 2016, the best result was 23.70 g/t gold from a 5 cm thick vein. Please see Appendix A of the Nalunaq Report which has been filed under the Corporation's profile on SEDAR at www.sedar.com for full sample results for the 2015 and 2016 programs.

The sample results show erratic but occasionally high gold grades. These, combined with geological observations and structural continuity between areas, strongly suggest that the feature sampled on the west and southwest faces of the mountain was indeed the Main Vein. Furthermore, photographs and geological observations taken at locations that yielded elevated gold grades show typical features of the Main Vein with respect to the nature of the vein, FW and HW lithologies and associated alteration.

It must be noted that, due to the terrain and difficult access, this sampling was at a much wider spacing than historical rock chip sampling along the north-eastern outcrop of the Main Vein. Also, the 2015 and 2016 samples were necessarily smaller for logistical reasons, and small samples are generally thought to under-report gold grades at Nalunaq (Dominy et al., 2006). Despite this, the results seem to illustrate the same extremely nuggety style of coarse gold mineralization that is known at Nalunaq. This is also seen from the screen fire assay results whereby samples with a total grade above 2.4g/t gold contain the majority of their gold within the coarse fraction.

Figure N-16 Results of 2015 and 2016 surface sampling on the W and SW sides of Nalunaq, plotted alongside historical sampling results across the N side of the mountain to show full sampling coverage, although grades should not be directly compared (source: SRK 2016)

Conclusion

The identification of the Main Vein on the west and southwest faces of the mountain has been confirmed for the first time (as far as SRK is aware) by geological observations, structural measurements and sampling results. This plus the historic sampling results demonstrates the up-dip and along-strike continuity of the Main Vein structure, and confirms that it is still mineralized. The lowermost mineralized sample (sample ID 14443, elevation 884 m, 3.47 g/t gold), is located a strike distance of about 930 m from the uppermost part of the Mountain Block and 770 m from the uppermost part of the Target Block. The up-dip extension of the Main Vein structure from the top of the Target Block to the outcrop on the west face is about 1,000 m. Thus, the sampling results from 2015 and 2016 represent a substantial increase in the known extent of the structure and provide the boundaries to the area considered to represent the exploration potential.

Whilst the 2016 sampling profile suggests decreasing grade down-dip, it is possible that the sampling deviated off-structure as a result of the terrain and increasing amounts of scree obscuring the structure. Further work is required to confirm the presence of the structure and identify any additional continuity down-dip.

Underground Geological Assessment

Introduction

The distribution of gold mineralization at the Nalunaq Property is historically thought to relate to three ore shoots within the Main Vein structure that plunge towards the east-northeast. This interpretation seems to be mainly based on underground chip sampling results and the fact that many of the drives end in low grade material, thus providing boundaries to mineralization. In 2016, SRK undertook a program of geological investigation that focused on such areas where abrupt decreases in grade are observed. The aim of this was to

better understand the controls on mineralization, whether there could be other reasons for decreased grade, and what the implications of this were for continuation of mineralization in the Main Vein structure further along strike from the current mine excavations.

Work Completed

Two phases of geological investigation were undertaken in late June/early July and in mid-August 2016, respectively. Thirty drives were visited in the upper parts of the South Block and throughout the Target and Mountain Blocks. Access was not possible in most of the South Block due to flooding up to 275 masl. In some areas, particularly in upper parts of the Target Block, it was not possible to access drives due to unsafe ground conditions resulting from pillar mining and large spans of unsupported hanging wall. Also, some drives were not accessible due to them being filled with scrap, waste rock or gravity tailings from bulk sampling. The north-eastern part of the Target Block from the 350 level downwards cannot be entered due to it being filled with tailings from the cyanide processing plant.

Geological and structural observations and measurements were made in all areas inspected. The results of this have contributed to a new structural interpretation for the project.

Observations of Faulting in Low Grade Drives

Priority areas for assessment were those drives that entered low grade areas, as suggested by historical exploration and production rock chip sampling, with the aim of determining whether the ore shoot model was the cause of this, or if there were other reasons.

It was found in many areas that faulting was observed at or near to the point at which gold grades decreased abruptly. These faults are additional to the main structures known at Nalunaq (e.g. Clay, Your, Pegmatite Faults). Whilst they may have been noted in underground mapping that was undertaken along exploration drives by Crew Gold, they have never been incorporated into the understanding of structure or grade distribution at Nalunaq or included in structural models. The drives continue through these faults at a constant level and in many cases the Main Vein structure appears to be lost. Furthermore, the lithologies that the drives pass into beyond these faults show, in SRK's opinion, distinct characteristics of FW meta-volcanics. It is therefore interpreted that the drives, as a result of faulting and offset of the Main Vein, have deviated from the Main Vein structure and into the FW.

Historical sampling, however, continued along these drives and appears to have targeted structures or veins in the FW that are parallel the Main Vein but are not mineralized. Such veins are dominated by epidote, quartz and occasionally pink/brown ankerite. This is seen, for example, on 350 level on the western side of the Target Block. The resultant low grades were then used by previous workers to define the boundaries of ore shoots, on the assumption that it was the Main Vein that had been sampled.

Such faults are observed at several levels in all of the mining blocks and SRK interprets that they can be connected and consequently define faults or fault zones that bound the mining blocks.

Once a drive is 'off-reef', it is difficult to swing the drive back onto the correct structure. It is known that drilling of short boreholes from those off-reef areas to confirm the position relative to the Main Vein was recommended by previous mine geologists but this does not appear to have been done systematically.

Deviation of the drives highlights the problem of developing drives in the orebody itself. Whilst it is accepted that this is needed for bulk sampling purposes and has the benefit of generating revenue during development, it is not possible to drill ahead at a practical angle in order to identify changes in the Main Vein position and adjust the direction of the drive accordingly. Surface drilling on a sufficiently regular pattern to achieve the same aim is not realistic at Nalunaq due to the severe terrain. Thus, when developing drives on-reef, any changes in geometry or position can only be identified once they have been passed through. It is therefore recommended that any exploration of the ground further along strike should be done by drilling from deep FW

drives that will intersect the Main Vein in a regularized pattern (see the heading "Description of the Business – Nalunaq Property – Conclusion and Recommendations" in this Prospectus).

Conclusion

SRK's interpretation implies that the ore shoot model may not be correct. Whilst the possible presence of grade channels within the Main Vein orebody is not discounted, the model has relied on the assumption that all the western reef drives were on the structure but were in low grade material. In SRK's opinion, the Main Vein has in fact been vertically displaced by faults or zones of faults that contribute incrementally to the offset, and a barren/low grade parallel structure was sampled instead. This would mean that the Main Vein mineralization may still be present but located in the 'hanging wall' above the existing drives, potentially by a short distance. Thus, continuity further along strike from the current excavations is possible.

Supporting Evidence in Historical Data

With the above interpretation in mind, SRK has returned to previous reports from the exploration drives that were excavated by Crew Gold in the early 2000's. In the 2002 report (Crew Gold, 2002) it was stated that the 300 level drive had deviated into the FW, that positive results were obtained when attempting to correct the drive, and that this was a systematic problem in several areas of the mine. Please see Section 8.6.3 of the Nalunaq Report which has been filed under the Corporation's profile on SEDAR at www.sedar.com for the relevant extracts from the Crew Gold, 2002 report. It seems that there was knowledge of this problem early on in the mine's history, but the importance of potentially small structural offsets on additional faults to those recognized as, for example, the Clay Fault or Your Fault, does not seem to have been factored into exploration or development for the rest of the operational period.

Interpretation of On-Reef/Off-Reef Drives

Following the program of underground geological assessment, SRK interprets that 18 of the 30 strike drives that were accessible for inspection have deviated from the Main Vein structure and have ended 'off-reef'. It is possible that the Main Vein continues beyond these drives but at a different elevation, and sometimes this may be only a short distance from the drive. Please see Table 8-1 and Figure 8-13 of the Nalunaq Report which has been filed under the Corporation's profile on SEDAR at www.sedar.com for a summary of the drives inspected and whether they end on the Main Vein or off it and an illustration of such drives on the mine plan. It should be remembered that the majority of the South Block has not yet been assessed in this regard due to it being flooded at the time of the 2015 and 2016 exploration programs.

Metallurgical Sampling

In order to obtain samples for future metallurgical testwork, Nalunaq A/S took two large samples from two parts of the mine during the 2016 field season. Whilst head grades have been assayed for these samples, metallurgical testwork has not yet been commissioned (there is currently information available from historical testwork). The sampling has allowed Nalunaq A/S to retain a stock of material in case testwork is needed to confirm the performance of any third-party processing plants that may be used in future. This work also has the benefit of providing representative gold grades that could be compared to grades in the historic database for validation purposes.

Sampling Locations and Methods

Material was sampled from two locations:

- **300 level East, South Block**: The sample was taken from the tops of pillars on the western and eastern sides of stope number 290-15, with the majority taken from the western side.
    - Total amount sampled: 209.10 kg;

- Previous chip sampling in this area indicates grades of between 24.00 g/t and 122.00 g/t gold on the western side of the stope, and between 6.44 g/t and 92.60 g/t gold on the eastern side.

- **310 level West, South Block**: The sample was taken from the tops of pillars on the western and eastern sides of stope number 300-18. Material from the HW and Main Vein was taken from the western side, whilst the FW was sampled on the eastern side.
  - Total amount sampled: 201.60 kg;
  - Previous chip sampling in this area indicates grades of between 6.30 g/t and 55.50 g/t gold on the western side of the stope, and between 28.60 g/t and 78.00 g/t gold on the eastern side.

In both cases, the samples were taken such that they were representative of a true mining width of 1.5 m. Thus, they include material from the HW, Main Vein and FW, thereby emulating the dilution that may occur during normal mining operations.

Sampling lines were marked on the walls using spray paint and, in the 300 level, a series of parallel cuts were made using a petrol-driven diamond-bladed rock saw. Material between the cuts was then broken out using an electrical rock breaker or a hammer and chisel.

Due to insufficient ventilation, it was not possible to use the saw on the 310 level. Instead, an area was selected where rock could be barred off and broken up manually whilst still allowing a representative sample to be taken.

The sampled material was placed in plastic barrels for dispatch. The barrels were marked with the locations from where the material was sampled (level number, stope number, and east/west).

It is notable that localized areas of abundant visible gold were encountered in the Main Vein whilst sampling above stope 290-15 on its western side. This was found in proximity to feldspathic minerals in the vein and is intimately associated with biotite.

Sample Results

Samples were dispatched to SGS for calculation of head grades. The entire sample was crushed to 3.35 mm, 1 kg was split off and further crushed to 1 mm. This was then pulverized to 80% passing 75 microns and assayed using a screened metallics fire assay with 106 micron mesh size. The results are presented in Table N-7. This gives grades for gold and silver and their distribution in the oversize (+106 micron) and undersize fractions.

Table N-7 Head grades of large samples taken from stopes 290-15 and 200-18

Sample ID	Original sample weight, kg	Feed weight for analysis, g	Fraction	Wt. %	Assay Au g/t	Assay Ag g/t	Dist. Au %	Dist. Ag %
			Oversize	3.39	1,529.00	225.30	35.18	51.81
290 15EW	209.10	1.0006	Undersize Undersize dup	96.61	99.07 98.48	7.30 7.40	64.82	48.19
			Sample	**100.00**	**147.23**	**14.73**	**100.00**	**100.00**

Sample ID	Original sample weight, kg	Feed weight for analysis, g	Fraction	Wt. %	Assay Au g/t	Assay Ag g/t	Dist. Au %	Dist. Ag %
			Oversize	2.93	625.00	30.60	46.91	37.33
300 18	201.60	1.0002	Undersize Undersize dup	97.07	19.31 23.38	1.60 1.50	53.09	62.67
			Sample	**100.00**	**39.03**	**2.40**	**100.00**	**100.00**

Very significant gold grades are present, and this was to be expected for sample 290 15EW on account of substantial amounts of coarse visible gold observed whilst sampling. The samples also contain a substantial proportion of coarse gold with a small majority of the gold in sample 290 15EW being in the oversize fraction.

Comparison to Historic Sampling

SRK has compared the results of these large samples against the gold grades in historic underground chip samples that were taken on the same faces. The historic samples have been selected to represent the lateral spread of sampling in 2016. Although these are close to the 2016 samples (within 1 m), they may not directly overlap. These are compared in Table N-8.

Sample 300 18 shows an extremely close match to historic sampling grades. By contrast, sample 290 15EW is much higher grade and illustrates the difficulty of repeatable sampling in high nugget effect gold deposits such as Nalunaq. It is possible that the 2016 samples are more representative on account of their large mass, the careful inclusion of equal amounts of HW wall and FW rocks and the fact that a representative split was taken of the whole sample for analysis.

Table N-8 Comparison of grades in 2016 large samples compared to historic rock chip samples on the same faces

2016 Sampling			Historic Rock Chip Sampling			
Sample ID	**Sample length, m**	**Gold grade, g/t**	**Sample ID**	**Sample length, m**	**Gold grade, g/t**	**Length weighted average gold grade, g/t**
290 15EW	1.50	**147.23**	UGS S300E-01	0.73	122.00	**61.85**
			UGS S300E-W02	0.94	24.00	
			UGS S300E-02	0.72	73.80	
			UGS S300E-05	0.70	92.60	
			UGS S300E-06	0.50	6.44	
300 18	1.50	**39.03**	UGDS 111941	0.60	43.90	**40.94**
			UGDS 112683	1.28	6.30	
			UGDS 112684	1.11	55.50	
			UGDS 113907	0.99	28.60	
			UGDS 112688	1.09	78.00	

Assessment of Remnant Mining Areas

Introduction

SRK's studies in 2015 identified the possibility of unmined material within or immediately adjacent to the current mine infrastructure. This was derived via a combination of resource modelling, examination of mine plans and discussions with Kurt Christensen, the former Chief Geologist of Angel Mining Subco and Geologist at the mine throughout Crew Gold's operations. Nalunaq A/S was interested in examining these areas in more depth in order to assess their potential as an opportunity for small-scale mining that could generate some cash flow alongside exploration for extensions of the main mineralized structure at Nalunaq. This work was therefore a main focus of the 2016 field season and this section reports on the outcomes of an assessment that was undertaken between June 29 and July 6, 2016.

Assessment Objectives

The main objectives of the assessment were to confirm the level of confidence in the desktop review of remnant mining areas produced in 2015 and determine whether they exist, why they exist, and if they could be practically and safely mined.

Potentially mineable areas were identified and prioritized for assessment via preparatory work including examination of the mining records and resource model. Note: to qualify as an area of interest for potential mining, SRK considered that the area must show fair grade and structural continuity with a gold grade above 10-15 g/t gold once diluted to a minimum mining true width of 2.0 m. Areas that showed such potential were identified prior to the site visit by interrogation of the historical mining records, anecdotal evidence of remaining stopes, and modelled geological data that was compiled in 2015. They are highlighted in red in Figure N-17, and provided priority areas to be visited during the 2016 site visit. At the time of the visit, the South Block was flooded to an elevation of about 275 m, so it was not possible to access any areas deeper than this.

Figure N-17 Nalunaq stope map (plane of reef view) showing areas of interest for inspection in 2016 (source: SRK 2016)

Please see the Figure 8-20 and 8-21 and Sections 8.8.3 and 8.8.4 of the Nalunaq Report which has been filed under the Corporation's profile on SEDAR at www.sedar.com for a description of SRK's observations and commentary specific to the practicalities of mining in the areas of interest.

Pillar Mining

Mineralized material also remains in the mine area in the form of pillars between stopes. Following an assessment of the potential left in pillars in 2012, and a recommendation for a method to exploit this potential (Golder, 2012), there have been attempts in several parts of the mine to extract pillars, particularly in the upper parts of the Target Block. This involved reinforcing the top and bottom of the pillars with rock bolts, then drilling and blasting the central parts of the pillars thus leaving stub pillars as support at either end. It is unclear how much ore was recovered in this way. SRK observed pillars where extraction had been attempted during their site visit in 2016 and it did not appear to have been particularly successful. In several pillars only small amounts of material had been removed, and there was often a substantial amount of overbreak. Failures of the reinforcement in the remaining pillars were also observed.

A significant amount of pillar robbing has also occurred, with less or no consideration for stability. Rarely, wooden packs have been installed, but in others entire pillars have been removed leading to spans that cross three open stopes. The widest unsupported span observed by SRK was 33 m. Where small pillars have been left after robbing, "hourglass" failures are commonly observed. Areas where pillar robbing has taken place are unsafe and must not be entered, even for inspection purposes.

In summary, pillar mining at Nalunaq is likely to involve substantial technical and logistical difficulties, and hence would be an expensive exercise. It is not recommended as an option for future mining operations.

Results

Based on the observations from the site inspection, the potentially mineable areas were revised and this resulted in approximately 25,000 tonnes grading 22.5 g/t. The tonnage and grade of the potentially mineable areas are presented in Table N-9

The areas have been categorized by their perceived ease of mining:

- **Category I** - These areas require the least amount of effort, including those areas where only reconditioning and protection from down dip open stope conditions are required.
- **Category II** – These areas require additional development or bypass development for access.
- **Category III** – These areas must be mined from surface which may be prohibited due to environmental and/or aesthetic sensitivities (not confirmed at this time).

The tonnage and grades listed in Table N-9 have had 95% mining recovery and 10% pillar loss factors applied and are based on a minimum mining true width of 2.0 m. To account for a lower level of confidence due to potential discrepancies between the block model and historic chip sampling and the actual mountain surface, an additional mining recovery of 50% was applied to Areas A, C, U, HH, II, and L as identified in Figures 8-21 and 8-22 of the Nalunaq Report.

Table N-9 Resulting tonnage and grade of potentially mineable areas following underground inspection

Ease of Mining Category	Area	Tonnage	Grade (g/t)	Contained Gold (oz)
Category I	F	1,330	22.4	955
	H	1,520	25.6	1,250
	I	245	37.8	300
	J	165	29.6	155
	W	2,265	14.0	1,020
	CC	540	27.4	475
	EE	605	17.4	340
	FF	1,065	26.3	900
	JJ	1,210	9.6	375
	KK	495	7.4	115
Subtotal Category I		*9,440*	*19.4*	*5,885*
Category II	A	4,515	12.3	1,780
	C	1,455	13.5	630
	S	1,695	24.5	1,335
	U	1,870	11.8	710
	HH	1,605	10.8	555
	II	830	10.0	265
Subtotal Category II		*11,970*	*13.7*	*5,275*
Category III	L	4,295	53.8	7,430
Subtotal Category III		*4,295*	*53.8*	*7,430*
Total		**25,705**	**22.5**	**18,590**

Whether these areas can be extracted profitably is difficult to assess without a fairly lengthy study, but it can be said that there would be substantial site setup and indirect costs (camp, road maintenance, port, management, technical services, etc.) required to support what represents a small scope of mining work.

However, for indicative purposes and based on the cost estimations completed in 2015 for rehabilitating the mine and a stoping cost of US$150 per tonne, the cost to complete only the mining scope would be up to US$10 million. This includes an estimated 1,000 m of development to access the Category II areas.

The Category III areas are relatively large and are high grade; they represent 17% of the tonnage and 40% of the contained gold of the total areas that could be mined, but they must be mined from surface. If this surface mining is not permitted and these areas are removed from the mining inventory, then the economics are likely to be negative.

Conclusion

Based on observations from SRK's site visit between June 29 and July 6, 2016, there is estimated to be approximately 25,000 tonnes of remnant material that could be practically and safely mined. Although more material was initially highlighted in previous studies (SRK, 2015), discrepancies between the resource model and mining records and what was actually observed discounted many of these areas.

Accurate estimates of the cost of recovering the 25,000 tonnes have not been prepared but there are likely to be substantial amounts of site setup and associated indirect costs at the remote Nalunaq site, as well as the cost of new underground development to access mining areas. Therefore it is expected that profitable recovery of these mining areas as a standalone project is unlikely. It should be reassessed in the context of being completed concurrent to an advanced underground exploration program or production, thereby taking advantage of the infrastructure and logistics that are in place for the main effort of operations

Underground Sweepings Assessment

Introduction

Vamping, a word to describe a mining method used to recover higher grade ore left in stoped areas, is perhaps not applicable to the Nalunaq mine as the stopes are open, have debris in them and are considered unsafe to enter. Most were seen to have little or no ore 'frozen' to the hanging wall or FW contacts, often as a result of over-break particularly in the FW.

By contrast, sweepings are accumulations of fine material (including free gold and quartz vein fragments that host gold) that have been blasted in the stoped areas and subsequently washed down to settle on the floor of the drives below. They may also be derived from mucking operations or will accumulate at the bottom of ore passes or in areas of mineral processing if not kept clean. It can be reasonably expected that the grade of sweepings should be similar to the stope immediately up dip of the stope drive. Indeed it is highly likely that the grade could be higher due to the concentration effects of the water washing down the stopes and the process of hydraulic equivalence sedimentation that could happen in the stope drives, and due to dust suppression carrying lighter material away.

Whilst assessing the mining areas and carrying out geological work, SRK noted the presence of sweepings in all of the stope drives visited and in other areas such as ore passes and the processing plant. Recovery of these sweepings has apparently been attempted in certain places in the mine in the past by Crew Gold (K. Christensen, pers. comm.), but SRK has no records to show where and when this took place, the head grades or the gold recovery that resulted from this activity. Drives where sweepings removal may have taken place still had several centimetres of sweepings on the floor.

Due to the significant amounts of sweepings throughout the mine, it was decided to sample them in a number of locations and determine their head grade in order to assess the potential for future recovery and processing.

Sampling of Sweepings

Four large samples (>20 kg each) were taken on the 300 and 310 South Block levels. The thickness of sweepings from surface to bedrock varied from 5 cm to 22 cm.

The thickness of sweepings influenced the method in which samples could be taken. In deep material on the 300 SB level, a trench was excavated across the width of the drive and produced a large quantity of material that was then sampled in three places to provide a composite sample. A 0.5 m^2 pit in the same thickness of material on the 310 SB level provided sufficient material and it is suggested that this would be the most efficient sampling method for further work. Where sweepings may have already been taken there was still material with a thickness of 5 cm. The best way of taking a sample was by scraping and brushing material from a 1 m^2 area.

The sweepings samples were dispatched to SGS for preparation and determination of their head grade using the same preparation and analytical methods as for the metallurgical samples.

Sample Results

The head grades for the sweepings samples are summarized in Table N-10. The analytical method involves screening the crushed and pulverized samples at 106 microns in order to recover and analyze coarse gold. Therefore, grades for the over- and under-size fractions are provided, as well as the percentage of gold reporting to the coarse fraction.

Table N-10 Summary results of screened metallic analysis on sweepings samples

Sample ID	Drive	Location	Sample Weight, kg	Oversize		Undersize		Grade, wt. av. g/t Au	Au in oversize, %
				Weight %	Grade, g/t Au	Weight %	Grade, g/t Au		
290 15 SW01	300 E South Block	Top of stope 290/15	42.00	3.27	166.50	96.73	8.54	**13.70**	39.73
310 18 SW02	310 W South Block	Below stope 310/18	43.30	3.54	400.30	96.46	14.25	**27.90**	50.75
310 17 SW02	310 W South Block	Below stope 310/17	19.40	3.59	358.70	96.41	12.05	**24.49**	52.57
300 18 SW02	300 W South Block	Below stope 300/18	31.70	4.35	460.40	95.65	13.42	**32.85**	60.94

It is worthwhile comparing these head grades to the expected grades from the stopes above the sample locations from which the sweepings may have been derived. An exact correlation cannot be expected, since the sweepings will be subject to gold ‘contamination’ from stopes further above as well as along the drives. Also, the sweepings were not sampled along the whole length of the stopes. Furthermore, there is no information on the grades of individual stopes based on gold recoveries during processing. The comparison can only be made using estimates made from underground sampling during mining operations, including estimates from by Crew Gold and the block model that SRK has developed for resource estimation purposes. This is summarized in Table N-11.

Table N-11 Comparison of sweepings grades to resource model grades

Sample ID	Sweepings grade g/t Au	Stope Grades	
		SRK Estimate 1.8 m Diluted, Au g/t	Crew Estimate 1.8 m Diluted, Au g/t
290 15 SW01	13.70	25.63	22.90
310 18 SW02	27.90	25.23	22.60
310 17 SW04	24.49	20.69	25.20
300 18 SW04	32.85	26.33	18.70

The following notes are provided as further explanation of the values used:

- SRK Estimate 1.8 m Diluted: In-situ gold grades diluted to true mining width of 1.8 m, taken from SRK's resource block model;
- Crew Estimate 1.8 m Diluted: Stope grade estimates taken from Crew Gold's "Nalunaq Stope File" based on underground chip sampling applied to the area of each stope and diluted accordingly.

As expected, there is no close correlation but grades are of a similar order of magnitude and there is some similarity in relative grade variations between samples when comparing the sweepings samples to the SRK modelled grades. The sweepings grades are higher than those modelled for the stopes but, as explained above, some enhancement of grade may have occurred during and after accumulation of the sweepings.

Whilst this is a small dataset, it provides some evidence that modelled stope grades could be used to provide an indication of potential grades in sweepings for the purpose of prioritizing further areas for investigation.

Preliminary Estimate of Sweepings

In order to provide a preliminary order of magnitude for the possible quantity of sweepings in Nalunaq, SRK has estimated the total length of drives in the mine from the mine plans and used assumed factors for the thickness of sweepings and their grade. This has been done for the total amount of strike drive development (11.75 km) and again for the strike drive development within areas that have been stoped (8.12 km). The stoped areas are more likely to contain sweepings with gold grades that are similar to those of the mined material. A drive width of 3 m has been assumed, and a 10 cm thickness of sweepings.

Based on these assumptions, there may be potential for the existing mine excavations to contain between 2,400 m^3 and 3,500 m^3 of mineralized sweepings.

It must be emphasized that this is purely to provide an idea of the possible order of magnitude and is based on a number of untested assumptions. The estimate is likely to change following a program of sweepings thickness measurement through the mine and systematic sampling for head grade analysis. This is not considered to be a compliant Mineral Resource estimate in any way.

Furthermore, apart from the exclusion of levels in the Target Block that contain tailings from the processing plant, the estimate assumes that the entire length of the drives can be accessed. It is known that this is unlikely to be possible due to unsafe ground conditions and/or drives being blocked by scrap and other materials and therefore it may only be possible to recover a proportion of the sweepings, possibly as little as 50%.

Finally, the estimate does not include sweepings or imported crushed material that is present on the floors of the ramps or in the processing plant. There is a substantial amount of material on the floors around the processing plant which may be mineralized.

Drilling

No drilling has been undertaken by Nalunaq A/S.

Sampling, Analysis and Data Verification

2015 and 2016 Sampling Surface Samples

All samples taken during surface sampling to identify continuations of the Main Vein on the west and southwest sides of the mountain were dispatched by air freight from Nanortalik to ALS Geochemistry in Loughrea, Ireland, for preparation and analysis.

Sample Preparation

Sample preparation used ALS code PREP-31b which comprises crushing to 70% passing 2 mm, splitting off 1 kg and pulverizing the split to 85% passing 75 microns.

Gold Analysis

Gold was analyzed by the screened metallic procedure (ALS code Au-SCR24). This involves screening the 1 kg split of pulverized sample at 100 microns and running a duplicate fire assay on the undersize and fire assaying the oversize to extinction. The sample aliquot used for the fire assay is nominally 50 g although may be lower if the mass of the oversize is less than this. The results produced by this method provide an indication of the proportions of coarse and fine gold in the sample. The method also helps to reduce over- or under-estimation of gold grades in coarse gold environments.

Trace Element Analysis

Samples were also analyzed for trace elements in order to identify gold pathfinder elements for samples in which gold grades may be low but are still on the mineralized structure. The 2015 samples were analyzed for 35 elements using ALS method ME-ICP41 which involves digestion by aqua regia and analysis by ICP-AES. The 2016 samples were analyzed for 33 elements using ALS method ME-ICP61 which involves four acid digestion followed by analysis by ICP-AES. The decision to use a four acid digestions for the 2016 samples as opposed to aqua regia was taken to ensure that the samples were fully digested. This was considered important for the 2016 samples since a larger amount of aplite dykes were encountered which may contain minerals that are more resistant.

Sample Security

The 2015 surface samples were held in bags sealed with cable ties in a secure storage facility in Nanortalik prior to be collected by a shipping company for air freight to Ireland. A list of samples was provided to the receiving ALS laboratory and ALS confirmed that all samples were received and that there was no evidence of tampering.

The 2016 samples were placed in their individual sample bags into 10 large bags for shipment. These large bags were sealed with cable ties marked with unique identification numbers and held in a secure storage facility in Nanortalik until collected by a shipping company for air freight to the ALS laboratory in Ireland. A list of samples was provided to the receiving ALS laboratory and ALS confirmed that all samples were received and that there was no evidence of tampering. SRK had requested that ALS record and report the unique identification numbers on receipt of the bags, but this request was overlooked until they had already

been removed and discarded. ALS did however retrieve 7 of the 10 tagged cable ties from their refuse and confirmed that all of the bags had been sealed with the same type of cable tie. The numbers on the retrieved cable ties corresponded to numbers that had been dispatched from Greenland, but it is not possible to confirm which bags they had been removed from or the whereabouts of the remaining three tagged cable ties.

QAQC Procedures – Historical Procedures

Dominy (2005) provides a summary of sample preparation, analysis and security procedures that were in place at Nalunaq at the time of his writing, both at the laboratory on site at Nalunaq and at external laboratories. This is not necessarily relevant to Nalunaq A/S's recent exploration results and future planning by Nalunaq A/S, but it must be noted that SRK is reliant on Dominy (2005) for the QAQC procedures and his summarized results relating to historical sampling which have been used for SRK's Mineral Resource estimate. SRK has not, however, seen a full QAQC database relevant to historical drilling or underground sampling.

Dominy (2005) documents that CRMs, blank samples, field duplicates and laboratory duplicates were routinely used during sampling programs. He reports that there were some shortcomings in QAQC procedures at Nalunaq and made a number of recommendations for improvements. However, in the context of the resource estimate produced by Snowden in 2005 (see the heading "*Description of the Business – Nalunaq Property – Historical Mineral Resource Estimates*" in this Prospectus), the data were considered useable.

No subsequent reports have been seen by SRK and it is assumed that the same methods were applied in later years. This was confirmed by former Chief Geologist Kurt Christensen (pers. comm.) who states that the methods reported by Dominy and his QAQC recommendations were adhered to for the remainder of the time that Crew Gold operated the mine and exploration (i.e. between 2005 and 2009), but less so (if at all) once Angel Mining took over the operation.

There are few details as to what methods were employed during Angel Mining's tenure, but SRK notes that the vast majority of exploration and development sampling that is included in the database for the project was carried out by Crew Gold and thus was subject to their protocols. The only sampling that can be assigned to Angel Mining appears to be a limited amount in the top levels of the Mountain Block.

Considering that the project lacks a QAQC database and that there is some uncertainty as to the procedures applied for later years of the mine's life, SRK considers that the exploration data can be used for resource definition at the Inferred category.

A full summary of historical QAQC procedures and summarized results can be found in the Nalunaq Report, which is available for review under the Corporation's profile on SEDAR at www.sedar.com.

QAQC Procedures – 2015 Program

Twenty-four samples were taken during the 2015 sampling program, with one CRM and one blank sample added to the batch before submission to the laboratory. These were added as the 10th and 20th sample in the batch, respectively, and followed the same sample numbering system as the rock samples.

The certified grade of the CRM was 3.10 g/t gold but the laboratory analysis of 3.67 g/t gold was two standard deviations above this. Since only one CRM was included, it is not possible to determine why a result at 2SD above the certified value was reported or whether this was a single occurrence or part of systematic bias in the laboratory. Nonetheless, for the purposes of this reconnaissance sampling, SRK considers that the results can be used for confirming the presence of gold mineralization.

Blank material was sourced from a stockpile of dioritic construction aggregate in Nanortalik and reported values below the detection limit for gold.

QAQC Procedures – 2016 Program

Surface Samples

Certified Reference Materials

One type of CRM was inserted three times into the batch of 88 samples, representing 3% of the total samples. The CRM was CDN-G3-3F and had a certified gold grade of 3.10 g/t (2SD = 0.24 g/t). The assay results of this CRM are shown in the context of the certified grade and the CRM's 2SD boundaries in Figure N-18. All assay results fall within accepted limits.

Figure N-18 Comparison of CRM gold assay results against certified grades (source: SRK, 2016)

Blank Samples

Two blank samples were inserted into the sample batch representing the 19th and the 78th samples. Blank material was sourced in Greenland from on outcrop of fresh unaltered granodiorite on a ridge about 2 km southwest of Nalunaq. Analytical results are summarized in Table N-12 and show no indication of contamination or mineralization in the samples.

Table N-12 Analytical results for blank samples (source: SRK, 2016)

Sample ID	Sample Type	Au g/t	Ag g/t	As ppm	Cu ppm	K %	S %
14394	Blank	<0.05	<0.5	<5	1	4.36	0.01
14453	Blank	<0.05	<0.5	<5	2	4.21	<0.01

Duplicate Samples

No field duplicates were taken. Duplicates of three coarse rejects of samples specified by SRK were analyzed by ALS in order to test for repeatability in the analytical procedures. This represents about 3% of the total number of field samples. The duplicate samples were inserted immediately consecutive to the original samples, and empty numbered sample bags had been included in the sample batch for this purpose. This was done for three samples as summarized in Table N-13.

Good repeatability is observed with the exception of sample 14468 which shows slightly higher gold and arsenic grades in the duplicate. Closer inspection of the results shows that, in the screened metallic assay, the gold grade in the oversize (+100 micron) of the original sample is below the detection limit but is 0.15 g/t in the duplicate. Thus it is possible that gold-mineralized material was present in the duplicate split but not the original rather than this indicating contamination, as is common for high nugget-effect gold deposits. This would also explain the increased arsenic grades since gold and arsenic are closely associated at Nalunaq.

Table N-13 Comparison of analytical results for samples and their coarse reject duplicates (source: SRK, 2016)

Sample ID		Au g/t	Ag g/t	As ppm	Cu ppm	K %	S %
14414	Original	<0.05	<0.5	46	59	0.08	0.01
	Course reject duplicate	<0.05	<0.5	49	55	0.08	0.01
14445	Original	<0.05	<0.5	9	15	0.09	0.01
	Course reject duplicate	<0.05	<0.5	<5	14	0.08	0.01
14468	Original	0.10	<0.5	335	174	0.65	0.04
	Course reject duplicate	0.14	<0.5	414	153	0.79	0.04

SRK Comment on QAQC Procedures

SRK considers the procedures implemented are sufficient for this reconnaissance sampling. Further sampling, such as for the purposes of resource estimation, will require a more rigorous QAQC procedure including more regular insertion of QAQC samples and the use of more than one type of CRM so that the range of expected gold grades can be represented.

Metallurgical Samples

Material from the two stope pillar locations sampled plus the sweepings samples were packed into plastic barrels (18 in total), clearly marked with sample numbers, and dispatched by sea freight from Nanortalik for preparation and analysis by SGS in Cornwall, UK. No metallurgical testwork on these samples has been carried out yet, but SGS prepared the samples and analyzed them for gold grade.

Rock samples and sweepings samples underwent the same preparation and analysis procedures.

Each sample was crushed to 3.35 mm, homogenised and 1 kg split off. This split was then crushed to 1 mm and pulverized to 80% passing 75 microns.

Gold analysis was carried out by Wheal Jane Laboratory on behalf of SGS. This involves screening the 1 kg pulverized split at 106 microns and running a duplicate fire assay on the undersize and fire assaying the oversize to extinction. The sample aliquot used for the fire assay is nominally 30 g although may be lower if the mass of the oversize is less than this. The results produced by this method provide an indication of the proportions of coarse and fine gold in the sample. The method also helps to reduce over- or under-estimation of gold grades in coarse gold environments.

Data Verification

It should be noted that SRK has not inspected the historical core in detail and therefore data pertaining to core measurements have been taken in good faith but are based on reporting by previous qualified persons who produced the previous independent Mineral Resource estimates.

Selected intervals from a total of 35 surface boreholes are stored at the MLSA core storage in an airport warehouse in Narsarsuaq. SRK visited this in 2016 to inspect core from certain areas of interest. In particular, core from boreholes NQ158 and NQ163 was sought in order to confirm the presence of the Main Vein between the current reef drives and the outcrop of the Main Vein on the mountainside, and to investigate additional mineralized intercepts in the FW and HW. It was disappointing to find that core from NQ158 is incomplete; not all of the core has been stored and the important intersection depths are missing. There was no core at all from NQ163.

Although a thorough box count was not conducted at the storage facility, it is clear that other boreholes are similarly represented. One can only conclude that 'representative sections' of boreholes were submitted to the government for storage. It is to be hoped that the core was photographed, although SRK has seen no evidence of this so far.

Mineral Processing and Metallurgical Testing

Nalunaq A/S has not yet carried out any of their own mineral processing or metallurgical testwork. Samples taken by SRK in 2016 have not as yet undergone any testing. Below are extracts from the Nalunaq Report that comments on historical results in order to provide an overview of potential recovery methods from Nalunaq Property ore. For a description of the samples taken by Nalunaq A/S in 2016 for future metallurgical testwork, please see "*Description of the Business – Nalunaq Property – Metallurgical Sampling"*.

Gold ore at the Nalunaq Property contains a high proportion of coarse gold which is recoverable using gravity methods. However, other heavy minerals such as lollingite, arsenopyrite and copper sulphides are also present in mineralized material and are included in the gravity concentrates. These are difficult to separate efficiently from the gold and complicates smelting of the concentrates: doré would contain unacceptably high concentrations of arsenic. Therefore, it is considered that gravity separation to recover free gold followed by cyanide leaching of the tailings, or direct cyanide leaching, represent the most favourable options.

Historical Metallurgical Testing

In their 2002 Feasibility Study, Kvaener reported on metallurgical testwork by several parties including Lakefield Research, Gekko and André Laplante which supported processing flowsheet development. It was concluded that the optimum processing circuit should be based on the following:

1. Two stages of crushing followed by a single stage of ball mill grinding;

2. Gekko jigs and a shaking table to recover 80% of the free gold by gravity;

3. Tailings from the gravity circuit are processed via a CIP circuit with a 60 hour leach retention time and one hour retention time per tank in the CIP circuit. Oxygen addition was found to improve leach kinetics, and six leach stages were recommended;

4. A split AARL elution circuit;

5. Detoxification of the CIP tailings using the INCO process.

Recent Metallurgical Testing

SGS was commissioned by Angel Mining in 2011 to carry out metallurgical testwork on ore samples from Nalunaq in order to investigate the ore's amenability to cyanide leaching. The objectives were to obtain data relating to potential gold recovery from plant feed material at different grind sizes, densities and cyanide strengths, thereby determining the optimum operating parameters for the underground processing plant at Nalunaq. Angel Mining had also considered the use of gravity methods followed by cyanide leaching of the gravity concentrates, but ultimately constructed a plant using only cyanide leaching.

The following conclusions were reached by SGS following this work (SGS, 2011). Note that these conclusions are with respect to the particular sample that was received by SGS:

- The head grade of the material is 9.67 g/t gold and 1.67 g/t silver;
- The optimum grind size is a D_{80} of 75 µm or below;
- A review of all final gold recovery results for all tests shows that the gold and silver readily leach at a grind D_{80} of 75 µm and at a density of between 30% and 47% solids;
- There is a large percentage of coarse nuggety gold present in the sample which should be gravity recoverable (22%; see SRK Comment below). However, effective gravity recovery also depends on the presence of other heavy minerals, particularly arsenic minerals), which may hamper efficient separation or direct smelting of the concentrates;
- The leach recovery of the gold over 24 hours suggests a 95% recovery on the current density of 30% solids and cyanide strength 0.5 g/l NaCN at a grind size of 75 µm;
- Silver recovery is also high, between 85% and 95% at a grind size of 75 µm;
- Leach kinetics on gravity tailings would be a valid investigation as leaching the feed has shown to be successful. This would depend upon gravity being a viable process route.

SRK Comment

Whilst the amount of gravity-recoverable gold was estimated by SGS to be 22%, this relates to the particular sample submitted for analysis and may not relate to mineralized material in the wider area. Sampling undertaken by Nalunaq A/S in 2016 indicates that a much higher recovery may be possible based on the quantities of coarse gold (>106 µm) observed. Furthermore, Kvaener (2002) reported that 80% of the free gold is recoverable with gravity methods.

Mineral Resources and Mineral Reserve Estimates

A Mineral Reserve Estimate has not been declared for the Nalunaq Exploration Project.

SRK has, following the 2015 and 2016 field investigations and extensive compilation of historical data, created a new Mineral Resource estimate for the Nalunaq Exploration Project. This estimate draws upon historical surface and underground data, a new topography and a new Main Vein wireframe created from these data and the new surface samples that prove the continuity of the Main Vein away from the mine area.

SRK has developed this Mineral Resource estimate on the interpretation widely applied by previous workers that the mineralization at Nalunaq is hosted within three plunging high-grade features within a shallow dipping mesothermal quartz-gold vein as discussed under the heading "*Description of the Business – Nalunaq Property – Geological Setting, Mineralization and Deposit Types - Mineralization*" of this Prospectus.

However, through the review of the 2015 and 2016 exploration results, a new interpretation of the Nalunaq Property suggesting that these plunging features are in fact an artefact of sampling across previously unrecognised faulted offsets of the Main Vein, has been proposed with the implication that the mineralization in the Main Vein structure may have greater continuity than previously reported and may not be restricted to the three plunges. While this provides an obvious potential upside to the resource potential at the Nalunaq Property, this interpretation requires further investigation through 2017 and as such has not been incorporated into this Mineral Resource estimate. Future work on the resource model must include a review of the search ellipse rotations, amendment of block modelling in the context of newly interpreted faults, and removal of assay data from drives that have been confirmed off-reef, the current inclusion of which negatively influences the estimate.

Therefore, based upon the 'ore shoot interpretation', SRK has generated a set of estimates across four areas as defined below:

1. *Remnant Material* – this is material within the mine that was never extracted for various reasons. It exists as mineralized material that could be mined either immediately or with small amounts of development/reconditioning as described under the heading "*Description of the Business – Nalunaq Property - Assessment of Remnant Mining Areas"* of this Prospectus, but may only be economically viable if done as part of existing mining or exploration activities;

2. *mine area* – this is defined as the mineralized Main Vein in close proximity to the current underground infrastructure;

3. *Tailings* – an estimate of the tailings retained within the Target Block mined stopes has been made in support of any future plans to reprocess this material; and

4. *Exploration Target* – this is defined as those areas in which the Main Vein is interpreted to extend based on surface sampling and diamond drilling but contain insufficient sampling to define a Mineral Resource and are some distance from the current infrastructure.

The following table constitutes the December 2016 Mineral Resource estimate for the Nalunaq Property separated by area. The compiled Mineral Resource statement is shown in Table N-14, split between Inferred Mineral Resources in the area surrounding the current mine layout, and Inferred Mineral Resources for remnant material within the mine that could practically and safely be mined as part of a larger exploration or mining operation.

Table N-14 Nalunaq Diluted Mineral Resource as of 10 December 2016

Zone	Classification	Tonnage (t)	Grade (g/t Au)	Contained Gold (oz)
Remnant Material	Inferred	18,900	27.6	16, 770
mine area	Inferred	428,000	17.9	246,300
Total Inferred		**446,900**	**18.7**	**263,070**

1. Remnant Material reported at a cut-off grade 5.5 g/t gold, mine area reported at a cut-off grade of 5.5 g/t gold.
2. Diluted to 1.8 m true width at 0.0 g/t gold.
3. Cut off calculated using a gold price of US$1,300/oz.
4. Total refining, transportation and royalties costs of US$50.00/oz.
5. Total operating costs of US$200/t.
6. All figures are rounded to reflect the relative accuracy of the estimate.
7. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Table N-15 Nalunaq Tailings Resource as of December 10, 2016

Zone	Classification	Tonnage (t)	Grade (g/t Au)	Contained Gold (oz)
Target SW	Inferred	43,170	4.0	5,550

Exploration Target

SRK has extrapolated their estimate from the mine area out across the rest of the known Main Vein based on historic surface diamond drilling and channel sampling as well as the newly acquired surface samples in 2015 and 2016 that demonstrate the continuity of the Main Vein. This region has been defined as an Exploration Target. SRK considers this area as holding significant resource potential.

In an attempt to quantify the Exploration Target, SRK has used the relative proportions of the High and Low grade domains seen across the mine area, as well as their average grades, and extrapolated this behaviour across the Exploration Target.

These data have been used to outline an exploration target of 80 koz gold to 1.2 Moz gold contained within 1 Mt to 2 Mt grading between 2.5 to 19.0 g/t gold.

The potential tonnages and grades are conceptual in nature and are based on previous drill and grab sample results that defined the approximate length, thickness, and grade of the Main Vein away from the mine area. There has been insufficient exploration to define a Mineral Resource and SRK cautions that there is a risk that further exploration will not result in the delineation of a Mineral Resource.

From their geological review, SRK expects that some form of higher grade mineralization in the Main Vein structure, as yet un-sampled except from in surface sampling, will exist in this area. This will likely only be defined through further exploration and particularly underground exploration.

Figure N-19 Plan view of Nalunaq illustrating the final Mineral Resource classification (source: SRK, 2016) Blue = Inferred, Grey = Unclassified, White = mined out. Coordinates are local mine grid

Mining Operations

Nalunaq A/S is not currently engaged in any mining with respect to the Nalunaq Property.

Processing and Recovery Operations

At the time of the Nalunaq Report, no mineral recovery methods studies have been completed by Nalunaq A/S.

Infrastructure, Permitting and Compliance Activities

Future infrastructure requirements will be dependent on the outcome of exploration and the nature of a future mining operation and what, if any, mineral processing is carried out on site. Therefore future requirements cannot be commented on meaningfully at this stage. The following sections provide an overview of existing infrastructure that is relevant to future operations.

Surface Infrastructure

Representing a substantial advantage for any exploration project in Greenland, the Nalunaq Gold Mine site is connected to the coast by a 9 km long gravel road, previously used for access to the mine and for ore haulage between the mine and the harbour. This is in reasonable condition and allows access by 4x4 vehicle during the summer and early autumn (Figure N-20). Only minor rehabilitation to the road surface is required where washouts have occurred. The road crosses rivers in two locations; one bridge remains near the harbour but the bridge over the Kirkespir River was removed when the mine was closed (Figure N-21). This can be crossed by 4x4 vehicle unless the river is in spate. A new bridge will be required for future exploration programs.

The jetty remains at the Nalunaq Property harbour and can be used for access by boat from Nanortalik or elsewhere (Figure N-22).

Figure N-20 View of the lower part of the road to Nalunaq in late June 2016, in good condition at this point (source: SRK, 2016)

Figure N-21 Former bridge location over the Kirkespir River where a new bridge will be required. Photographed in late June 2016 (source: SRK, 2016)

Figure N-22 The existing quay at Nalunaq harbour, photographed in late June 2016. (source: SRK, 2016)

Underground Infrastructure

Ramp

The ramp allows access to all parts of the mine (except currently the flooded South Block). It has been developed in the FW and comprises a series of spirals and inclines with short crosscuts leading to ore drives. It connects to the surface via the 300, 350, 400, 450 and 600 level portals, although access is currently only possible via the 300 level portal. Ground stability conditions are good throughout the parts of the ramp inspected by SRK (all areas above 275 masl). The floor of the ramp has been built up with crushed material imported from outside, and in some places there are washouts that would need to be repaired in order to allow vehicle access.

Refuge and Egress

Temporary refuge stations exist underground but they may have been scavenged and may not be in working order. Therefore, new temporary refuge stations should be purchased and set-up near future working areas or, if appropriate, existing refuges can be refurbished.

There is currently only one point of egress at the 300 level portal. Future operations will require a second egress for safety reasons, and this could be provided without additional development (apart from removing materials blocking the portals) at the 350, 400, 450 or 600 level portals.

Some long escapeways have been constructed in the mine, such as one that connects lower parts of the South Block to near the 300 level. With some minor refurbishment to bring them back into use, these represent a substantial capital saving.

Ventilation

There is currently no functioning ventilation system in the mine and this will need to be installed prior to future exploration works. However, vent raises that connect to the surface appear to remain open and this allows natural ventilation in the mine to maintain good air quality. Air movement at the time of SRK's visits was from the top of the mine downwards. This does not negate the need for ventilation to be supplied to areas where new exploration work may take place.

Power

The power distribution system that remains underground appears to be in reasonable condition, but has not been tested by Nalunaq A/S. Whilst the system could potentially be re-commissioned, it is recommended that power for underground exploration operations is provided by local generators.

Piped Distribution Systems

The piped distribution systems that remain in the mine (compressed air, water and dewatering) appear to be in reasonable condition. However, pipes and clamps are rusty in many areas, so it is anticipated that there could be numerous leaks once the systems are pressurized (the systems have not yet been tested by Nalunaq A/S). Typically, in the ramp there is a 150 mm Victaulic groove pipe for compressed air, 50 mm Victaulic groove pipe for water, and 100 mm dewatering pipe (only located in some lower levels). Victaulic grooved pipes of various sizes (typically 50 mm) for compressed air and water are located sporadically within the ore drives. It may be possible to re-commission the dewatering pipes for the purposes of dewatering the South Block.

Environmental Studies, Permitting and Social or Community Impact

Following definition of Mineral Reserves for the Nalunaq Property, Nalunaq A/S will need to submit a bankable feasibility study to the Government of Greenland which must include an environmental impact assessment, a social impact assessment and an impact benefit agreement. Mining can only commence once this BFS has been approved by the Government. Nalunaq A/S has not yet undertaken any environmental or social studies.

However, following closure of the Nalunaq Gold Mine in 2014, site monitoring has been carried out on an annual basis by the EAMRA, largely focusing on monitoring water quality but including floral and faunal sampling. As far as SRK is aware, no problems have been detected to date. See "*Description of the Business – Nalunaq Property – Environmental Liabilities*". Data obtained from these monitoring activities will be of value for use in future environmental studies.

Conclusion and Recommendations

The Nalunaq Property exhibits typical characteristics of a high grade, high nugget effect, narrow-vein orogenic gold deposit. The Nalunaq Exploration Project benefits from a significant quantity of exploration data, a mining history and underground access which aids in the understanding of the mineralization and the nature of possible additional resources.

The vast majority of (non-compliant) reserves previously defined at the Nalunaq Property have been mined out and, whilst there is a modest tonnage of material remaining in the Nalunaq Gold Mine and SRK has defined an Inferred Mineral Resource, a new exploration program must be complete to delineate, with confidence, sufficient resources to support sustained production beyond the existing mine area. Historical exploration, and particularly the work undertaken by Nalunaq A/S in 2015 and 2016, supports the potential for additional resources.

From their geological review, SRK expects that some form of higher grade mineralization in the Main Vein structure, as yet un-sampled except from in surface sampling, will exist in the Exploration Target area.

The identification of Mineral Resources in this area is subject to the characteristics of a high grade, high nugget effect, narrow-vein gold deposit as found at Nalunaq; as such the project shares challenges in resource definition and conversion to higher Mineral Resource categories or Reserves that are common with this style of mineralization. Diamond drilling from surface and particularly from underground is required to define structural continuity. Due to volume variance issues in a high nugget effect environment, further exploration may only result in Mineral Resources at an Inferred level of confidence. Resource upgrading will require underground development on the Main Vein in the form of raises and drives that have been targeted via exploration drilling from FW drives. As demonstrated by previous operations, a heavy reliance of exploration drives on the mineralized structure should be avoided due to the risk of deviating from the structure.

Structural Interpretation

On a local scale, the Main Vein structure is continuous for over 2,000 m up-dip and over 1,000 m along strike, and its position can be predicted with reasonable confidence. However, on a smaller scale within the structure itself there is considerable complexity that has resulted from, in SRK's opinion, three phases of deformation on the Main Vein structure (pre-mineralization shearing and post-mineralization thrusting and shearing) followed by disturbance of the structure by late-stage faulting. Whilst several of these faults were well-known to previous operators, SRK believes that there are additional faults that, whilst possibly only causing small offsets, were not adequately accounted for during mine development and production and therefore resulted in deviations of the ore drives off the Main Vein structure.

Based on SRK's underground observations, surface structural measurements and modelling of the Main Vein structure from historic drilling and sampling data, SRK has interpreted a new structural model for Nalunaq. This includes new interpretations of faulting and accounts for many of the previously known faults. An overview of this is shown in Figure N-23.

Figure N-23 New interpreted structural model for Nalunaq with faults discussed in "*Description of the Business – Nalunaq Property – Conclusion and Recommendations*" labelled (source: SRK, 2016)

Remnant Mining Opportunities

Following underground inspection and geotechnical assessment, SRK has defined a small tonnage (approximately 25,000 tonnes) of in-situ material within the existing mine areas that could potentially be safely and practically mined assuming an economic analysis indicates profitability, albeit with some additional development required to access these areas, bypassing areas of open stoping.

In addition to the remnant in-situ mineralization, accumulation of gold-bearing sweepings exists that represents an additional opportunity for extraction. Assuming a range of 50% to 75% of the strike drives are accessible and between 50 mm to 300 mm of sweepings has accumulated on the floor, the tonnage may range from 1,000 tonnes up to 10,000 tonnes. It is anticipated that the grade of the material should be similar to the historic mined grades.

Extraction of this remnant material is unlikely to be economically viable as a standalone option, but could be considered once infrastructure, logistics and equipment are in place as part of a larger exploration effort of mining operation.

Exploration Recommendations

The terrain on the upper parts of Nalunaq Mountain, where much of the exploration potential lies, is not amenable to surface diamond drilling on a regular pattern. Therefore, SRK has recommended the development of two exploration drives in the FW, one from the top of the Target Block and one from the top of the Mountain Block. These would extend for 950 m each, parallel to the strike of the Main Vein, and underground drilling in a fan pattern would be undertaken at 50 m centers along the drives, thus intercepting the Main Vein at regular intervals. SRK considers that this is the best option for defining the Main Vein geometry and

Inferred Resources in the exploration area; conversion of these resources to Indicated or higher categories would require detailed sampling and bulk sampling in raises and drives developed on the Main Vein itself. The FW drives can also be used to explore for additional mineralized structures below the Main Vein.

The drives will be set at a 'true thickness' distance of 50 m into the footwall, perpendicular to the Main Vein structure. Along these drives, diamond drilling stations (or "cubbies") will be cut on 50 m centres and with drilling taking place in a fan pattern back towards the Main Vein. Drilling five holes between the horizontal and an angle of 20° beyond vertical should allow intersections of the Main Vein every 35 m, assuming that the structure dips at 36°. Thus, each set of fan drilling would allow up-dip coverage of 140 m. Spacing the footwall drives 100 m apart vertically should allow 315 m of coverage up-dip. Diamond drilling will commence from every second station, with infill drilling planned following identification of the Main Vein. The general arrangement is shown in cross-section in Figure N-24.

Surface diamond drilling has been recommended in lower parts of the mountain in order to provide in-fill exploration coverage around the South Block, confirm strike extensions from the South and Target Blocks and to investigate the potential for additional mineralization in the hanging wall.

A summary map showing the proposed underground exploration and surface drilling is shown in Figure N-25.

Finally, further surface sampling is required on the Main Vein outcrop on the southwest side of the mountain in order to add confidence to the 2016 observations and continue sampling down-dip.

Should mining resume at Nalunaq in the future, alternative mining methods to the previous longhole open stoping should be considered. SRK's initial review of this suggests that room and prop or resue cut-and-fill methods may allow better control and reduced dilution; further investigation is needed depending on the nature of any newly-defined resources.

Provisional cost estimates for the first-phase exploration tasks are as listed below, Table N-16. These do not include the proposed underground development as this is estimated at CAD 11,000,000 and is regarded at this stage as following or augmenting the Phase 1 exploration.

Table N-16 Phase 1 Sampling and Drilling Budget

Item	Cost (CAD$)
Mobilisation and demobilisation of drilling and mountaineers	102,000
Drilling (3150m)	469,000
Drilling indirect (logistical support on site)	148,000
Surface Reconnaissance and sampling (Mountaineers)	148,000
Mining method and Remnant Mining Investigation	67,000
Helicopter support	130,000
Assay cost	42,000
Project management and other	40,000
Reporting	34,000
Total	**1,180,000**

Figure N-24 Cross-section of Nalunaq Mountain showing the proposed footwall drives and underground drilling intersecting the Main Vein.

Figure N-24 is not a reference to the Nalunaq Report; however, has been provided by James Gilbertson, CGeol (Chartered Geologist, Geological Society of London), Managing Director & Principal Consultant (Geology) at SRK based on information contained therein.

Figure N-25 New interpreted plane of the Main Vein showing proposed footwall drives and underground drilling plus traces of proposed drilling from surface. Future additional surface drilling may take place in the areas circled in red.

Figure N-25 is not a reference to the Nalunaq Report; however, has been provided by James Gilbertson, CGeol (Chartered Geologist, Geological Society of London), Managing Director & Principal Consultant (Geology) at SRK based on information contained therein.

Tartoq Property

The Tartoq Report dated March 20, 2017 and effective as of January 30, 2017 was prepared at the request of the Corporation so as to conform to NI 43-101. Unless stated otherwise, the information in this section is summarized, compiled or extracted from the Tartoq Report, except for the disclosure found under the headings "Description of the Business – Tartoq Property – Background" and "Description of the Business – Tartoq Property – Royalties" which was not extracted from the Nalunaq Report and provides a summary of the physical setting, geology, mining history and mineral exploration potential of the Tartoq Exploration Project and provides recommendations for exploration. Certain figures and tables from the Tartoq Report are included in this Prospectus. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. The Tartoq Report is available for review in its entirety under the Corporation's profile on the SEDAR website at www.sedar.com.

Most of the information about the Tartoq Exploration Project and surrounding areas are given in U.S. terms and units, although metric units are also used at times. References to currency are in U.S. dollars. For more information on the references used to identify the below tables, please see the Tartoq Report.

Tartoq Property Description, Location and Access

The Tartoq Exploration Project is comprised of the area covered by the Mineral Exploration Licence 2015/17 (the "**Tartoq Licence**") in which Nalunaq A/S holds an undivided 100% interest. The Tartoq Licence conveys

the exclusive right to explore for all mineral resources except hydrocarbons and radioactive elements and is valid until December 31, 2019. Pursuant to the Greenland Exploration Standard Terms, at any time before the expiration of its initial term on December 31, 2019, Nalunaq A/S will have the ability to extend the term of the Tartoq Licence for an additional five-year period. At the expiration of the second term of the Tartoq Licence, Nalunaq A/S may, upon application to the MLSA, be granted up to four consecutive three-year extensions for an aggregate additional 12-year period.

The Tartoq Exploration Project covers an "official area" (all parts of the licence excluding those covered by sea) of 78 km^2 in south-western Greenland, some 330 km from the capital, Nuuk. The approximate centre of the project is 61°30'N latitude and 48°40'W longitude. The Tartoq Exploration Project flanks the Sermilgaarsuk Fjord and is split in to two licence sub-blocks: Nuuluk on the southern side of the fjord and Iterlak on the northern side to the east (see Figure T-1).

Figure T-1 - Location of the Tartoq Property

Access to the Tartoq Exploration Project is by chartered helicopter or boat from some 80 km northwest of the project. Paamiut is accessible by twice-weekly scheduled Air Greenland flights from both Nuuk (50 minutes) and Narsarsuaq (2.5 hours in the summer only). Nuuk is connected by a 45-minute scheduled flight to Kangerlussuaq from where international flights depart for Denmark up to six times a week in summer and three times per week in winter. International flights from Narsarsuaq to Copenhagen run three times per week only in the summer months.

Paamiut is Greenland's eighth largest settlement with approximately 1,430 inhabitants in 2016 (City Population, 2016). It is a sea port that is free from ice year-round making it a suitable port of call for the Arctic Umiaq passenger and freight shipping line that serves the communities of southwest Greenland.

The nearest settlement to the project is Arsuk, 45 km to the south, which also hosts a heliport.

The Tartoq Exploration Project area is characterized by deep fjords and exposed coastlines which are generally ice-free. The topography varies between sea level and 500 m elevation, and the higher elevations typically form ridges separated by elongated valleys with occasional flat lying swampy areas. As is typical of Greenland, glacial erosion has scoured the landscape resulting in only a thinly developed regolith, supporting sparse scrubby bushes and grasses. The inland Greenland ice cap commences some 40 km east of the project at the head of the Sermiligaarsuk Glacier. Rock outcrop is abundant within the licence.

According to the Danish Meteorological Institute (DMI, 2016), average daytime temperatures for Paamiut range from -3°C to 9°C (January and July) and average night-time temperatures from -7°C to 6°C (January and July). Precipitation averages a minimum of 58 mm in both April and May and a maximum of 92 mm in August, for an average annual total of 874 mm.

There is no infrastructure within the licence area and access is on foot or by helicopter. Given the remote location of the project, any development of the site for mineral exploration and mining would require self-sufficiency in terms of utilities and infrastructure. Some staffing may be sourced from Paamiut or Arsuk, but a skilled workforce will likely need to come from Nuuk.

Background

The Tartoq Licence was originally granted to Nanoq by the MLSA on May 4, 2015. On July 6, 2016, Nanoq and Nalunaq A/S entered into a sale and purchase agreement pursuant to which: (i) Nanoq transferred the following assets to Nalunaq A/S for a purchase price of £4,298: (A) the Tartoq Licence; (B) all knowledge gained by Nanoq in connection with the activities carried under the Tartoq Licence, including all relevant studies, reports, documents; (C) all plant, machinery, tools and equipment used by Nanoq in performing its work under the Tartoq Licence; (D) all the assets owned by Nanoq within the area covered by the Tartoq Licence; (E) all mineral exploration and mining-related data, maps and reports pertaining to the area covered by the Tartoq Licence; and (ii) Nalunaq A/S assumed Nanoq's liability under the Tartoq Licence, being the outstanding exploration expenditures commitments of DKK 553,120 ($105,425) for the year 2015.

Failure to satisfy the fulfilment of the exploration commitment set forth in the Tartoq Licence may be remedied as follows: (i) by the licencee paying 50 % of the non-fulfilled exploration obligation to the MLSA as full compensation therefor; or (ii) by the carry-forward of the non-fulfilled exploration obligation as an additional exploration obligation in the following exploration period. In the case of a carry-forward, the MLSA may demand that the licencee provide security in the form of a bank guarantee or other type of security to ensure the fulfilment of the exploration expenditures carried forward.

The transfer of the Tartoq Licence was approved by the MLSA on December 9, 2016. After its acquisition of the Tartoq Licence, Nalunaq A/S applied to the MLSA to reduce the area of the Tartoq Licence area from the original 248 km2 to 78 km2, comprising two sub-areas over the Nuuluk and Iterlak prospects, as shown in Figure T-1. This reduction was approved by the MLSA on January 16, 2017.

Under the terms of the Tartoq Licence, Nalunaq A/S is obligated to incur exploration expenditures during each calendar year calculated as follows:

Years 1 (2015) and 2 (2016): DKK 161,500 ($30,782) + DKK 1,620 ($309)/km2

Years 3 (2017), 4 (2018) and 5 (2019): DKK 323,000 ($61,564) + DKK 8,080 ($1,540)/km2

Years 6 (2020) – 10 (2024): DKK 646,000 ($123,128) + DKK 16,150 ($3,078)/km2

On January 25, 2017, the MLSA agreed to roll forward the outstanding portion of the exploration expenditures for years 1 (2015) and 2 (2016) of the Tartoq Licence to 2017.

Annual licence fees only apply to licences from year six (2020) and onwards, and shall be paid to the MLSA when due. As of January 2016, the annual fee for years six and onwards was DKK 40,400 ($7,700). Nalunaq A/S is under no obligation to relinquish any parts of the Tartoq Licence. The Tartoq Licence may be renewed upon its expiry as long as it has been kept in good standing and on payment of a DKK 35,200 ($6,709) renewal fee. In the event commercially viable deposits are identified and delineated, Nalunaq A/S may apply for an exploitation licence to the MLSA. The granting of an exploitation licence is subject to the Greenland Government approving a bankable feasibility study accompanying the exploitation licence application.

Royalties

The Tartoq Licence is not currently subject to any royalty clause. In line with the Greenland Exploration Standard Terms, if Nalunaq A/S applies for and is granted an exploitation licence on the basis of the Tartoq Licence, such exploitation licence will include a sales royalty of up to 2.5% of the value of the minerals, payable to the Government of Greenland.

History

GEUS mapped the geology of the Tartoq Exploration Project area during the period of 1954 to 1960 as part of the systematic mapping and sampling program along the Western coast of Greenland.

Renzy (with the assistance of Cominco in 1974) carried out reconnaissance prospecting over the Tartoq Exploration Project area from 1970 to 1974. This work including the collection of a number of rock grab samples (SRK is not aware of exact quantities and methods of collection) resulting in the discovery of gold mineralization in the Nuuluk and Iterlak prospects with five grab samples returning gold values of >10 g/t (King, 1983). The prospective units were identified as massive sulphides on the contacts of greenschists with carbonate alteration (Geisler, 1972) and BIF with the latter limited to the Iterlak prospect. The project was relinquished by Renzy in 1974 due to the isolated nature of the anomalies discovered and the relatively low gold price at the time.

Greenex, a subsidiary of Cominco, was granted a prospecting licence over the Tartoq Exploration Project in 1982 and undertook exploration between 1982 and 1986. The majority of the work was undertaken in 1983 and was primarily focused on the Nuuluk area. This consisted of detailed geological mapping (1:10,000 and 1:1,000), rock sampling and stream sediment sampling. This culminated in 1984 with a shallow 'Winkie' drilling program of 23 holes totalling 460 m of small diameter (35 mm) drill core. The drilling targeted down-dip extensions of three anomalous areas along the ankerite schists to the east which would later be known as the ECZ parallel to the WCZ. This phase of drilling also aimed to establish the grade of the known mineralization in unweathered rock and to investigate the potential for the mineralized zones to thicken at depth. All holes were drilled with a southeast azimuth (108° to 120°) and a -45° to -50° inclination. For a collar map of Greenex's Winkie drilling please see the Figure 5-1 of the Tartoq Report which has been filed under the Corporation's profile on SEDAR on www.sedar.com.

The Winkie drilling achieved good penetration in the upper carbonate altered schists but struggled with the harder quartz material encountered at depth. The results from this drilling were generally poor with the only significant intersection being in drillhole N1 which was graded 4.8 g/t gold over 2.5 m, and this intersection can be traced up to mineralization at surface (Greenex, 1985). For a cross-section showing N1 drill hole, please see Figure 5.2 of the Tartoq Report which has been filed under the Corporation's profile on SEDAR on www.sedar.com.

An electromagnetic geophysical survey was carried out in 1985, targeting sulphide units identified by Greenex's previous work. The survey was carried out over the Nuuluk Prospect (exact location unknown) using HLEM and VLF methods. The surveys identified two weak anomalies over the two gold-bearing horizons of the ECZ and WCZ, which were complex and did not appear to increase in magnitude with depth (Williams, 1985).

Due to the poor drilling results and inconclusive geophysical surveys, Greenex relinquished the concession in 1986.

NunaOil held the concession covering the Tartoq Exploration Project area from 1990 to 1993 and undertook various exploration programs over the Nuuluk and Iterlak prospects. These included detailed geological mapping down to a scale of 1:1,000 in the most prospective areas, rock and stream geochemical sampling, geophysical surveys (electromagnetics and magnetics), systematic channel sampling over Nuuluk and a small diamond drilling program on the WCZ and at Iterlak.

The geological mapping focused on the prospective units, namely the carbonate-altered ankerite schists of the WCZ and ECZ within the Nuuluk Prospect and the BIF units and the WVSS in the Iterlak prospect.

Mapping in the Nuuluk area showed that the highest gold grades are related to quartz-ankerite veins that have been sheared, forming boudin-like lenses. Gold mineralization was also found in massive pyrite-arsenopyrite layers, sericite schists and sulphide-chert horizons in the WCZ. A program of grab sampling was undertaken, in conjunction with geological mapping, targeting the prospective units for assay (gold and base metals) as well as a few for whole rock geochemistry.

A ground-based geophysical survey was also undertaken by NunaOil which included electromagnetics (HLEM and VLF) and magnetics. These surveys were run in tandem over the WCZ and the WVSS. The HLEM proved ineffective due to the rugged topography introducing too many artefacts that could not be removed by processing.

A wide spaced channel sampling program (100 m between channels) was also undertaken predominantly over the ECZ, plus minor sampling on the WCZ. Channels were orientated perpendicular to strike and targeted the prospective quartz-ankerite and ‘rust’ zones in the ankerite-altered schists. This program totalled 800 m of sampling with mapping performed along each channel at a 1:100 scale. The channel samples were taken using a diamond saw to install two parallel cuts and the material between the cuts was then chipped out to produce the sample. Samples averaged 2.25 m in length (according to the historical database), with the starts and ends of samples controlled by lithological variations. This work showed that the gold mineralization is strongly linked to the quartz-ankerite veins and pyrite-arsenopyrite bodies with very low to background-level gold values in the hosting ankerite carbonate schists. The most elevated gold grades were limited to the northern and southern end of the ECZ with a few high-grade outliers.

No digital lithological data or survey information for the channel sampling has been seen by SRK. It appears that in some areas the channels crossed most of the mineralized ECZ, and in other areas the channels were taken more sporadically within prospective lithologies.

Based on the work detailed above, namely the geophysical results and the presence of interpreted felsic volcanics, NunaOil interpreted the mineralization systems for the WCZ and the WVSS as an VMS system. This was predominantly based on the massive sulphide mineralization and electromagnetic anomalies. Exploration focus in these areas was therefore directed more towards the potential for copper-zinc.

In 1993, NunaOil re-analyzed some of the core samples from the shallow Winkie drilling undertaken by Greenex in 1984. The original core sampling focused on the narrow quartz vein and massive sulphide lenses. NunaOil’s objective was test the gold potential in the surrounding country rock. This involved re-logging the holes and re-analyzing 180 samples from around 310 m of previously un-sampled core (Gowen, 1993). These samples were on the contact with the previously identified prospective lithologies. The results were poor with the highest samples reporting grades of 165 ppb gold. This, together with the results from the channel sampling and geophysics, led to NunaOil ending exploration on the ECZ, deeming it non-economic for gold. They subsequently focused on the more continuous massive sulphides within the WCZ and the WVSS in Nuuluk and Iterlak respectively.

A scout drilling program was undertaken by NunaOil in the summer of 1993, targeting the anomalies identified in the WCZ of the Nuuluk Prospect and the WVSS and BIF targets in Iterlak. The program included 13 holes totalling 1,364 m of BQ core drilling with five holes at Nuuluk and eight holes at Iterlak. The targets in both areas were large lenses of massive sulphide mineralization which were interpreted to be gold and/or zinc-bearing VMS-style mineralized zones based on the electromagnetic and magnetic surveys and the decimetre-scale mineralization at surface.

Drilling results in both prospects failed to identify significant base metal grades. The drilling on the WCZ at Nuuluk intersected thick graphite-bearing schists which were interpreted as the cause of the VLF geophysical anomalies. Only one significant intersection of 6.6 g/t gold over 2 m relating to a discrete quartz vein included within some ankerite schist was reported.

Drilling in the Iterlak prospect targeting the WVSS reported intersections of 30 m of folded and alternating massive sulphides and quartz that could be traced for 600 m along its strike. The gold results from this drilling showed that the mineralization was fairly low grade in the massive sulphides (predominantly <1 g/t), with higher grades limited to the main fold hinges and upper sulphide zone. The best intersection from the drilling was from sericitic schist in the hanging wall which contained a pyrite-bearing quartz vein grading 8.28 g/t gold over 1.97 m.

Two holes were also drilled to the east of the WVSS into iron-bearing graphite schists in the area of the LHA. Results from these holes returned no high grade intersections for the targeted base metals although they did contain limited gold intersections. The gold results were not repeatable along strike and, although the sulphide unit can be traced at surface, the continuity is not yet fully understood.

NunaOil considered the results from their prospecting and drilling to be sub-economic as a base metal and/or gold project and decided to relinquish the concession in 1994.

Nordic Mining held a concession which covered the Nuuluk and Iterlak prospect areas of the Tartoq Exploration Project from 2006 to 2011. Their work was primarily focused on verifying the previously identified prospective areas and re-sampling the gold-bearing units in the ECZ and WCZ at Nuuluk and the WVSS at Iterlak. Field exploration was relatively limited, with the main program undertaken in 2011 by Zhongrun Mining Co. Ltd. on behalf of Nordic Mining. This work included geological mapping over the main Nuuluk and Iterlak prospects at 1:10,000 and a small grab and channel sampling program including 14 and 30 samples, respectively, predominantly targeting the ECZ of Nuuluk. Results from this work failed to repeat the high grade gold mineralization previously reported within these prospects (Nordic, 2012).

Geological Setting, Mineralization and Deposit Types

Regional Geology

The geology of south-western Greenland is dominated by the NAC. The NAC is composed of predominantly an TTG cratonic block. This craton also contains igneous and sedimentary rocks (Archaean in age) which have been subsequently metamorphosed into meta-sedimentary and meta-volcanic assemblages occurring as remnant parts of the cratonic areas. It is these assemblages that form the Tartoq greenstone belt.

The Paleoproterozoic Era saw two separate orogenies causing the accretion of two orogens (belts of rock) onto the NAC in a compressional environment. The Ketilidian Orogen was emplaced to the south and the Nagssugtoqidian Orogen to the north. This activity occurred at around 2.0-1.9 Ga (Garde, 2002) and was associated with the emplacement of major intrusive bodies and the formation of sedimentary basins with an overall north-south shortening.

The Tartoq greenstone belt is located on the very southern edge of the NAC on the border with the Ketilidian Orogen. The Ketilidian rocks were accreted in a convergent setting with subduction from the south under the existing NAC. This created an arc system with the Archaean basement forming the foreland in the north, a

border zone of the Ketilidian Orogen and the forearc basin. This basin accommodated the sediments eroded from the foreland generating the Psammite and Pelite Zones of southern Greenland. A large batholith (the Julianehåb Batholith) was emplaced between the border zone and forearc basin, driven by melting related to the tectonism. These terranes are shown in Figure 6-2 of the Tartoq Report which has been filed under the Corporation's profile on SEDAR at www.sedar.com.

Tartoq Exploration Project Geology

The "Tartoq Group" is a series of six, kilometre-scale greenstone belts around the Sermiligaarsuk Fjord composed of Archaean greenschist to amphibolite grade supracrustal rocks with sharp tectonic and intrusive contacts with the surrounding Archaean TTG gneissic basement. The Tartoq Licence covers the westernmost two of these belts.

The lithologies within the supracrustals include limited metasedimentary units (banded iron formations), submarine mafic metavolcanics (later greenstones) including pillows, shallow mafic sills/dykes and deeper grabbroic and ultramafic intrusives derived from a mantle source. Felsic horizons are present in all supracrustal belts, but are generally restricted to isolated mylonitic horizons in amphibolite sequences (Kisters et al., 2012). Whole rock isotopic data shows that the units formed at around the same time at about 3,190 Ma (Szilas et al., 2013). Ketilidian (Paleoproterozoic) volcanics are found to the east of the Tartoq Exploration Project and granites of a similar age have intruded the TTG basement to the north and south. Gardar age (c. 1,300-1,100 Ma) dolerite dykes cross-cut the region in a north-easterly direction.

The Tartoq Group has undergone two main phases of ductile deformation (D1 and D2) prior to a phase of brittle faulting (Kisters et al., 2011). The initial ductile (D1a) phase is represented by variably-developed foliation (S1) sub-parallel to bedding/layering, mineral stretching, metre- to kilometre-scale recumbent folding that refolded bedding, and low-angled shear zones.

Mineral assemblages in these zones are of amphibolite grade. Later deformation (D1b) fabrics are commonly brittle and retrograde, partly or completely overprinting earlier ductile fabrics. D1b fault zones are defined by narrow (<2 m) ultracataclasites (>90% matrix) and cataclasite zones that may be narrow (centimetre-scale) or up to several hundred metres wide.

The subsequent D2 deformation resulted in the refolding of earlier D1 structures (folding (F1)) by north to northeast trending, both east and west verging, (mainly SW, but also NE), metre- to kilometre-scale multi-phase complex folds with associated foliation (S2). D2 is again associated with the formation of brittle cataclasites and associated fluid flow and alteration.

Later normal faulting is recorded in all greenstone belts of the Tartoq Group, although has not significantly modified the area. The timing of the low-temperature brittle faulting is not clear, but it clearly overprints D1 and D2 related structures and fabrics. Mafic dyke swarms of variable orientation have intruded the TTG-greenstone terrane and are possibly associated with the late normal faulting.

In the greenstones, deformation and associated fluid flow have resulted in the pervasive alteration of the supracrustals, creating vuggy or knobbly textures that destroy primary structures. Where greenstones have been altered to chlorite-carbonate schist the deformation is ductile, resulting in highly-foliated greenschist packages. This is particularly well developed in the central-eastern parts of the Nuuluk area, where deformation and associated fluid flow along D1b thrusts resulted in localised mineralization, as well as in the strike-slip shear zones of the Akuliaruseq and Amitsuarsua greenstone belts. The D1b-related retrogression to greenschist facies is near-pervasive in the western belts, but much more localised in the Bikuben greenstone belt (Figure T-2). Both D1a and D1b resulted in the imbrication of greenstone packages.

The common association of basaltic flows, sediments and volcaniclastic ultramafic rocks suggest an oceanic origin of the Tartoq Group, although Kisters et al. (2011) interpret the differences between individual greenstone packages to indicate their variable evolution.

The Tartoq Group is unique in the region due to its preserved primary fabrics and more variable metamorphic grades. It is the pervasive greenschist retrograde alteration (caused during uplift and cooling) and associated carbonatisation of the sequence that resulted from late-stage, largely structurally controlled hydrothermal fluid infiltration, that is thought to have led to orogenic gold mineralization at the Tartoq Exploration Project.

The metamorphic facies over the Tartoq belt generally increases in grade from greenschist in the west through amphibolite and into granulite in the east. The two western greenstone belts covered by the Tartoq Licence show the lower metamorphic grade that is more prospective for gold mineralization as a result of better preservation of primary fabrics and mineral assemblages.

Prospect Geology and Mineralization

A number of gold occurrences have been identified and variably investigated across the Tartoq Property over the last 40 years. They are described here with respect to the prospects that lie within the Tartoq Licence area.

Nuuluk Prospect Geology

Nuuluk is the westernmost greenstone belt comprising a sequence of interlayered metavolcanic rocks thrust over TTG gneisses and metamorphosed to greenschist facies (Kisters et al., 2011). Based on lithological and structural characteristics, Kisters et al. (2011) describes the Nuuluk belt as six roughly parallel north-northeast trending domains covering an area of approximately 10 x 4 km (Figure T-2).

Figure T-2: Geological map of the Tartoq Exploration Project clearly defining the six greenstone belts within the Archaean TTG basement and overlying Ketilidian Paleoproterozoic rocks to the east (SRK, 2016 modified from Kolb, 2011).

Western Basement Gneisses - These comprise banded gneisses and leucogneisses that contain xenoliths of earlier generations of trondhjemitic gneisses and greenstones. Biotite and hornblende suggest an amphibolite metamorphic grade. Structural measurements indicate that this western part of the prospect forms the east-dipping, western limb of a broad north-plunging synform.

Western Cataclasite Zone – Interlayered leucogneisses (dominant in the west) and greenstones (increasing eastwards) have been pervasively overprinted by a cataclaastic texture over a 1-1.5 km wide zone. Quartz veining and epidote formation is common and sulphide mineralization (pyrite + chalcopyrite) has been recorded in some quartz veins and cataclasite zones.

Central Greenstone Terrane – This zone underlies much of the higher ground in the center and west of the Nuuluk licence sub-area. It is predominantly composed of basaltic flows and interlayered sediments that are pervasively altered to greenschist facies (chlorite, carbonate and epidote), forming a distinctive blocky or knobbly weathered texture. Quartz and quartz-carbonate veining is common throughout.

Central Thrust Zone – Highly foliated greenschists enclosing small (hundreds of metres) lenses of low-strain felsic rocks. The eastern FW of this zone is marked by a distinctive recrystallized marble horizon, up to a few metres wide.

Layered FW Sequence – Forming the eastern part of the Nuuluk Belt, this zone comprises a thick succession of pervasively altered greenstones and interlayered sediments, gently dipping towards the west. The greenschist alteration has created a knobbly texture in weathered basalts and extensive carbonatization, notably as brownish fuchsite. Boudinaged and folded quartz veins are common, but generally discontinuous. The ECZ and WCZ are located within the layered FW Sequence.

FW Imbricate Zone – This basement of low-grade greenstones is separated from the overlying Nuuluk Belt by a c. 500 m sequence of cataclastic TTG gneisses. It forms the low-level valley in the east of the Nuuluk licence block.

Figure T-3 Oblique aerial view looking southwest across the Nuuluk Propect (Source: SRK ES, 2016).

Nuuluk Mineralization

Gold mineralization is found in two distinct NNE-SSW trending, moderately (~60°) WNW-dipping, 50-100 m wide shear zones that can be traced in outcrop for approximately 5 km. These zones sit within the layered FW sequence described by Kolb (2011) and have been named the Western and Eastern Carbonate Zones due to their distinctive brown-carbonate alteration assemblages. They lie approximately 500 m apart, separated by homogeneous knobbly greenstones.

The WCZ comprises hydrothermally altered greenschist, magnetite greenschist and graphitic greenschist. The magnetite schists have been interpreted as being formed on an ancient seafloor where waters circulating through a pile of basaltic rocks led to leaching and then precipitation of exhalative deposits of Fe, As, Cu, S and precious metals (Appel and Secher, 1984). This explains the syngenetic sulphide lenses that are up to 0.5 m wide and extend up to 100 m along strike at the contact between the magnetite and graphite schists in the WCZ (Gowen, 1994). Later diagenesis and metamorphism led to alteration of these schists, mobilization of metals and re-precipitation into the surrounding strata proximal to the lenses.

The schist alteration zone within the WCZ includes ankerite (a calcium iron, magnesium, manganese carbonate mineral), muscovite (fuchsite), chlorite, quartz, pyrite, arsenopyrite, pyrrhotite and tennantite. Gold is found within tennantite-quartz veins, formed in zones of weakness in close proximity to arsenopyrite-pyrite layers. Appel and Secher (1984) state that gold is present as 1-10 μm anhedral inclusions in arsenopyrite and as stringers lining cracks in pyrite. There is then a distal alteration zone comprising carbonate (calcite, dolomite or ankerite depending on rock type), chlorite, pyrite and tourmaline. Thermometry studies of minerals from both zones give temperatures of between 350 °C and 450 °C for the hydrothermal alteration (Kolb, 2011). The sulphide-rich horizons weather to form obvious gossanous outcrops in the WCZ and ECZ.

The ECZ hosts up to 20 cm wide chalcopyrite-bearing quartz veins within a series of anastomosing micaceous carbonate-altered greenschists, also termed ankerite schists by NunaOil (Petersen, 1992). The carbonate alteration minerals (mostly ankeritic) weather a deep brown rusty colour due to their iron content, as do the occasional sulphide-bearing horizons, and there can be appreciable amounts of fuchsite (muscovite mica). The numerous centimetre, occasionally metre-wide, quartz-ankerite veins are frequently dislocated by dextral shearing, forming zones of parallel veinlets that can be strongly boudinaged or brecciated. Vein sets are up to 30 m wide and can be traced over tens to hundreds of metres (Appel and Secher, 1984). Gold is observed within these veins as tiny inclusions in chalcopyrite and tennantite; however, its distribution is not yet understood and many of the veins are barren.

Observations made during the 2016 field program indicate that although the carbonate-ankerite schists are not themselves mineralized, there are zones of alteration related to structures which contain elevated levels of sulphide mineralization and gold. It is yet not known if these are syngenetic structures, or later stage cross-cutting features that focused hydrothermal fluids, possibly remobilising minerals (including gold) from primary mineralization and re-precipitating them in the schists.

Gold has not been identified in greenschists outside of the alteration zones, despite the presence of disseminated pyrite, sometimes with pyrrhotite inclusions. A later phase of quartz veining is also common across the area and this has a cleaner, whiter appearance and is devoid of gold mineralization.

Iterlak Prospect Geology

The Iterlak Prospect on the northern side of the Sermiligaarsuk Fjord hosts a NNE trending belt of massive to foliated greenstones, metagabbro, muscovite schist, serpentinite, BIF and pegmatites (Kolb, 2011). The greenstone lithologies outcrop over an area of approximately 3.5 km x 5.5 km. The greenstones are pervasively altered to greenschist facies in the west and amphibolite grade in the east, taking on the distinctive knobbly texture as seen at Nuuluk. Structural deformation appears to have been similar to that at Nuuluk. Later cross-cutting Gardar age dykes have a northeast orientation.

Iterlak Mineralization

Gold mineralization has been identified in two NNE-SSW trending zones, each approximately 100 m wide and 200-400 m long (Petersen, 1992). These are named the WVSS and EVZ.

The WVSS comprises hydrothermally altered greenschist and BIF. The original magnetite-grunerite-quartz BIF has been completely altered to a finely banded quartz-pyrite composition. A proximal alteration zone includes muscovite (sericite), quartz, ankerite, pyrite and minor chlorite (Kolb, 2011). During their mapping of

the WVSS, NunaOil reported that the deposit is banded and consists of four to six parallel sulphide-bearing horizons separated by strongly pyritic sericite schists (Petersen, 1992). Massive pyrite was recorded amongst very cherty horizons, but base metal sulphides in rock chips were generally viewed as not anomalous (Petersen, 1992), leading to SRK's interpretation that the VMS model pursued by NunaOil was wrong. A stratabound banded iron formation deposit model would seem more appropriate based on the evidence (see the heading "*Description of the Business – Tartoq Property - Prospect Geology and Mineralization - Stratabound Gold in Banded Iron Formations*").

Kolb (2011) states that pyrite grains contain inclusions of pyrrhotite and sphalerite and that gold mineralization occurs in the proximal alteration zone and altered BIF, mostly within quartz-ankerite veins. He suggests that gold precipitation occurred as a result of hydrothermal fluids interacting with iron-rich lithologies. This is supported by NunaOil's drilling results which identified elevated gold in pyrite-bearing quartz veins in the hanging wall of massive sulphides.

The EVZ is represented by hydrothermally altered greenstones, talc schist and BIF, with the proximal alteration zone (talc-ankerite-sericite-chlorite-pyrite) confined to the talc schist. A number of other outcrops of pyrite-rich magnetite-BIF ± graphitic schists have previously been identified, extending over hundreds of metres. Both the EVZ and WVSS show complex folding and evidence of shearing.

Deposit Types

The gold mineralization found in the Tartoq Exploration Project can be broadly ascribed to a greenstone belt orogenic deposit type, although it is possible that in some prospects gold was originally deposited in a sulphide, rich banded iron formation setting that was subsequently altered by typical orogenic hydrothermal fluid movement and quartz vein formation.

Orogenic Quartz Vein Gold

The following general description has been adapted from Ash et al. (1996) and Goldfarb et al. (1995). Dubé and Gosselin (2007) also provide a comprehensive account of greenstone-hosted quartz-carbonate vein style mineralization.

Low-sulphide quartz-gold vein deposits occur in allochthonous terranes that are dominated by greenstone (Archaean) and turbidite (Phanerozoic) sequences that have been metamorphosed to greenschist facies. These deposits are also known as mesothermal, orogenic, mother-lode, greenstone-hosted and turbidite-hosted gold deposits.

Hydrothermal veins form within major shears, faults and joint systems produced by regional compression/crustal shortening and in their second and third-order structures offset from the major structures. Gold is deposited at crustal levels within and near the brittle-ductile transition zone at depths of 6-12 km, pressures from 1-3 kbar and temperatures from 200 °C to 400 °C. Deposits may have a vertical extent of up to 2 km, and lack pronounced zoning. Most deposits are found in preserved cratonic blocks.

Gold-bearing quartz veins and veinlets with minor sulphides crosscut a wide variety of host rocks, forming tabular fissure veins in more competent host lithologies, and veinlets and stringers as stockworks in less competent lithologies. Veins typically occur as anastomosing systems of en-echelon veins on all scales. Individual veins can be up to 10 m wide, but are often discontinuous with strike lengths of less than 100 m. Vein swarms at larger deposits can, however, extend over a few kilometres in strike and 500 m in width (total swarm). Mineralization is post-peak metamorphism (i.e. late syn-collisional) with gold-quartz veins particularly abundant in the Late Archaean and Phanerozoic. Textures are often modified or destroyed by subsequent deformation.

Gold is generally present as free grains within quartz and in veinlets cutting sulphide grains. Mineralization often has an appreciable "nugget effect" due to the coarse nature of gold, making economic assessment more

difficult. Lower grade gold mineralization may develop in areas marginal to veins, with gold associated with disseminated sulphides.

Host and wall rocks are commonly subject to intense pervasive carbonate alteration along the mineralized structures. Alteration zones are poorly developed in metasedimentary host rocks, but are broad and distinct in both felsic and mafic igneous rocks. Silicification, pyritisation and potassium metasomatism are common within a metre or so of mineralized veins. These are often surrounded by a broader zone of carbonate alteration, with or without ankerite veinlets, extending for up to tens of metres from the veins. The type of carbonate alteration reflects the ferromagnesian content of the primary host lithology, whereby:

- ultramafic rock host alters to talc and Fe-magnesite;
- mafic volcanic rocks alter to ankerite and chlorite;
- sediments alter to graphite and pyrite formation; and
- felsic to intermediate intrusions alter to fuchsite, sericite, tourmaline and scheelite.

Disseminated pyrite and/or arsenopyrite are consistently present in these wider alteration haloes.

These vein deposits weather to a distinctive (limonite) orange-brown colour due to the oxidation of Fe-Mg carbonates cut by white veins and veinlets of quartz and ankerite. Distinctive green fuchsite may also be present.

Stratabound Gold in Banded Iron Formations

The following has been adapted from DeWitt et al. (1995). SRK considers this type of mineralization as a more likely explanation for semi-massive or massive sulphides seen at the Tartoq Exploration Project, rather than the VMS model proposed by previous workers (Gowen, 1993).

Dominantly greenstone belts of Archaean and Proterozoic age contain gold hosted within the sulphide minerals (troilite, pyrrhotite, pyrite and arsenopyrite) of banded iron formations. Sulphide mineralization is mainly bedding-controlled and is notable by the absence of base metal sulphides, though regional metamorphism can redistribute both sulphides and gold, particularly in quartz veins.

Iron-rich beds were most commonly laid down in slowly subsiding, continually rifting basins within Archaean cratons, along with shales and greywackes. Mineralization was probably syngenetic, formed by hot spring processes during iron deposition onto reducing sea floor environments. Typically, the iron formations are less than 30 m thick, but can be quite continuous along strike. Transitions within iron formations from one facies to another are known, and range from carbonate- to oxide-, silicate-, and sulphide-facies. Minor tuffaceous rocks are associated with some iron formations, but this component does not appear to be a prerequisite for gold-bearing deposits. Clay-rich layers in the iron formation may have formed by submarine weathering of basaltic material or direct hydrothermal precipitation of iron-rich material.

Mineralized beds often contain 1-15 volume percent sulphide minerals, the dominant types being dependent on the seafloor conditions at the time of deposition. Mineralization may therefore be pyrrhotite-rich, pyrite-rich or arsenopyrite-rich. Depending on the iron minerals deposited, these deposits may contain appreciable amounts of magnetite (oxide facies) or weakly magnetic pyrrhotite and troilite (carbonate-facies). In addition to sulphide minerals, bedded deposits contain layers comprising siderite, ankerite, quartz, chlorite, biotite and stilpnomelane.

These types of deposit are often regionally metamorphosed leading to remobilisation of sulphides (and gold) into quartz veins and alteration haloes surrounding the iron beds (e.g. forming orogenic style gold mineralization).

Exploration

Following its acquisition of the Tartoq Licence, Nalunaq A/S undertook a short program of fieldwork on the Nuuluk Prospect. The program took place over two weeks between July 14 and August 2, 2016 by two geologists. The field site was accessed by helicopter and the team was based at a central camp within the Nuuluk Linear Belt. After the purchase of the Tartoq Licence by Nalunaq A/S, Joshua Hughes (a former director of Nanoq) was contracted by Nalunaq A/S to design and lead this work. The focus of the fieldwork was the ECZ and WCZ of the Nuuluk Belt. This fieldwork was designed to better understand the mineralization system within the project area before planning future, more advanced exploration. The ECZ and WCZ were chosen due to the amount of previous historical exploration and resultant indications of prospectivity.

The fieldwork included a grab and channel sampling program and a review of the various styles of mineralization within the project area.

Grab Sampling

182 surface grab samples and 13 samples of transported float were collected across the Nuuluk Belt. The grab samples were taken from in situ material that represented the various styles of mineralization found in the area. These samples were taken in order to link field observations to gold grades and aid in the understanding of grade distribution along the strike of both the ECZ and WCZ. Transported rock samples were taken where mineralized material was found as float. These samples are not deemed to be representative and are not significant in population or distribution.

The majority of the samples were taken from the ECZ, concentrating on the areas that appeared to be mineralized based on their mineralogy and alteration. All surface samples were sent to ALS Geochemistry in Loughrea, Ireland, for gold and multi-element geochemical analysis. For an illustration of the 2016 Grab Sample locations and results, please see the Figure 8-1 of the Tartoq Report which has been filed under the Corporation's profile on SEDAR at www.sedar.com.

SRK considers the grab samples to be representative of the mineralization as sampled at that particular point, but, analytical results may not be representative of the wider area. The results can, however, be used to further understand the different types of mineralization found at Nuuluk and their relative potential to host gold mineralization.

Table T-1: Summary Results of Grab Samples (SRK, 2016)

Sample Lithology	Statistics for gold grades (g/t)				
	Mean	**Median**	**Standard Deviation**	**Range**	**Count**
Quartz Vein	1.27	0.03	4.44	27.10	39
Carbonate Schist	1.24	0.18	2.33	9.94	30
Greenstone Various	0.44	0.01	0.97	2.17	5
Semi-Massive Sulphide	8.40	8.46	4.84	19.63	20
Quartz-Carbonate Vein	0.82	0.06	1.96	10.70	88
Total	**1.81**	**0.13**	**3.84**	**27.10**	**182**

*including one sample of quartz-fuchsite breccia

The results in Table T-1 show that four of the five sampled types of lithology report elevated gold grades (sampling of the hosting greenstones is not sufficient). The most prospective unit appears to be the massive to semi-massive sulphide lithologies, agreeing with NunaOil's observations (Petersen, 1992). It is also worth noting that the higher grades within the carbonate schist samples all appear to contain increased amounts of sulphides, according to Nalunaq A/S's field descriptions. As expected within this type of mineralized system, the quartz veins contain a large range of gold grades relating to a high nugget effect.

Channel Sampling

Channel sampling was carried out on the main central prospective zone of the ECZ in order to test grade continuity over the mineralized features (quartz veins and parallel massive sulphide horizons (Table T-2)). In the highest grade sampling locations (according to historical data), several cuts of the same vein were sampled in order to test grade variability within individual quartz veins or massive sulphide.

Channel samples were taken using a circular rock saw to make two parallel cuts about 5 cm apart and of consistent depth, perpendicular to the strike of the mineralization. Material between the cuts was then chiselled out, ensuring no lithological bias and that an equal volume of rock was removed over the length of the profile. A total of 23 channel samples were collected within five areas (Table T-2) totalling 18.65 m of sample length. Due to the channels within the profiles being so closely spaced and the limited accuracy of the handheld GPS that were used to record their positions, the locations were measured relative to each other and added to a schematic sketch. The initial sample was surveyed in with the GPS to give geographical reference to the work.

All channel samples were sent to ALS Geochemistry in Loughrea, Ireland, for gold and multi-element geochemical analysis.

The total channel sampling results can be seen in Table T-2. The highest grade intersection of the program was reported from Profile 2: 106 g/t gold over 0.5 m on cut D over a boudinaged quartz vein.

Table T-2: Nalunaq A/S Channel Sample Results 2016

Easting	Northing	Profile	Length	Sample Lithology	Au (g/t)
618288	6814455	N/A	0.40	Carbonate Schist	1.06
618290	6814458	Profile 1	0.50	Carbonate Schist	0.82
			0.50	Carbonate Schist	0.16
			0.50	Carbonate Schist	0.18
			0.50	Carbonate Schist	0.64
			0.50	Carbonate Schist	0.03
618337	6814439	Profile 2	1.60	Quartz Vein	0.72
			1.15	Quartz Vein	1.85
			0.70	Quartz Vein	5.33
			0.50	Quartz Vein	106.00
			0.85	Quartz Vein	2.35
			0.75	Quartz Vein	1.36
618255	6814478	Profile 3	1.00	Quartz Vein	0.03
			1.00	Quartz Vein	0.05
			1.00	Quartz Vein	0.02
			1.00	Quartz Vein	0.30
			1.00	Quartz Vein	3.58
			1.10	Quartz Vein	0.05

Easting	Northing	Profile	Length	Sample Lithology	Au (g/t)
618232	6814418	Profile 4	1.05	Quartz Vein	0.10
618212	6814323	Profile 5	1.10	Massive Sulphide & Carbonate schist	7.89
			0.45	Massive Sulphides	8.80
			0.40	Massive Sulphides	11.75
			1.10	Massive Sulphide & Carbonate schist	7.74

Drilling

No drilling has been undertaken by Nalunaq A/S on the Tartoq Exploration Project. All historic drilling completed by previous licence owners is summarised above under the heading "Tartoq Property - History" of this Prospectus.

Sampling, Analysis and Data Verification

Sample Preparation and Analysis

Each of the 218 grab or channel samples was placed in a single cotton sample bag which was labelled and sealed at the sample site. These samples were transported back to the field camp each day and then batched up in sequential order into larger plastic bags that were labelled with their contained sample ID range. These were then stacked into plastic sling bags ready to be transported from site via helicopter to Paamiut. The total samples generated during this program filled two sling bags which, due to logistical reasons, were transported from site at different times. The first bag was transported to Paamiut upon the completion of the program on August 2, 2016 with the second bag being transported during the SRK visit on August 24, 2016. There was a 22-day period during which the second sling bag was unaccompanied. The samples were, however, stored within the central area of Nuuluk, well out of sight of the shore, inaccessible and not visible to any boat traffic in the area.

In Paamiut, the samples were received by Royal Arctic Line. They were strapped to pallets and stored within a secure hanger before they were shipped via boat to ALS Geochemistry in Loughrea, Ireland. Apart from the details above, SRK is unaware of specific CoC procedures.

No sample preparation was undertaken by the Corporation once the samples had been collected in the field.

All samples were sent to ALS Geochemistry in Loughrea, Ireland, for geochemical assay. ALS is independent of Nalunaq A/S and has no interest in the Tartoq Exploration Project. The laboratory is accredited to the ISO/IES 17025:2005 standard for laboratory testing and calibrations (INAB Registration No: 137T), applicable to methods Au-AA25, ME-MS61 and ME-OG62 that were used for these samples.

Samples were received, crushed to 70% passing a 2 mm sieve, split with a riffle splitter and 1 kg was pulverized to 85 % passing a 75 µm sieve. All samples were assayed by the following methods (ALS method codes have been used):

- **Au-AA25** – gold fire assay for ore grade samples using a 30 g sample weight. The sample is fused with various reagents and cupelled to produce a fused precious metal bead. This bead is then digested in acid and diluted with water before analysis by AAS. Lower and upper detection limits are 0.01 g/t and 100 g/t, respectively;

- **ME-MS61** – 48 elements trace-level assay using a four-acid sample digestion and ICP-MS analysis.

Additionally, samples that reported grades above the upper detection limit for the above methods were reanalyzed using the following methods:

- **Cu-OG62** – for samples with high grade (>1 %) copper results from ME-MS61. A four acid sample digestion is followed by analysis by ICP-AES. Only three Tartoq samples required this additional analysis.

- **Au-GRA21** – for samples with high grade (>100 g/t) gold results from Au-AA25. The sample is fused with various reagents and cupelled to produce a fused precious bead. Gold and silver are then parted in nitric acid, annealed and weighed. The lower and upper detection limits are 0.05 g/t and 1,000 g/t, respectively. Only one sample from the 2016 Tartoq required this reanalysis

Quality Assurance and Quality Control Programs

Duplicates

No duplicate samples were submitted by Nalunaq A/S as part of the 2016 sampling program.

Blanks

Two blanks samples were included in the sample batch by Nalunaq A/S. These were reportedly composed of certified blank material from a commercial source, but SRK has no further information. Both blank samples returned gold grades of 0.02 g/t, above the detection limit of the assay method (0.01 g/t). This does not necessarily indicate a contamination problem; however, the blank sample population is too small to reliably inform on this.

Certified Reference Materials

CRMs were inserted twice into the sample batch and submitted to ALS for blind assay with the 218 field samples. Two types of CRM were used, both sourced from CDN Resource Laboratories Ltd. of Langley, British Columbia, Canada:

- **CDN-GS-3F** was prepared from auriferous pyrite-bearing quartz-tourmaline veins mixed with blank granitic material. It has a certified grade of 3.10 ± 0.24 g/t gold (2SD);

- **CDN-GS-4B** was prepared from gold-bearing, highly silicified semi-massive to massive specular hematite hosted in andesites, mixed with granitic blank material. It has a certified grade of 3.77 ± 0.35 g/t gold (2SD).

CDN-GS-3F was analyzed once during the 2016 program and returned a grade of 3.43 g/t gold. This is outside of the two standard deviations error of the material certificate. CDN-GS-4B was also analyzed once and returned a grade of 4.17 g/t gold. The certified grade +2SD is 4.12 g/t gold, which is at the very upper limit of what would be acceptable for CRM performance.

One result from each CRM is insufficient to assess laboratory performance, and it cannot be determined whether the high results reported may indicate a general over-estimation of gold grade in the 2016 samples.

Data Verification

Site Visit

The QP for this commission, Mr James Gilbertson has not visited the Tartoq Exploration Project to perform a current personal inspection in accordance with NI 43-101 guidelines. This is due to seasonal weather conditions (snowfall) that occurred between the time that licence no. 2015/17 was transferred to Nalunaq A/S and when the Tartoq Report was commissioned that limited access to the project site. Mr. Gilbertson is scheduled to visit the site at the start of the 2017 field season, which is expected around June 2017.

Data Verification

SRK has not undertaken any independent check sampling of the 2016 field season samples or historic drill core. It is understood that some historical drill core may be stored in Kangerlussuaq, West Greenland, but it was not possible to inspect this core at the time of the site visit.

The comparison of historic and 2016 surface sampling results through grade histograms appears to show similar grade populations in both historic and 2016 datasets, suggesting that both programs may be representative of the various types of gold mineralization present at the project. There is, however, no record of lithology or mineralization type for each historic sample, nor a sufficient quantity of samples from the 2016 program to calculate descriptive statistics and histograms for each lithology and therefore better define the interpreted grade sub-populations and mineralization types.

Mineral Processing and Metallurgical Testing

At the time of the Tartoq Report, no mineral processing or metallurgical testing has been done by Nalunaq A/S or its contractors. This is an early phase of exploration to initiate such studies.

Mineral Resource Estimates

The Tartoq Exploration Project is an exploration stage project. There is insufficient work completed to make a meaningful estimate of Mineral Resources on the property. No economic analyses have been applied to determine a Mineral Reserve.

Conclusions

Gold mineralization at the Tartoq Exploration Project occurs in the Archaean greenstone belts in orogenic quartz-gold veins and as earlier stratabound occurrences in banded iron formations that have been altered to form massive sulphide bodies. Historic exploration has generally consisted of reconnaissance work, with only specific targets at Nuuluk and Iterlak having been targeted with short drilling programs and academic studies.

Work to date has not proved conclusively how gold mineralization is distributed within the various lithologies at Nuuluk, both in terms of distribution and grade. Quartz veins provide samples with tens of g/t gold, but in SRK's opinion they are too thin, deformed, discontinuous and insufficient in number to hold reasonable potential for economic mining on their own. Larger zones of mineralization in the form of gold-bearing altered schists, zones of veining, large massive sulphide bodies or zones of massive sulphides are required to provide sufficient tonnage and grade continuity. The majority of recent surface samples containing significant amounts of sulphides, including those from schists, have returned grades above 2 g/t gold. The distribution of gold in carbonate-altered greenschist that have not been subject to sulphide alteration and quartz veining is not yet sufficiently understood. Therefore, spatial limits of prospective lithologies within the Nuuluk Linear Belt cannot yet be applied, both in terms of thickness and strike length.

At present, the Nuuluk sample database is too small and spatially restricted to allow interpretation of gold grade across the whole carbonate-altered package. There are indeed some high grade results, but these are generally from grab samples and may not be representative of the overall mineralized package. The reliance on historic channel sampling results is limited due to missing data for channel orientation, sample lengths and sampling procedures.

If further sampling shows that gold is present in sulphide-bearing carbonate-altered schist, as well as in quartz veins, and that the continuity of grade can be demonstrated along strike and across horizons in the ECZ and WCZ then, in SRK's opinion, there is the potential of defining zones of economic gold mineralization at Nuuluk. There is currently insufficient data available at present to conclude on the potential of the Iterlak Prospect.

It is possible that further exploration will find that gold mineralization is restricted to zones of limited extent, albeit with high grades, which do not form a sufficiently coherent exploration target. SRK considers this to be the main risk to the project.

In summary, the Tartoq Licence contains gold mineralization that is worthy of further work which would be systematically designed to fill in the gaps in previous exploration and establish whether the site holds the potential to host an economic resource.

Recommendations

Introduction

The exploration priority for the Tartoq Exploration Project should focus on assessing grade continuity across known mineralized zones, principally the ECZ and WCZ at Nuuluk, followed by extension into areas of lesser historic sampling and mapping to the south. A secondary line of work should be the reconnaissance of Iterlak, attempting to prove whether mineralization is analogous to the Nuuluk Prospects and similarly qualify the gold distribution across the various lithologies.

SRK is unaware of any significant factors and risks that may affect access, title, or the right or ability to perform the exploration work recommended for the Tartoq Exploration Project.

Remote Sensing

It is recommended that multispectral satellite data is used to assist in mapping lithology, structure and alteration across all prospects ahead of commencing fieldwork in the summer field season. ASTER data has a 30 m spatial resolution and a proven track record for the identification of many alteration mineral assemblages, whereas the 20 m resolution Sentinel-2 data has a lesser spectral range, but can still be used to identify iron-rich minerals that may be related to gossans and sulphides. The low vegetation density and limited sedimentary cover lends this project area to such remote sensing analysis that will help to focus fieldwork during the short field season.

Nuuluk

The principal activity recommended at Nuuluk is a systematic channel sampling program to determine how gold is distributed across the full width of the carbonate alteration zones (ECZ and WCZ). This should aim to complete a number of long continuous channels that will sample greenstones on both FW and hanging wall sides of the ECZ and all lithologies across the zone. Sample intervals should honour lithological contacts and discontinuities of mineralization within the channel. Detailed lithological, alteration and mineralization logs should be completed for the channels and for each sample collected.

A total of 900 m of channel sampling has been proposed, comprising 8 across-strike profiles across the ECZ, taking an estimated 5-6 weeks using three diamond blade circular cutting saws.

Detailed (e.g. 1:2,000 or finer) geological mapping of the southern part of the Nuuluk Belt, not previously mapped by NunaOil (Petersen, 1992), should be completed with a focus again on identification and description of alteration, sulphide mineralization and quartz veining.

Should the results of this phase of work show potentially economic gold grades distributed over an extended area of the belt and showing continuity along- and across-strike, and not confined to quartz veins, then diamond drilling may be warranted in future field seasons.

Iterlak

Verification of historic sampling results is needed at Iterlak. Systematic grab sampling of all lithologies, alteration assemblages and zones of quartz veining and sulphide mineralization should be completed in a number of parallel traverses across geological strike of historic gold anomalies. The NunaOil drilling in the 1990s produced some promising gold results associated with anomalous arsenic grades in massive pyritic and quartz-veined sericite schist in the WVSS. For this reason, it is also recommended that a number of long channel sampling profiles be conducted across the sulphide-bearing WVSS package. The aim would be the same as at Nuuluk: to determine how gold is distributed through the package and how it relates to quartz veining, carbonate alteration and sulphides.

Mineralogical and Petrological Studies

A collection of samples that represent the various lithologies and mineralization styles in the project areas should be taken and submitted for mineralogical and petrological analysis. Whilst sufficient work may have already been done on the quartz-gold veins, further understanding is required on the nature of gold mineralization in the sulphide bodies and altered schists.

Exploration Budget

A preliminary budget for the exploration program described above is provided in Table T-3. This has been prepared by SRK and includes a number of assumptions regarding logistical requirements and costs that have been based on SRK's experience in the area and logistical costs for previous programs provided by Nalunaq A/S. It should be used only for guidance of likely costs and a more refined budget will be required at a later date.

Table T-3: Estimated Cost for the Exploration Program Proposed for the Tartoq Project

Description	Total Cost (US$)
Remote sensing study	15,000
Field staff	72,500
Logistics	57,000
Equipment and subsistence	14,000
Sample preparation and analysis	26,000
Sub-Total	**184,500**
Contingency (10%)	*18,500*
Total	**203,000**

Application for Vagar Exploration Licence

Nalunaq A/S entered into a sale and purchase agreement with NunaMinerals A/S, acting though its bankruptcy receiver, on February 6, 2017 to acquire the Vagar Licence, along with all mineral exploration and mining-related data, maps and reports pertaining to the Vagar Licence, for a purchase price of DKK 50,000 conditional upon the MLSA's approval on terms acceptable to Nalunaq A/S. Nalunaq A/S has filed applications with the MLSA requesting that the Vagar Licence be transferred to Nalunaq A/S. The Vagar Licence covers an official area of 435 km^2 and comprises three sub-areas which are described below. The acquisition of this licence area is potentially important to the Corporation since it is close to the Nalunaq Property and hosts a number of gold prospects that lie along the prospective Nanortalik Gold Belt, some of which show similarities to Nalunaq.

The Vagar Prospect

The Vagar prospect is the principal target in the licence area and is located about 20 km northwest of the Nalunaq Gold Mine. Following the identification of geochemical anomalies in scree and stream sediment samples, primary gold mineralization was discovered in a number of areas. The main area of interest was the so-called Greater Amphibolite Ridge (although there are no amphibolites). The area is predominantly underlain by granodiorites and gold mineralization (probably orogenic, although under review) is found in quartz veins hosted in or close to regional shear zones. There may also be evidence that gold occurs within alteration zones in the granodiorites. Further work is required to delineate further gold occurrences and to establish strike extensions from known occurrences.

Nalunaq East

The Nalunaq East sub-area adjoins the Nalunaq Licence to its east and south. Very little exploration apart from short reconnaissance programs has been undertaken in this area. It is of interest since the area includes the same gold-hosting lithologies as at Nalunaq (Palaeoproterozoic amphibolites), and the same structure that hosts gold at Nalunaq should extend into this area. Gold mineralization has been reported from grab samples of quartz veins taken during historical reconnaissance but this is yet to be followed up. The identification of these veins and their potential extent would be a key requirement for further exploration.

Lake 410

The Lake 410 area is located 17 km southwest of Nalunaq and is dominated by amphibolites that are part of the same sheet of metavolcanics that host the Nalunaq gold deposit. Historical exploration, including outcrop sampling and diamond drilling has reported low grade gold mineralization in quartz veins hosted by a potentially continuous structure, again showing similarities to Nalunaq. Further exploration and a detailed examination of historical data is required to fully understand this prospect.

Figure V-1: Geological map defining the boundaries of the Nalunaq Licence (red) and the Vagar Licence (blue; divided into three sub-areas). The map is tilted and is in 3D; the view is towards the north.

USE OF PROCEEDS

Funds Available and Principal Purposes

Maximum Offering

The gross proceeds of the Maximum Offering to the Corporation will be $10,000,000 (excluding any Shares sold upon exercise of the Over-Allotment Option). The estimated net proceeds of the Maximum Offering to the Corporation after deduction of the anticipated Commission of $650,000 (excluding any Shares sold upon exercise of the Over-Allotment Option) but excluding the Offering expenses of $530,000 will be $9,350,000.

Minimum Offering

The gross proceeds of the Minimum Offering to the Corporation will be $5,000,000 (excluding any Shares sold upon exercise of the Over-Allotment Option). The estimated net proceeds of the Minimum Offering to the Corporation after deduction of the anticipated Commission of $325,000 (excluding any Shares sold upon exercise of the Over-Allotment Option) but excluding the Offering expenses of $530,000 will be $4,675,000.

The principal purposes for which such funds are intended to be used are listed below in order of their priority. However, the amounts set forth below are merely estimates, and will be reviewed and adjusted as the exploration program progresses.

Principal Purposes	**Minimum Offering - Estimated Amount to be Expended**	**Maximum Offering - Estimated Amount to be Expended**
Underground exploration program	-	$4,395,000
Components:		
Mobilization		$1,310,000
Lateral development (42 days, target 400m)		$1,186,000
Drilling (1,700 m)		$204,000
Dewatering		$91,000
Demobilization		$335,000
Management, logistics, support, reporting and other		$1,269,000
Surface exploration program	$1,807,000	$1,433,000
Components:		
Mobilization/demobilization	$131,000	$59,000
Drilling (3,150 m)	$469,000	$351,000
Surface reconnaissance and sampling at Nalunaq	$148,000	$128,000
Surface reconnaissance and sampling at Tartoq and other areas	$150,000	$300,000
Mining method and remnant mining investigation	$67,000	$67,000
Helicopter support	$130,000	$170,000
Management, logistics, support, reporting and other	$712,000	$358,000
Nalunaq Infrastructure	$396,000	$796,000
Components:		

Camp	$300,000	$300,000
Heavy equipment and transportation	$96,000	$133,000
Fuel storage	-	$50,000
Infrastructure in the mine	-	$313,000
General and administrative expenses for 18 months	$1,339,000	$1,339,000
Components:		
Directors and officers	$713,000	$713,000
Professional fees	$331,000	$331,000
Office, travel, investor relations and other	$295,000	$295,000
Working capital deficiency	$360,000	$360,000
Unallocated, including contingencies	$243,000	$497,000

The Corporation plans to use majority of proceeds to undertake the work program at the Nalunaq Property, as recommended in the Nalunaq Report.

The Corporation intends to use up to approximately $4,395,000 of the net proceeds of the Maximum Offering to fund the underground exploration program at the Nalunaq Property. As recommended in the Nalunaq Report, the underground exploration program will be implemented gradually, and may be refined as the program progresses. Therefore, the amount of $4,395,000 represents only part of the underground exploration program budget provided for in the Nalunaq Report.

The Corporation intends to use between $1,433,000 and $1,807,000 of the net proceeds to fund the surface exploration program at the Nalunaq Property and the Tartoq Property. It is expected that there will be synergies in executing the Nalunaq and Tartoq exploration programs simultaneously, and at least $150,000 is allocated to be used for exploration at the Tartoq Property. If the Minimum Offering is completed, the drilling program for the Nalunaq Property as indicated in the Nalunaq Report is expected to be implemented and the Corporation will scale back on some of the exploration work. However, if the Maximum Offering is completed, the drilling program on the Nalunaq Property would be reduced slightly from the program indicated in the Nalunaq Report and the Corporation will complete the exploration program on the Tartoq Property as provided for in the Tartoq Report.

The Corporation considers the exploration budgets set forth in the Nalunaq Report and the Tartoq Report to be preliminary estimates that are subject to ongoing adjustment as circumstances relating both to the Corporation and to its outside service providers evolve.

The Corporation intends to use between $396,000 and $796,000 of the net proceeds to invest in infrastructure around the Nalunaq Gold Mine site, which will facilitate the exploration programs.

The Corporation intends to use approximately $1,339,000 of the net proceeds for general and administrative expenses in the next 18 months following the Closing, of which $826,000 ($550,000 on an annual basis) is planned to be used for compensation for the Board and the management excluding any share-based compensation. An additional $238,000 ($158,000 on an annual basis) of compensation payable to the officers is included in the figures for the underground and surface exploration programs.

Unallocated funds will be available to finance additional activities including, but not limited to, exploration in Greenland on both the Nalunaq Property and other properties, currently owned and newly acquired, as well as for general corporate and working capital purposes of the Corporation. The working capital deficiency of the

Corporation and Nalunaq A/S as at March 31, 2017 was $138,340 and $403,976, respectively, for a total of $542,316. As at May 31, 2017, the estimated working capital deficiency of the Corporation and Nalunaq A/S was $480,000 and $546,000, respectively, for a total of $1,026,000. Also, as at May 31, 2017, in connection with the principal purposes for which the proceeds are intended to be used, this working capital deficiency was reduced by $445,000, representing the Offering expenses, by $47,000, representing surface exploration expenses (planning), and by conversion of debt to equity in the amount of $173,978, as described in "*The Corporation - Pre-IPO Reorganization*".

Nalunaq A/S had negative operating cash flow for the years ended December 31, 2015 and 2016. The Corporation expects to have negative operating cash flow for the foreseeable future until a commercially viable deposit has been found and developed. The net proceeds raised under the Offering are expected to finance operations for a period of at least 18 months, based on estimated total operating costs during that period of between $4,145,000 and $8,820,000, including the underground and surface exploration programs, infrastructure and estimated general and administrative expenses.

The Corporation intends to spend the funds as stated in this Prospectus. There may, however, be circumstances where for sound business reasons a re-allocation of funds is necessary. See "*Risk Factors*".

Any additional proceeds from the exercise of the Over-Allotment Option will be added to the Corporation's general working capital.

Business Objectives and Milestones

The Corporation's primary objective following completion of the Offering is to complete the exploration program of the Nalunaq Property and the Tartoq Property as recommended in the Nalunaq Report and the Tartoq Report, subject to the qualifications described below.

The Tartoq License is an exploration licence. In the context of an exploration licence, fixed exploration obligations must be met every year in order to allow the renewal of such licence. If those obligations are not met, certain measures may be taken by the licence holder to rectify the situation, including reducing the area of the licence proportionately to the spending shortfall or rolling over the exploration commitment to the next period subject to approval from the MLSA. Under the Tartoq Licence, Nalunaq A/S is required to complete exploration activities for a total of $202,975 in 2017 and $182,850 in 2018. However, for the purpose of crediting expenditures against the amounts set forth in the Tartoq Licence, actual expenditures are multiplied by a factor of between 1.5x and 3x. Such exploration obligations will be fully met by the Corporation only if the Maximum Offering is raised. In the event that the Minimum Offering is raised, it is expected that the Corporation will either roll over any unspent amount to the next period or reduce the area of the Tartoq Licence.

It must be noted that the Nalunaq License is an exploitation licence, the main objective of which is to provide assurance to the MLSA that the Nalunaq Property will be brought into production by January 1, 2021. As a result, such amounts and timelines are subject to ongoing adjustment taking into account, among other matters, actual versus budgeted costs and the results of each successive phase of the work program.

The immediate objective of the Corporation is to complete the current phase of its work program as is expected to be outlined in Addendum No. 4 (which is currently being drafted) to the Nalunaq Licence, being the performance of exploration work having a total estimated budget of US$10,259,000 by no later than December 31, 2018. Specifically, as a first milestone, the Corporation intends to carry out the first phase of this planned overall work program, which, if the Minimum Offering is raised, will consist of surface reconnaissance and sampling, surface exploration drilling, geological and/or geophysical ground surveys and mining method and remnant mining investigation at a total estimated cost of approximately US$2.8 million ($3.8 million), as reported to the MLSA. The first phase of this overall work program is estimated to be completed by the end of December 2017, including assaying of samples. If the Maximum Offering is raised, a second phase shall be added which shall consist of lateral development underground of approximately 400 m and drilling of

approximately 1,700 m at a total estimated amount of US$9.2 million ($12.3 million), which amount is calculated based on actual expenditures multiplied by a factor of between 1.5x and 3x, as reported to the MLSA. It should be noted, as well, that for the purpose of crediting expenditures against the amounts set forth in Addendum No. 4 (which is currently being drafted), the multiplier depends upon the type of expenditure made. Depending upon the result obtained, the Corporation will then either confirm or adjust the remaining phase(s) of the work program, and, to the extent necessary, request any changes that may be warranted to the Nalunaq Licence through an Addendum No.5. The proceeds to be raised through the Offering are intended to provide for the complete funding of this first phase, as well as providing the Corporation with adequate working capital to cover its overhead for a period of 18 months. Should additional work be warranted based on the results of the first phase of the work program, the Corporation intends to raise the required funding through further issuances of shares in the future. To the extent the Minimum Offering is raised and the first phase of the planned overall work program described above is completed, the Corporation estimates that exploration expenditures in the amount of approximately $5,100,000 (prior to giving effect to the multiplier factor discussed above) will remain to be incurred by December 31, 2018 to satisfy the conditions of the Nalunaq Licence. To the extent the Maximum Offering is raised and the second phase of the planned overall work program described above is completed, the Corporation estimates that exploration expenditures in the amount of approximately $100,000 (prior to giving effect to the multiplier factor discussed above) will remain to be incurred by December 31, 2018 to satisfy the conditions of the Nalunaq Licence.

Unallocated Funds in Trust or Escrow

Unallocated funds will be deposited in the Corporation's bank account and added to the working capital of the Corporation. The Chief Financial Officer of the Corporation is responsible for the supervision of all financial assets of the Corporation. Based on the Corporation's cash flow requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary.

DIVIDEND RECORD AND POLICY

The Corporation intends to retain its earnings to finance growth and expand its operations and does not expect to pay any dividends in the foreseeable future. The Corporation does not currently have a policy with respect to the payment of dividends.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following MD&A should be read in conjunction with the statement of exploration and evaluation and environmental monitoring expenses of Nalunaq, the financial statements of the Corporation and the Nalunaq Financial Statements included in this Prospectus. This discussion is current as of the date of this Prospectus. The statement of exploration and evaluation and environmental monitoring expenses, the financial statements of the Corporation and of Nalunaq A/S and the financial information contained in this MD&A were prepared in accordance with IFRS.

Statement of Exploration and Evaluation and Environmental Monitoring Expenses

The statement of exploration and evaluation and environmental monitoring expenses incurred by the previous owner for the Nalunaq property summarizes the operations for the period from January 1, 2015 to October 15, 2015. The exploration and evaluation expenses incurred for this period are the following:

	$
Geology	111,815
Logistics and mobilization	117,838
Infrastructure	2,701
Analysis	3,070
Supplies and equipment	54,300
Total expenses incurred during the period	**289,724**

The main activities for this period can be summarized as follows:

- Identification, mapping and sampling of the Main Vein (the principal mineralised structure) on the steep northwest face of the Nalunaq Mountain in order to confirm, for the first time, continuity of mineralisation in this direction;

- Reopening of the 350 Level portal to gain access for underground inspections;

- Mining Engineer's inspection of the underground areas including the general condition and assessment of requirements to support proposed underground exploration;

- Mineral Processing Engineer's inspection of the underground processing plant to assess its condition and requirements for rehabilitation to operational status, as well as recommendations to improve its performance;

- General inspection of surface conditions and infrastructure requirements for future operations;

- Meetings with local authorities and other representatives in Nanortalik in order to explain the new management structure and planned developments for the project;

- Completion of a new Mineral Resource Estimate for the Nalunaq project based on historical data and new observations and results obtained in 2015.

In addition, the Nalunaq Property was acquired from the previous owner on October 15, 2015, with a $735,150 escrow account for environmental monitoring and a $356,057 environmental monitoring provision. This escrow account was set up in favour of the Government of Greenland as security for fulfilling the environmental monitoring expenses following the closure of the Nalunaq Gold Mine.

For the period from January 1, 2015 to October 15, 2015, the previous owner incurred $55,662 in environmental monitoring expenses, all of which was funded from the escrow account.

Financial Statements of the Corporation and Nalunaq A/S

The financial statements of the Corporation as at March 31, 2017 present a 1$ cash balance and a 1$ capital stock in the statement of financial position. Offering expenses were incurred by the Corporation and $138,341 relating to these expenses was included in the deferred share issuance costs of the Corporation's financial statements as at March 31, 2017.

Therefore, the following MD&A will discuss mainly the financial results of Nalunaq A/S included in the Nalunaq Financial Statements.

The following MD&A contains forward-looking information that involves numerous risks and uncertainties. Actual results of the Corporation could differ materially from those discussed in such forward-looking information as a result of these risks and uncertainties, including those set forth in this Prospectus under "*Cautionary Statement Regarding Forward-Looking Information*" and under "*Risk Factors*".

Overview

Nalunaq A/S was incorporated on September 25, 2015 and is governed by the *Greenland Public Companies Act*. Its head office is situated at Qullilerfik 2, 6, 3900 Nuuk, Greenland. As at March 31, 2017, the shareholders of Nalunaq A/S are ARC at 66.67% and FBC Nalunaq at 33.33%. Nalunaq A/S operates in one industry segment, being the identification, acquisition, exploration and development of mineral properties in Greenland.

Selected Annual Financial Information

	Year ended December 31, 2016	98 days ended December 31, 2015
Revenues	-	-
Exploration and evaluation expenses	$800,103	-
General and administrative expenses	$445,188	$8,517
Net loss	$1,143,424	$8,504
Cash on hand	$137,322	$41,791
Total assets	$772,153	$768,488
Total current liabilities	$460,805	$74,511
Shareholders' equity	$187,939	$329,108
Working capital (deficiency)	$(182,050)	$41,791

Selected Quarterly Financial Information

The following data for the three quarterly periods of 2016 has been derived from Nalunaq A/S' accounting records and the data for the 98-day period and should be read in conjunction with the Nalunaq Financial Statements included elsewhere in this Prospectus.

	Three months ended March 31, 2017	Three months ended Dec. 31, 2016	Three months ended Sept. 30, 2016	Three months ended June 30, 2016	Three months ended March 31, 2016	98 days ended December 31, 2015
Revenues	-	-	-	-	-	-
Exploration and evaluation expenses	$46,346	$139,393	$595,762	$64,948	-	-
General and administrative expenses	$172,171	$118,642	$109,442	$132,455	$84,649	$8,517
Net loss	$220,053	$251,026	$691,060	$140,757	$60,581	$8,504
Cash on hand	$58,999	$137,322	$32,399	$27,189	$40,295	$41,791
Total assets	$785,310	$772,153	$687,878	$652,173	$682,442	$768,488
Total current liabilities	$693,817	$460,805	$1,138,363	$262,969	$81,181	$74,511
Shareholders' equity (deficiency)	$(33,716)	$187,939	$(578,999)	$118,926	$264,893	$329,108
Working capital (deficiency)	$(403,976)[1]	$(182,050)	$(959,040)	$(235,780)	$(40,886)	$41,791

Note:

(1) As at May 31, 2017, the estimated working capital deficiency of Nalunaq A/S was $546,000.

Summary of Quarterly Results

Three months ended March 31, 2017:

- On February 6, 2017, Nalunaq A/S entered into a sale and purchase agreement with NunaMinerals A/S to acquire the Vagar exploration licence located in Western Greenland for a purchase price of $9,465 conditional upon the approval of the Greenland authorities.

- Included within general and administrative expenses, professional fees were spent on the corporate reorganization related to the Offering.

- Exploration and evaluation expenses were incurred for a sum of $46,346 and are composed primarily of geological expenses.

Three months ended December 31, 2016:

- On October 21, 2016, 501,000 shares of Nalunaq A/S were issued at a value of $1,014,023 (DKK 5,208,128) to the shareholders of Nalunaq A/S.

- Exploration and evaluation expenses were incurred for a sum of $139,393.

Three months ended September 30, 2016:

- On July 6, 2016, Nalunaq A/S signed a sale and purchase agreement to purchase from Nanoq the Tartoq Licence located in Southwest Greenland, for a total consideration of $7,221.

- The majority of exploration and evaluation work was performed on the Nalunaq Property for $548,704 and on the Tartoq Property for $47,058. The largest expenses are geology, logistics and mobilization as well as infrastructure.

Three months ended June 30, 2016:

- The field exploration and evaluation campaign for the Nalunaq Property began at a cost of $64,948.

Three months ended March 31, 2016:

- Payment for environmental monitoring work of $75,880 on January 22, 2016.

98 days ended December 31, 2015:

- Nalunaq A/S was incorporated on September 25, 2015.

- On September 25, 2015, 501,000 shares of Nalunaq A/S were issued at a value of $100,901 (DKK 501,000) to the shareholders of Nalunaq A/S.

- Nalunaq A/S bought the Nalunaq Licence on October 15, 2015 from Angel Mining Subco for a total consideration of $47,175, as further described below under "*Management's Discussion and Analysis – Property Acquisition*".

Property Acquisition

Property acquisitions are capitalized in the Statement of Financial Position.

As per an October 15, 2015 sale and purchase agreement, Nalunaq A/S bought from Angel Mining Subco, for a total consideration of $47,175, the following assets, free and clear of any encumbrances and liabilities other than those described below and in note 6.1.2 to the Audited Nalunaq Financial Statements:

- The Nalunaq Licence giving the right to carry out exploitation activities;
- Any remaining assets in the area of the Nalunaq Licence, excluding the processing plant;
- The amounts remaining in the escrow account relating to the environmental monitoring; and
- The environmental monitoring obligations attached to the Nalunaq Licence.

The details of the Nalunaq Licence acquisition, which was accounted for as an asset acquisition, are as follows:

	$
Escrow account for environmental monitoring	726,599
Mineral properties	1
Environmental monitoring provision	(337,848)
Total consideration paid	(47,175)
Contributed surplus	341,577

The 1% FBC Nalunaq Royalty and the US$1,999,999 deferred consideration will be recorded when they are paid to FBC Nalunaq, if ever paid.

On July 6, 2016, Nalunaq A/S signed a sale and purchase agreement to purchase the Tartoq Licence from Nanoq for a total consideration of $7,221.

On February 6, 2017, Nalunaq A/S entered into a sale and purchase agreement with NunaMinerals A/S to acquire the Vagar exploration licence for a purchase price of $9,465 conditional upon the approval of the Greenland authorities. All costs related to Vagar are shown in prepaid expenses and others in the Statement of Financial Position as at March 31, 2017.

Exploration and Evaluation Expenses

Exploration and evaluation expenses are included in the operating loss in the Statement of Comprehensive Loss. Nalunaq A/S incurred the following expenses for the three months ended March 31, 2017 and in 2016 (none in the 98 days ended December 31, 2015):

Three months ended March 31, 2017	**Nalunaq**	**Tartoq**	**Total**
	$	$	$
Geology	20,670	25,059	45,729
Analysis	489	185	674
Taxes and permits	-	(57)	(57)
Exploration and evaluation expenses	**21,159**	**25,187**	**46,346**

Year ended December 31, 2016	**Nalunaq**	**Tartoq**	**Total**
	$	$	$

Year ended December 31, 2016	Nalunaq	Tartoq	Total
	$	$	$
Geochemistry	-	694	694
Geology	306,079	26,546	332,625
Logistics and mobilization	212,649	21,497	234,146
Analysis	14,652	15,248	29,900
Infrastructure	169,742	-	169,742
Supplies and equipment	23,514	8,132	31,646
Taxes and permits	-	1,035	1,035
Share-based payments	-	315	315
Exploration and evaluation expenses	**726,636**	**73,467**	**800,103**

Environmental Monitoring Expenses

When Nalunaq A/S purchased the Nalunaq Property on October 15, 2015, it came with a $726,599 escrow account for environmental monitoring and a $337,848 environmental monitoring provision. This escrow account was set up in favour of the Government of Greenland as security for fulfilling the environmental monitoring expenses following the closure of the Nalunaq Gold Mine.

In 2016, Nalunaq A/S incurred $75,880 (none in the 98 days ended December 31, 2015) in environmental monitoring expenses, all of which was funded from the escrow account.

Liquidity and Capital Resources

As at December 31, 2016, Nalunaq A/S had a working capital deficiency of $182,050 (positive working capital of $41,791 as at December 31, 2015). The shareholders funded Nalunaq A/S through share issuances for $1,014,023 in 2016 ($100,901 in the 98 days ended December 31, 2015). In addition, a shareholder advanced $167,266 payable as at December 31, 2016 (none in December 2015).

As at March 31, 2017, the Corporation and Nalunaq A/S had a working capital deficiency of $138,340 and $403,976, respectively, for a total of $542,316. As at May 31, 2017, the estimated working capital deficiency of the Corporation and Nalunaq A/S was $480,000 and $546,000, respectively, for a total of $1,026,000. Also, as at May 31, 2017, in connection with the principal purposes for which the proceeds are intended to be used, this working capital deficiency was reduced by $445,000, representing the Offering expenses, by $47,000, representing surface exploration expenses (planning), and by conversion of debt to equity in the amount of $174,000, as described in "*The Corporation - Pre-IPO Reorganization*".

As at March 31, 2017, Nalunaq A/S had a payables to shareholders of $326,030. On March 1, 2017, March 30, 2017, April 10, 2017 and April 19, 2017, Nalunaq A/S signed loan agreements with ARC and FBC Mining (BA) Limited whereby ARC and FBC Mining (BA) Limited agreed to make available US$80,000 and US$106,707, respectively, to Nalunaq A/S. As at March 31, 2017, the shareholder loans amount to $88,904. The loans bear no interest and are payable in one installment upon request when Nalunaq A/S has sufficient cash reserves.

The net proceeds raised under the Offering are expected to finance operations for a period of at least 18 months, based on estimated total operating costs during that period of between $4,145,000 and $8,820,000, including the underground and surface exploration programs, infrastructure and estimated general and administrative expenses.

The shareholders have contributed the necessary funds to advance the exploration programs. Management is exploring all available options to secure funding when required, including equity financing such as the Offering. While management has secured financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation or Nalunaq A/S.

Off Balance Sheet Arrangements

Neither the Corporation nor Nalunaq A/S has any off-balance sheet arrangements.

Transactions between Related Parties

Transactions between related parties are described in note 16 to the Audited Nalunaq Financial Statements for the Year Ended December 31, 2016.

Changes in Accounting Policies

Changes in accounting policies are described in note 3 to the Audited Nalunaq Financial Statements for the Year Ended December 31, 2016.

Financial Instruments

Financial instruments are described in note 17 to the Audited Nalunaq Financial Statements for the Year Ended December 31, 2016.

Shares and Preferred Shares

As at March 31, 2017, the Corporation had 1 Share and no preferred share issued and outstanding.

See "*Consolidated Capitalization*".

Stock Options

As of the date of this Prospectus, the Corporation did not have any options to purchase securities outstanding. However, the Corporation intends to issue approximately 1,360,000 options at Closing.

See "*Options to Purchase Securities*".

On July 6, 2016, Nalunaq A/S signed a service agreement with a consultant together with a share option agreement whereby Nalunaq A/S granted an option to purchase 165 shares of Nalunaq A/S at an exercise price of $0.19 (DKK 1) per share, with an expiry date of August 30, 2018. As per a February 12, 2017 agreement, Nalunaq A/S will pay $12,728 (US$9,735) to the consultant in lieu of issuing shares.

DESCRIPTION OF THE SHARE CAPITAL

Authorized and Issued Share Capital

The authorized share capital of the Corporation consists of an unlimited number of Shares without par value and an unlimited number of preferred shares without par value, issuable in series. Upon completion of the Offering (assuming completion of the Maximum Offering but excluding any Shares sold upon exercise of the Over-Allotment Option), there will be 56,000,000 Shares and no preferred shares issued and outstanding.

Shares

The holders of the Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation and each Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Corporation, except meetings at which holders of a specified class or series of shares are entitled to vote. The holders of the Shares, subject to the prior rights, if any, of the holders of any other class or series of shares of the Corporation, are entitled to receive such dividends in any financial year as the Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of the Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class or series of shares of the Corporation, the remaining property and assets of the Corporation.

Preferred Shares

The Corporation is authorized to issue an unlimited number of preferred shares, issuable in one or more series. Each series of preferred shares shall consist of such number of shares having such rights, restrictions and conditions as may be determined by the Board prior to the issuance thereof. Holders of preferred shares, except as otherwise provided in the terms specific to a series of preferred share or as required by law, will not be entitled to vote at meetings of holders of Shares. With respect to the payment of dividends and distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the preferred shares may be entitled to preference over the Shares and may also be given such other preferences over the Shares as may be determined at the time of creation of such series.

The issuance of preferred shares and the terms selected by the Board could decrease the amount of earnings and assets available for distribution to holders of Shares or adversely affect the rights and powers, including the voting rights, of the holders of Shares.

See "*Consolidated Capitalization*".

ADVANCE NOTICE BY-LAW

The by-law adopted by the Board includes provisions requiring advance notice of nominations of directors of the Corporation.

The purpose of the Advance Notice By-law is to ensure that meetings of shareholders of the Corporation are conducted in an orderly and efficient manner and that all shareholders have access to the same information pertaining to all directors nominated for election so they may cast an informed vote. Among other things, the Advance Notice By-Law fixes a deadline by which a shareholder must submit director nominations to the Corporation prior to any annual or special meeting of shareholders. It also specifies the information that a nominating shareholder must include in the notice to the Corporation in order for any director nominee to be eligible for election at any annual or special meeting of the shareholders.

The Advance Notice By-law provides that advance notice to the Corporation must be made in circumstances where nominations of persons for election to the Board are made by shareholders other than pursuant to a "proposal" made in accordance with the CBCA or a requisition of a meeting made pursuant to the CBCA.

No person nominated by a shareholder will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice By-law.

In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 days and not more than 65 days prior to the date of the annual meeting (but in any event, not prior to the date of the public announcement of such meeting); provided, however, that in the event that the annual meeting is to be held on a date that is less than 45 days after the date on which the public announcement of the date of the

annual meeting was made, notice may be made not later than the close of business on the tenth day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors, notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

CONSOLIDATED CAPITALIZATION

The following table sets out the share capitalization of the Corporation as at the dates specified below.

Authorized Capital	As at March 31, 2017	As at the date of this Prospectus before giving effect to the Offering but after giving effect to the granting of Options	As at the date of this Prospectus after giving effect to the Minimum Offering (1)	As at the date of this Prospectus after giving effect to the Maximum Offering (1)
Capital Stock	$1.00(2)	$18,000,000(3)	$21,943,500(4)	$26,417,000(5)
Contributed Surplus- Agents' Warrants	-	-	$201,500(4)	403,000(5)
Contributed Surplus - Options	-	$466,200(6)	$466,200(6)	$466,200(6)
Deficit	-	($466,200)(6)	($466,200)(6)	($466,200)(6)
Total Equity	$1	$18,000,000	$22,145,000	$26,820,000

Notes:

(1) Does not include any Shares issued upon exercise of the Over-Allotment Option.

(2) See "*Prior Sales of Securities*". As per the Corporation's March 31, 2017 audited financial statements, one Share is outstanding at $1.00.

(3) As part of the Pre-IPO Reorganization, 35,999,999 Shares were issued, which Shares were valued for the purposes of this consolidated capitalization table at the Offering Price of $0.50. The costs related to the Share issuance are expected to be minimal.

(4) The 36,000,000 Shares outstanding plus the 10,000,000 Shares issued under the Minimum Offering are valued at the Offering Price of $0.50, less $325,000 of Commission, $201,500 of Agents' Warrants and $530,000 of Offering expenses. Total Agents' Warrants costs of $201,500, or $0.31 per Agents' Warrant, was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 0.91% risk-free interest rate and 3 year option expected life. These expected life and volatility figures were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

(5) The 36,000,000 Shares outstanding plus the 20,000,000 Shares issued under the Maximum Offering are valued at the Offering Price of $0.50, less $325,000 of Commission, $403,000 Agents' Warrants and $530,000 of Offering expenses. Total Agents' Warrants costs of $201,500, or $0.31 per Agents' Warrant, was estimated using the method as described in note four above.

(6) At the Initial Closing, the Corporation intends to issue 1,260,000 options to purchase Shares. See "*Options to Purchase Securities*". Total stock-based compensation amounts to $466,200, for an estimated fair value of $0.37 per option. The fair value of options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 1.2% risk-free interest rate and a 5 year option expected life. These expected life and volatility figures were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

OPTIONS TO PURCHASE SECURITIES

Outstanding Options

There are currently no options to purchase securities of the Corporation which are outstanding. At the Initial Closing, the Corporation intends to issue the following options pursuant the Option Plan.

Name	Number of Options	Exercise Price	Expiry Date
George Fowlie	200,000	$0.50	5 years from Initial Closing
Eldur Ólafsson	500,000	$0.50	5 years from Initial Closing
Robert Menard	100,000	$0.50	5 years from Initial Closing
Georgia Quenby	100,000	$0.50	5 years from Initial Closing
Graham Stewart	100,000	$0.50	5 years from Initial Closing
Ingrid Martin	100,000	$0.50	5 years from Initial Closing
Justinas Matusevičius	150,000	$0.50	5 years from Initial Closing
Joan Plant	100,000	$0.50	5 years from Initial Closing
Yvon Robert	10,000	$0.50	5 years from Initial Closing

Stock Option Plan

The purpose of the Option Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified directors, senior officers, employees and consultants of the Corporation, to reward such of these participants from time to time for their contributions toward the long-term goals of the Corporation and to enable and encourage such participants to acquire Shares as long-term investments.

The Option Plan has the following key features:

- The total number of Shares issuable pursuant to the Option Plan is up to a maximum of 10% of the number of issued and outstanding Shares at the time of the grant.

- Options may be granted from time to time to Eligible Persons.

- The maximum number of Shares that may be issued to any individual in any 12-month period under the Option Plan may be no more than 5% of the number of issued and outstanding Shares. The foregoing restriction is reduced to 2% in the case of any consultant to the Corporation.

- The maximum number of Shares which may be reserved in any 12-month period for issuance to all persons engaged in investor relations activities may not exceed 2% of the number of issued and outstanding Shares.

- The exercise price for each option is fixed by the Board at the time of the grant in compliance with the Option Plan, applicable law, and the policies of the Exchange, which state that the exercise price may not be less than the closing price of the Shares on the Exchange or any other exchange on the last trading day immediately preceding the grant of a stock option to an Eligible Person, less the discount permitted by the Exchange.

- Options cannot be granted for a term exceeding 10 years.

- Options granted shall vest, and become exercisable, according to the terms in the Option Plan. Options granted to consultants providing investor relations activities shall vest in stages over a 12-month period, with a maximum of one-quarter of the options vesting in any three-month period.

- Options granted pursuant to the Option Plan are non-transferable and non-assignable, other than by will or by the laws of descent and distribution.

- Options are subject to early termination in the event that an optionee ceases to be an Eligible Person, in which case such optionee may exercise his or her vested options, but only within 90 days of the date on which the Eligible Person ceases to be eligible, but not beyond the normal expiry of the term of the options.

- In the event that an Eligible Person ceases to be an Eligible Person as a result of permanent disability, such optionee may exercise his or her vested options, but only within three months of the date on which the Eligible Person ceases to be eligible, but not beyond the normal expiry of the term of the options.

- In the event of the death of an Eligible Person, vested options held by such Eligible Person may continue to be exercised up to one year following the death, but not beyond the normal expiry of the term of the options.

PRIOR SALES OF SECURITIES

The following table summarizes the sales of Shares by the Corporation within the 12 months before the date of this Prospectus.

Issue Date	Price Per Share	Number of Shares Issued	Proceeds to the Corporation
February 22, 2017	$1.00	1	$1.00
June 26, 2017(1)	N/A(2)	35,999,999	N/A(2)
Total		**36,000,000**	**N/A(2)**

Notes:

(1) Shares issued to FBC Nalunaq, ARC and ARC's shareholders in connection with the Pre-IPO Reorganization. See "*The Corporation – Pre-IPO Reorganization*".

(2) The Shares were issued in exchange for all of the issued and outstanding shares of Nalunaq A/S. See "*The Corporation – Pre-IPO Reorganization*".

ESCROWED SECURITIES

NP 46-201 provides that all securities of an issuer owned or controlled by a Principal must be escrowed at the time of the issuer's initial public offering, unless the securities held by such Principal or issuable to the Principal upon conversion of convertible securities held by the Principal collectively represent less than 1% of the total issued and outstanding securities of the issuer after giving effect to the initial public offering.

In accordance with NP 46-201 and pursuant to the Escrow Agreement entered into among the Principals, the Corporation and the Escrow Agent, and assuming no Shares offered hereunder are purchased by the Principals other than the 1,000,000 Shares referred to under the heading "*Plan of Distribution – The Offering*", it is anticipated that the following securities of the Corporation will be deposited into escrow pursuant to the terms of the Escrow Agreement:

Designation of Class	Number of Shares held in Escrow	Percentage of Class before the Offering	Percentage of Class after completion of the Minimum Offering(1)	Percentage of Class after completion of the Maximum Offering(1)
Shares(2)	37,000,000	100%	80.4%	66.1%

Note:
(1) Does not include any Shares issued upon exercise of the Over-Allotment Option.
(2) These Shares are owned by ARC, ARC's shareholders and FBC Nalunaq. See "*The Corporation – Pre-IPO Reorganization*".

The escrowed Shares shall not be released unless listing of the Shares is completed by the Corporation. The Corporation is an "emerging issuer" pursuant to NP 46-201. As the Corporation is an emerging issuer, the escrowed Shares will be subject to a 3 years escrow: the original number of escrowed Shares may be released as to 10% of the number of escrowed Shares on the Listing Date and as to 15% every 6 months after such initial release, such that all escrowed Shares will have been released 36 months after the Listing Date. The release schedule may be accelerated if the Corporation, after the Listing Date, meets "Tier 1 Issuer" listing requirements of the Exchange or otherwise establishes itself as an "established issuer" as described in NP 46-201.

Statutory Hold Periods

In addition to the foregoing, securities legislation imposes certain resale restrictions on securities issued within four months prior to an initial public offering. The legislation which imposes and governs these hold periods is NI 45-102. All certificates representing securities subject to these restrictions will bear legends indicating the applicable hold periods.

PRINCIPAL HOLDERS OF SHARES

To the knowledge of the directors and officers of the Corporation, as of the date of this Prospectus, no person beneficially owns or exercises control or direction over Shares carrying more than 10% of the votes attached to the outstanding securities of the Corporation except for the following:

Name	Number of Shares owned, controlled or directed	Percentage of Shares held prior to the Offering	Percentage of Shares held after completion of the Minimum Offering(1)	Percentage of Shares held after completion of the Maximum Offering(2)
FBC Holdings(3)(4)(5)	12,000,000	33.3%	28.04%	23.04%
Crossroads(6)	5,887,204	16.4%	12.8%	10.51%
Vatnar(7)(8)	5,887,204	16.4%	13.02%	10.69%

Notes:
(1) Assumes 46,000,000 Shares outstanding on completion of the Minimum Offering, without giving effect to the exercise of the Over-Allotment Option.
(2) Assumes 56,000,000 Shares outstanding on completion of the Maximum Offering, without giving effect to the exercise of the Over-Allotment Option.
(3) Held indirectly through its wholly-owned subsidiaries FBC Mining and FBC Nalunaq.

(4) Assumes the acquisition of 900,000 Shares pursuant to the Offering.
(5) Ultimate parent of FBC Holdings is Cyrus Capital Partners, LP, a US/London-based investment advisor who manages US$4.5bn, focused on deep value and legal/process-oriented opportunities.
(6) A company controlled by Mr Valgard M. Valgardsson and Mrs Dora Bjork Magnusdottir.
(7) A company controlled by Mr. Eldur Ólafsson.
(8) Assumes the acquisition of 100,000 Shares pursuant to the Offering.

DIRECTORS AND OFFICERS

The following table provides the name, province or state and country of residence, and position of each of the directors and officers of the Corporation, as of the date hereof:

Name, Province (or State) and Country of Residence and Position with the Corporation	Principal Occupation for the Past Five Years
George Fowlie[(1) (3)] Ontario, Canada *Chairman of the Board and Director of Corporate Development*	Chairman of Crown Capital Partners Inc. from 2015 to present; managing director of GRF Capital Advisors Inc. since 2008; director of Maudore Minerals Ltd. from 2012 to 2016; and Chairman of Maudore Minerals Ltd. from 2014 to 2016[(4)].
Eldur Ólafsson[(2)] Reykjavik, Iceland *President, Chief Executive Officer and Director*	Co-founder of Iceland Petroleum in 2012, which was later reorganized into ARC; founder and Chief Executive Officer of Orka Energy ehf from 2010 to 2012.
Robert Menard[(1) (2)] Québec, Canada *Director*	Director of Engineering and Construction for Newmont Mining Corporation`s Surgold Merian Project in Suriname from 2012 to 2016; president of Robert Menard Consultant Inc. since 2007; Chief Executive Officer of Integra-pm Inc. since 2016.
Georgia Quenby[(3)] London, United Kingdom *Director*	Commercial lawyer at Reed Smith LLP since 2010.
Graham Stewart[(1)] Aberdeen, United Kingdom *Director*	Chief Executive Officer of Faroe Petroleum PLC since 2002.
William Kellaway[(5)] Cheadle, United Kingdom *Vice-President, Exploration*	Director of SRK Exploration from 2010 to March 2017.

Name, Province (or State) and Country of Residence and Position with the Corporation	Principal Occupation for the Past Five Years
Ingrid Martin[(6)(7)] Québec, Canada *Chief Financial Officer*	Chief Financial Officer: (i) Hinterland Metals Inc. since 2006 (and director since 2014); (ii) Exploration Midland Inc. since 2007; (iii) Sphinx Resources Ltd. since 2014; (iv) Geomega Resources Ltd. since 2016; and (v) Kintavar Exploration Inc. since 2017.
Justinas Matusevičius[(8)] Vilnius, Lithuania *Vice-President, Operations and Logistic*	Participated in the founding of Iceland Petroleum in 2012; which was later reorganized into ARC, and Manager of ARC since 2014; Managing Director of ARC hf since 2015.
Joan Plant[(9)] Lincolnshire, United Kingdom *Corporate Secretary*	Corporate Secretary for Arctic Mining Ltd.[(10)] from 2013 to 2014; corporate secretary for FBC Group and FBC Nalunaq and their Greenlandic subsidiaries Nalunaq A/S and Black Angel Mining A/S and ARC since 2015

Notes:
(1) Member of the Audit Committee.
(2) Member of the Health and Safety Committee.
(3) Member of the Corporate Governance and Compensation Committee.
(4) Maudore Minerals Ltd. is no longer carrying on business.
(5) Full time independent consultant of the Corporation pursuant to the Secondment Agreement.
(6) Part time independent consultant of the Corporation pursuant to the Consulting Agreement.
(7) The Consulting Agreement contains a confidentiality clause binding upon Ingrid Co. with respect to the Corporation's confidential information.
(8) Full time independent consultant of the Corporation.
(9) Employee of FBC Mining (BA) Ltd working part time for the Corporation.
(10) Arctic Mining Ltd. is no longer carrying on business.

The term of office of the directors expires annually at the time of the Corporation's annual general meeting. The term of office of the officers expires at the discretion of the Corporation's directors.

Security Holdings

As of the date of this Prospectus but without giving effect to the Offering, the directors and officers of the Corporation will, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 8,052,107 Shares, which will represent 22.37% of the issued and outstanding Shares.

Biographies

George Fowlie, 72, Chairman and Director of Corporate Development

George Fowlie received his BA from the University of Toronto (1966), an MBA from the University of Western Ontario (1969) and the ICD.D designation from the Institute of Corporate Directors in 2006.

Mr. Fowlie is currently Chairman of Crown Capital Partners Inc., a position that he has held since the company became public in 2015, and since 2008, he has been the Managing Director at GRF Capital Advisors, Inc., a private consulting company. He was also the Deputy Chairman & Head-Investment Banking of

Westwind Partners, Inc. from 2004 to 2008, and a partner of EdgeStone Capital Partners, an investment company, from 2000 to 2004. Mr. Fowlie was previously a Managing Director at First Marathon Securities Ltd., an investment dealer, from 1991 to 2000. Mr. Fowlie was also Director of Maudore Minerals Ltd., a mining company, from 2012 to 2016, and Chairman from 2014 to 2016.

Mr. Fowlie acts as director of the following private companies: CardSwap.ca, Inc., an internet company providing a marketplace for gift cards; Melford International Terminal, Inc., a company that is developing a container port in Nova Scotia; and Brunico, Inc., a company acting in the global entertainment industry.

Eldur Ólafsson, 31, President and Chief Executive Officer

Eldur Ólafsson holds a BSc Geology degree from the University of Iceland Mr. Ólafsson has worked around the world for 8 years in the geothermal industry, oil and gas and mining.

From 2008 to 2010, Mr. Ólafsson was part of the technical and business development team of Geysir Green Energy ("Geysir"), a global rapidly growing geothermal investment company founded in 2007. His role at Geysir was to lead business development as well as being involved in the operations team. In 2009, Mr. Ólafsson became the Technical Director of Enex China ("Enex"), which was 100% owned by Geysir. Enex owned a 49% stake in Shaanxi Green Energy, a joint venture company with Sinopec Star, and helped grow the company from inception to operating in three provinces, namely : Shaanxi, Hebei and Shandong. Mr. Ólafsson left Enex in 2010 to co-found Orka Energy ("Orka"). At Orka, Mr. Ólafsson was Chief Executive Officer and was responsible for securing the acquisition of geothermal assets in China and the Philippines as well as their successful development thereafter, including having developed the Bileran area in the Philippines. In 2012, Mr. Ólafsson co-founded Iceland Petroleum, which was later reorganized into ARC, an investment and development company in mineral, oil and gas and geothermal resources of which Mr. Ólafsson is the founding partner. ARC's key focus has been to build up integrated mining projects in Greenland focusing on the exploration and exploitation of high grade mineral resources with easy access, infrastructure and good upside potential.

Robert Menard, 68, Director

Robert Menard holds a degree in Applied Science (Electrical Engineering) from the University of Ottawa and he is a member of the Ordre des ingénieurs du Québec (Québec's Order of Engineers). He began his career as a junior engineer with Iron Ore Company of Canada from 1972 to 1974 and subsequently acted as Vice-President for a large industrial contractor from 1975 to 1993. From 1994 to 2006, he served as Vice-President, Projects and Construction with Cambior Inc. ("Cambior"). In that capacity, he was responsible for all of Cambior's development projects, from engineering studies to site construction, start-up and reclamation. Following the acquisition of Cambior by IAMGOLD Corporation, Mr. Menard was appointed Vice-President Engineering and Construction of the Nunavik Nickel Project located in the Canadian Arctic, a position he occupied from 2007 to 2008. Mr. Menard has acted as the co-executive for the engineering and construction of IAMGOLD's Essakane gold project in Burkina Faso. Mr. Menard was Vice-President Engineering & Construction for Andean Resources Limited for its Cerro Negro Project in Argentina in 2011. More recently, Mr. Menard was Director Engineering and Construction for Newmont Mining Corporation's Surgold Merian Project in Suriname from 2012 to 2016.

Georgia Quenby, 46, Director

Georgia Quenby is an experienced commercial lawyer, qualified in both the UK and New York. She has worked extensively on cross-border transactions (financings and M&A) in many industries including oil and gas, the defence sector and mining. She graduated from Trinity College Oxford in 1992 and is regulated by the Institute of Chartered Accountants of England and Wales as a non-appointment taking Insolvency Practitioner. Ms. Quenby is a recipient of the FT Non-Executive Director Diploma and a member of the advisory council of the Centre for Commercial Law Studies.

Graham Stewart, 56, Director

Graham Stewart holds an honours degree in Offshore Engineering from Heriot-Watt University and an MBA from Edinburgh University. He was instrumental in founding Faroe Petroleum in 1998, where he has been Chief Executive Officer since December 2002.

Mr. Stewart has over 25 years' experience in oil and gas technical and commercial affairs. From 1997 to 2002, he was Finance and Commercial Director at Dana Petroleum, and from 1991 to 1997, he was the Commercial Director of the Petroleum Science and Technology Institute.

William Kellaway, 56, Vice-President, Exploration

William (Bill) Kellaway received a B.Sc. Honours in Geology from the University of Liverpool in 1981, an M.Sc. in Mining Geology from Camborne School of Mines in 1984 and a Post Graduate Certificate in Education (Geology) from Keele University in 2000. Mr. Kellaway is a geologist with over 36 years of experience, working in 40 countries within the petroleum, mining, exploration and educational sectors. He started as a Hydrocarbon Well-Logging Engineer for Core Laboratories Inc. on oil rigs in Somalia and the Middle East from 1981 to 1983. He then worked in exploration and underground mine production on tin and gold deposits in South America and South Africa for Gold Fields Ltd from 1985 to 1999. As Mine Chief Geologist / Acting Ore Resource Manager, he was responsible for all geological input for Life of Mine and Business Plan publications. After qualifying as a teacher in 2000, Mr. Kellaway spent 10 years at Chorlton High School (Manchester) rising to Assistant Head Teacher, Joining in 2010, he is currently a Director and Practice Leader of SRK Exploration in Cardiff, UK. He fulfils several leadership and management roles such as mentoring, training, recruitment and marketing. Technically, Mr. Kellaway conducts initial field audits of exploration properties from 'greenfield' to those including old or current mine workings. He advises clients on strategy then designs and costs bespoke exploration programs.

Ingrid Martin, 51, Chief Financial Officer

Ingrid Martin holds a bachelor in accounting from HEC Montreal (1988) and is a CPA, CA in Canada since 1990.

From 1988 to 1992, Ms. Martin was external auditor for Price Waterhouse (now PricewaterhouseCoopers LLP). From 1992 to 1993, she was internal auditor at Domtar Inc. and from 1993 to 2001, she worked at Unisource Canada, Inc. holding several positions in the accounting field and in the operational aspects of the business of this paper distributor. While working at Unisource Canada, Inc., Ms. Martin coordinated the construction of a new distribution center in Montreal. From 2001 to 2004 as Regional Accounting Director of Molson Canada, a brewing company, she worked on the financial reporting, the alcohol tax payment and the budgeting process.

Since 2004, Ms. Martin has supported the financial reporting of several junior public companies in the mineral exploration business. She is presently the Chief Financial Officer of Midland Exploration Inc., Sphinx Resources Ltd., Geomega Resources Inc., Hinterland Metals Inc. and Kintavar Exploration Inc. She is also a director of Sphinx Resources Ltd.

Justinas Matusevičius, 30, Vice-President, Operations and Logistic

Justinas Matusevičius holds a bachelor's degree in Economics from ISM University of Management and Economics in Vilnius, Lithuania, and a master's degree in Finance and Strategic Management from Copenhagen Business School. He has worked in various regions around the world as financial controller and auditor/consultant.

Mr. Matusevičius worked for EY audit and consulting from 2008 to 2010, working on large energy projects in the Baltic States, before joining Orka in 2011. At Orka, Mr. Matusevičius was Financial Controller and was

responsible for the implementation of Western standards in accounting, reporting and transparency at the company's subsidiary in China, which employed more than 100 people. In 2012, Mr. Matusevičius participated in the founding of Iceland Petroleum, which later was reorganized into ARC, where he oversees the operations and administration of group companies in Luxembourg and Iceland, acting as a director in group companies.

Joan Plant, 49, Corporate Secretary

Joan Plant worked for Barclays Bank for 15 years starting in 1985, initially gaining experience in a wide range of analytical and customer facing corporate roles, before having human resources responsibilities and becoming Change Manager responsible for 13 sites. Her final role was as a Project Manager at Barclays Head Office with key responsibility for organisational design, training and recruitment on a project centralising branch network operations into a national call centre employing 1,000 staff. She is ACIB qualified (Associate Chartered Institute of Bankers). In 2000, Ms. Plant started working as a lecturer in business and as a training consultant.

Ms. Plant joined Angel Mining in July 2010 as Operations Manager, taking responsibility for all aspects of operations management and compliance for the Nalunaq Gold Mine and Black Angel projects in Greenland. Ms. Plant's responsibilities include human resources management with overall responsibility for organisational design, overseeing the recruitment and training process, arranging travel and work permits, monitoring health and safety plans, improving operational efficiency, liaising with the government, including dealing with submissions and ensuring compliance with *Mineral Resource Act* requirements, and company secretarial duties. From 2013 to 2014, Ms. Plant acted as Corporate Secretary for Arctic Mining Ltd. Since 2015, Ms. Plant has worked as Corporate Secretary with the FBC Group (including FBC Mining, FBC Mining (BA) Ltd. and FBC Nalunaq and their Greenlandic subsidiaries Nalunaq A/S and Black Angel Mining A/S) and ARC to advance their strategy in connection with their Greenlandic projects, with particular focus on maintaining government relations.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, no proposed director or executive officer of the Corporation is, as at the date of this Prospectus, or has been, within 10 years before the date of this Prospectus, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

(i) was the subject, while the proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation (an "**Order**"); or

(ii) was subject to an Order that was issued after the proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer but which resulted from an event that occurred while the proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company.

Except as disclosed below, no proposed director, executive officer or shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation:

(1) is, as at the date of this Prospectus, or has been within 10 years before the date of this Prospectus, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(2) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

(3) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(4) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Mr. Fowlie was Chairman, interim Chief Executive Officer and Chief Financial Officer of Maudore Minerals Ltd. ("**Maudore**") from July 2012 to March 2015. On February 27, 2015, an order was issued by the Commercial Division of the Superior Court of Québec to protect Maudore from its creditors while it reorganized its business pursuant to a plan of arrangement under the *Companies' Creditors Arrangement Act* (Canada). In addition, Maudore's subsidiary, Aurbec Mines Inc., was placed into receivership on December 17, 2014 and declared bankruptcy on January 7, 2015 under the *Bankruptcy and Insolvency Act* (Canada) while Mr. Fowlie was a director and officer of such subsidiary. Mr. Fowlie was also a director of March Entertainment Inc., which was voluntarily placed into bankruptcy on July 15, 2013.

Joan Plant was an officer of Arctic Mining and a director of Angel Mining Subco during the restructuring process of Angel Mining and its affiliates initiated in 2014. As a result of such restructuring, Arctic Mining went into creditors' voluntary liquidation on December 17, 2014 pursuant to the *Insolvency Act 1986* (United Kingdom) and Angel Mining Subco filed a petition for bankruptcy in 2015 pursuant to the *Bankruptcy Act* (Denmark).

Conflicts of Interest

To the best of the Corporation's knowledge, information and belief, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Corporation and its directors, officers or other members of management as a result of their outside business interests, except that certain of the Corporation's directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Corporation and their duties as a director or officer of such other companies. In the event of a conflict of interest, the Corporation will follow the requirements and procedures of applicable corporate and securities legislation and applicable Exchange policies.

See "*Corporate Governance*".

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's philosophy, objectives and processes regarding compensation for its executives. It explains how decisions regarding compensation will be made by the Board through the Corporate Governance and Compensation Committee, and the reasoning behind these decisions.

All members of the Corporate Governance and Compensation Committee have expertise and experience in compensation and other human resources areas through their involvement with a wide variety of companies, both public and private.

Philosophy

In determining the compensation to be paid or awarded to the executives, the Corporate Governance and Compensation Committee will seek to encourage the advancement of the Corporation's exploration projects and the growth of its reserves, the whole with a view to enhancing shareholder value. To achieve these objectives, the Corporation believes it is critical to create and maintain a compensation program that attracts and retains committed, highly qualified personnel by providing appropriate rewards and incentives that align the interest of the executives with those of its shareholders.

The Corporation's executive compensation program consists of a combination of base salary, short-term incentives in the form of bonuses and long-term incentives in the form of participation in the Corporation's Option Plan. Given the Corporation's current status as an early stage mineral exploration company without any significant revenue, the Corporation is constrained by the amount of capital and other resources it has available to it. As a result, in the near-term, the long-term incentive component of the compensation mix will be given more emphasis than the base salary component.

Base Salary

The base salary for each executive will be established based upon the position held, the related responsibilities and functions performed and the salary ranges for similar positions in comparable companies. Individual and corporate performance will also be taken into account in determining base salary levels for executives.

Given the Corporation's current status as an early stage mineral exploration company, without any significant revenue, some of the executives will be hired on a consulting basis.

Short-Term Incentive Plan

The Corporation will initially focus on exploration, followed by mine development and ultimately full scale production. As each of these stages require different experiences and skills, the Corporation believes that short-term goal specific incentives will be effective in aligning efforts towards those phases of activity. The short-term incentive plan will include both cash and share-based compensation for performance.

Stock Options

The Corporation believes that encouraging its executives to become shareholders is the best way of aligning their interests with those of its shareholders and encouraging them to remain associated with the Corporation. Equity participation is accomplished through the Corporation's Option Plan. Options will be granted to executives taking into account a number of factors, including base salary and bonuses and competitive factors. The number of outstanding options is also considered by the Board when determining the number of options to be granted in any particular year due to the limited number of options which are available for grant under the Option Plan. See "*Options to Purchase Securities*" for a summary of the terms of the Corporation's Option Plan and "*Executive Compensation – Option-Based Awards Table*" for a description of the options that the Board expects to grant under the Option Plan at the Initial Closing.

Other

In developing its compensation structure and philosophy, the Corporate Governance and Compensation Committee did consider other factors, such as target share ownership guidelines, pension plans, specific target weightings and percentage of compensation at risk. However, it was determined that it would not be appropriate to incorporate any of such components into the executive compensation structure at this stage of the Corporation's development.

Ongoing Review

On an ongoing basis, the Corporate Governance and Compensation Committee will assess the executives of the Corporation and the appropriateness of their compensation packages, having regard to their individual performance, experience and contribution to the operations and growth of the Corporation. In this regard, the Chief Executive Officer of the Corporation will make recommendations to the Corporate Governance and Compensation Committee regarding total compensation to the executives of the Corporation (other than the Chief Executive Officer), including base salaries and option-based awards. These recommendations will be considered by the Corporate Governance and Compensation Committee against information derived from publicly available information and adjusted, as applicable, for inflation and anticipated increases in the current year. As part of this exercise, the Corporate Governance and Compensation Committee will use all the data which, in its reasonable discretion, it believes to be relevant, to ensure that the Corporation is maintaining a level of compensation that is both commensurate with the size of the Corporation and sufficient to retain personnel it considers essential to the success of the Corporation. In reviewing comparative data, the Corporate Governance and Compensation Committee will not engage in any specific benchmarking for the purpose of establishing compensation levels relative to any predetermined point.

Compensation Risk Assessment and Mitigation

The Corporate Governance and Compensation Committee has considered the implications of the risks associated with the Corporation's compensation policies and practices and believes that none of its policies would encourage executives to take inappropriate or excessive risks that are reasonably likely to have a material adverse effect on the Corporation. The Corporate Governance and Compensation Committee will continue to monitor such matters on a case-by-case basis.

A policy will be developed to restrict executives or directors regarding the purchase of financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executives or directors.

Summary Compensation Table

The following table sets forth information with respect to the compensation that is expected to be paid to the NEOs for the twelve months following completion of the Offering:

Name Principal Position	**Year**	**Salary, Consulting Fee, Retainer or Commission ($)**	**Bonus ($)[1]**	**Committee or Meeting Fees ($)**	**Value of Perquisites[2] ($)**	**Value of All Other Compensation ($)**	**Total Compensation ($)**
Eldur Ólafsson *Director, President and CEO*	2017	$200,000[3]	Nil	Nil	Nil	Nil	$200,000
Ingrid Martin *CFO*	2017	$75,000[4]	Nil	Nil	Nil	Nil	$75,000
William Kellaway *Vice-President, Exploration*	2017	$141,000[5]	Nil	Nil	$22,000	Nil	$163,000

Notes:

(1) Bonuses payable, if any, will be determined at a future date.
(2) Value of perquisites is indicated only if such perquisites are not generally available to all employees and are, in the aggregate, greater than (a) $15,000, if the NEO's total salary for the financial year is $150,000 or less, (b) 10% of the NEO's salary for the financial year, if the NEO's total salary for the financial year is greater than $150,000 but less than $500,000, or (c) $50,000, if the NEO's total salary for the financial year is $500,000 or greater.
(3) The aggregate salary of $200,000 will be received by Eldur Ólafsson as President of the Corporation.
(4) Ingrid Martin is employed by Ingrid Co. and provides services to the Corporation pursuant to the terms of a consulting agreement entered into between Ingrid Co. and the Corporation on February 22, 2017 (the "**Consulting Agreement**"). Ms. Martin's annual fee of $75,000 is an estimate of the fees payable to her pursuant to the Consulting Agreement.
(5) William Kellaway is employed by SRK. Pursuant to the terms of a secondment agreement (the "**Secondment Agreement**"), SRK agreed to second Mr. Kellaway to Alopex on an exclusive full-time basis in order to act as Vice-President, Exploration for Alopex. The Secondment Agreement provides that SRK remains the employer of Mr. Kellaway and, as such, shall continue to pay Mr. Kellaway's salary, allowances and benefits to which he is entitled under his employment agreement with SRK. Pursuant to the Secondment Agreement, Alopex shall pay SRK a sum equivalent to the total amount paid by SRK to or in respect of Mr. Kellaway, including, without limitation, his salary, pension contribution, expenses, travel and subsistence costs, insurance and private health care.

Option-Based Awards Table

The following table sets forth information with respect to the options expected to be granted under the Option Plan to the NEOs at the Initial Closing.

	Option-based awards			
Name	**Number of Securities Underlying Unexercised Options**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised in-the-money Options ($)**
Eldur Ólafsson	500,000	$0.50	5 years from Initial Closing	Nil
Ingrid Martin	100,000	$0.50	5 years from Initial Closing	Nil

Termination and Change of Control Benefits

Eldur Olafsson and the Corporation entered into an employment agreement effective on April 4, 2017. Pursuant to the employment agreement, the Corporation may terminate the employment of Mr. Olafsson with or without cause upon providing him with a written notice of termination. His employment may also be terminated by either the Corporation or Mr. Olafsson following a change of control of the Corporation. In the event that the Corporation terminates his employment without cause, Mr. Olafsson shall be entitled to the following: (i) any amount accrued and payable to Mr. Olafsson pursuant to his employment agreement as well as any reimbursable expenses, (ii) his salary for a period of one year following such termination (or a one-time lump sum payment in lieu thereof), and (iii) continued participation in the Corporation's benefit programs for its senior executives for a period of one year following such termination (excluding short-term and long-term disability insurance). In the event that his employment is terminated following a change of control of the Corporation, Mr. Olafsson shall be entitled to the same rights as in the event of termination without cause by the Corporation, except that such rights shall be for a period of two years following termination as opposed to a period of one year. In the event that it is not possible for the Corporation to maintain Mr. Olafsson's coverage under its benefit plans, the Corporation may, in lieu thereof, pay Mr. Olafsson a lump sum amount equal to the estimated net cost to him of maintaining benefits for the period previously specified, less the amount of any contributions that Mr. Olafsson would have been required to make for the period under the benefit plans, up to a maximum of $350,000.

The Corporation entered into the Consulting Agreement with Ingrid Co. pursuant to which Ingrid Martin and her staff provide services to the Corporation. The Consulting Agreement may be terminated by the Corporation

upon 60 days' prior notice and a lump sum payment equal to the amount of fees earned by Ingrid Co. during the previous period equivalent to two months after one year of service, which severance payment shall be increased by an amount equivalent to an additional two months of fees earned for each year of service after the first year of service, up to a maximum of 18 months. The fees payable to Ingrid Co. pursuant to the Consulting Agreement comprise principally the fees payable to Ms. Martin for services rendered to the Corporation. However, in the event the Consulting Agreement is terminated following a breach by Ingrid Co. of its obligations under the Consulting Agreement or following fraud, dishonesty, willful neglect, misconduct or criminal conduct by Ms. Martin or Ingrid Co., then the severance payment shall not be payable by the Corporation. In the event of the termination by Ingrid Co. of the Consulting Agreement, the Corporation shall pay the fees earned by Ingrid Co. through to the last day of its engagement with the Corporation. If the Consulting Agreement is terminated following a change of control of the Corporation, the severance payment payable shall be doubled up to a maximum of 18 months.

Directors' Compensation

The following table sets forth information with respect to the compensation that is expected to be paid to directors of the Corporation who are not NEOs for the twelve months following completion of the Offering:

Name	Year	Salary, Consulting Fee, Retainer or Commission ($)(1)	Bonus(2)	Committee or Meeting fees ($)	Value of Perquisites ($)	Value of all Other Compensation	Total Compensation ($)
George Fowlie	2017	Nil	Nil	$50,000	Nil	-	$50,000
Robert Menard	2017	Nil	Nil	$25,000	Nil	-	$25,000
Georgia Quenby	2017	Nil	Nil	$25,000	Nil	-	$25,000
Graham Stewart	2017	Nil	Nil	$25,000	Nil	-	$25,000

Note:
(1) Directors of the Corporation may choose to receive their fees in Shares in lieu of cash, which decision would be made annually and would be in force for the following 12 month period.
(2) Bonuses payable, if any, will be determined at a future date.

Outstanding Share-Based and Option-Based Awards Table

No awards were granted to any director who is not also a Named Executive Officer since the date of incorporation of the Corporation.

Value Vested or Earned During the Year Table

No stock options were held by any director who is not a Named Executive Officer since the date of incorporation of the Corporation.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Prospectus, there is no indebtedness owing to the Corporation or any of its subsidiaries by the directors, executive officers and employees of the Corporation or any of their associates or affiliates.

AUDIT COMMITTEE

The primary function of the audit committee of the Board (the "**Audit Committee**") is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Corporation. In accordance with NI 52-110, information with respect to the Audit Committee is contained below. The full text of the Audit Committee Charter, as passed unanimously by the Board, is attached to this Prospectus as Appendix A.

Composition of Audit Committee

The members of the Audit Committee are George Fowlie, Robert Menard and Graham Stewart, who are all directors of the Corporation. Robert Menard and Graham Stewart are considered "independent" and "financially literate" within the meaning of NI 52-110. For the purposes of NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. All members of the Audit Committee have experience reviewing financial statements and dealing with related accounting and auditing issues.

Relevant Education and Experience

For details regarding the relevant education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee, please see "Directors and Officers – Biographies".

Audit Committee Oversight

At no time since the date of incorporation of the Corporation was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the date of incorporation of the Corporation has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. The Corporation is relying upon the exemption in Section 6.1 (Venture Issuers) of NI 52-110, which states that the Corporation, as an "IPO venture issuer", is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

Pre-Approval Policies and Procedures

As at the date of this Prospectus, the Audit Committee has not adopted any specific policies or procedures for the engagement of non-audit services.

External Auditor Service Fees

The fees billed by the Corporation's external auditors during its financial period from date of incorporation to the date of this Prospectus for audit and non-audit related services provided to the Corporation or its subsidiaries are as follows:

Financial Year End	Audit Fees	Audit Related Fees	Tax Fees	All Fees
98 days ended December 31, 2015	Nil	Nil	Nil	Nil
December 31, 2016	Nil	Nil	Nil	Nil

The auditor for the Audited Nalunaq Financial Statements and the Corporation's financial statements as at March 31, 2017 is PwC, who was appointed in 2017.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders of the Corporation, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices, which both are in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to NI 41-101, the Corporation is required to disclose its corporate governance practices in accordance with NI 58-101.

Board of Directors

The Board is responsible for the supervision of the management of the Corporation and must act in the best interests of the Corporation and its shareholders. The Board acts in accordance with the laws of Canada, the articles and by-laws of the Corporation, and the specific terms of reference as laid out for each committee and the Board as a whole. The Board has responsibility for adopting a strategic planning process and reviewing and approving the Corporation's strategic plan developed and proposed by management and monitoring performance against the plan. The Board is responsible for developing and adopting policies and procedures to identify the principal business risks of the Corporation and ensure that appropriate systems are implemented to manage these risks. The Board is also responsible for developing and adopting policies and procedures to ensure the integrity of the internal controls and management information systems of the Corporation. Matters that require Board approval include, among other things: (i) the approval of the quarterly and annual financial statements and management discussion and analysis; (ii) the issuance of securities; (iii) significant acquisitions; (iv) annual capital and operating plans and budgets; and (v) the compensation of members of the senior management team.

The Board facilitates its exercise of independent supervision over the Corporation's management through frequent meetings of the Board. The Board shall review its procedures on an ongoing basis to ensure it is functioning independently of management. As circumstances require, the Board will meet without management present, and convene meetings, as deemed necessary, of the independent directors, at which meetings, non-independent directors and members of management will not be in attendance. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest.

The Board is currently comprised of five members. Robert Menard and Graham Stewart are "independent" in that they are independent and free from interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with the best interest of the Corporation, other than interests and relationships arising from shareholdings.

Directorships

The following table sets out the directors of the Corporation that are directors of other reporting issuers:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Market
George Fowlie	Crown Capital Partners Inc.	Toronto Stock Exchange

Orientation and Education

The Corporation will provide new directors with an orientation program upon joining the Corporation that includes copies of relevant financial, technical, geological and other information regarding its properties and meetings with management.

Board members are encouraged to communicate with management and auditors, to keep themselves current with industry trends and developments, and to attend related industry seminars. Board members have full access to the Corporation's records.

Ethical Business Conduct

The Board encourages and promotes an overall culture of ethical business conduct by:

- promoting compliance with applicable laws, rules and regulations;
- providing guidance to directors, officers and other employees to help them recognize and deal with ethical issues;
- promoting a culture of open communication, honesty and accountability; and
- ensuring awareness of disciplinary action for violations of ethical business conduct.

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Nomination of Directors

It is the view of the Board that all directors, individually and collectively, should assume responsibility for nominating directors. The Board is responsible for identifying and recommending potential nominees for directorship and senior management.

Compensation

Compensation matters are currently determined by the Board upon recommendation of the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee is responsible for reviewing the compensation plans and severance arrangements for management, to ensure they are commensurate with comparable companies. This committee will ensure that the Corporation has a plan for continuity of its officers and an executive compensation plan that is motivational and competitive.

See "*Executive Compensation*".

Other Board Committees

In addition to the Audit Committee, there will be a Health and Safety Committee as well as a Corporate Governance and Compensation Committee.

The role of the Health and Safety Committee is to provide oversight and guidance to the Corporation in achieving best practices in safety, security and compliance oversight as regards its operations.

The role of the Corporate Governance and Compensation Committee is to provide oversight and guidance to the Corporation in ensuring that its management, directors and members serve in the best interest of the Corporation's shareholders and that its actions are conducted in a professional and transparent manner which is in conformity with applicable law.

Assessments

The Board and each individual director are regularly assessed regarding its or his or her effectiveness and contribution. The assessment considers and takes into account:

- in the case of the Board, its mandate and charter; and
- in the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual director is expected to possess.

PLAN OF DISTRIBUTION

The Offering

The Corporation, through the Agents, is offering a Maximum Offering of 20,000,000 Shares and a Minimum Offering of 10,000,000 Shares for sale to the public under this Prospectus at the Offering Price. Aggregate gross proceeds of the Offering will be $10,000,000 if the Maximum Offering is fully subscribed, and $5,000,000 if the Minimum Offering is fully subscribed. The Shares are being offered for sale to the public in all of the provinces of Canada, excluding the province of Québec.

The Agents, or registered sub-agents who assist the Agents in the distribution of the Shares, conditionally offer these Shares for sale on a best efforts basis in accordance with the Agency Agreement and subject to the approval of certain legal matters on behalf of the Corporation by Blake, Cassels & Graydon LLP and on behalf of the Agents by Bennett Jones LLP. **This Offering is not underwritten and the proceeds from subscriptions will be held by the Agents, pursuant to the Agency Agreement, until subscriptions for the Minimum Offering of 10,000,000 Shares are received.**

Subscriptions for the Shares offered hereunder will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Initial Closing will take place on or about July 13, 2017, or on such other date as the Corporation and the Agents may agree, and that all subsequent Closings, if any, will take place within the Offering Period.

The Offering will remain open until the date that is 90 days after a receipt is issued for this Prospectus, unless an amendment to this Prospectus is filed and the principal regulator has issued a receipt for the amendment, in which case the Offering must cease within 90 days after the date of the receipt for the amendment to the Prospectus. In any event, the Offering must cease at the latest 180 days from the date of the receipt for this Prospectus. If subscriptions for the Minimum Offering are not received by such date, all funds raised hereunder will be refunded to investors without interest or deduction. If the Maximum Offering is not achieved at the Initial Closing, subsequent Closings may be completed within the Offering Period.

Pursuant to the Agency Agreement, the Agents will be paid the Commission upon each Closing. The Corporation has also agreed to pay the Lead Agent the Work Fee. As of the date of this Prospectus, an aggregate amount of $30,000 has been paid to the Lead Agent on account of the Work Fee. Any Work Fee payable shall be creditable against any Commission that becomes payable. In addition, the Corporation has agreed to grant to the Agents, as additional compensation, the Agents' Warrants that will entitle the Agents to purchase, at the Offering Price, such number of Agents' Warrant Shares as is equal to 6.5% of the aggregate number of Shares sold under the Offering. The Agents' Warrants will be exercisable at any time after August 31, 2017 and on or before the date which is 36 months following the Initial Closing. The Corporation has further agreed to reimburse the Agents for the Agents' expenses, including the Agents' legal fees in connection with the Offering. This Prospectus qualifies the distribution of the Agents' Warrants.

The Corporation has granted to the Agents the Over-Allotment Option exercisable, in whole or in part, for 30 days following the Final Closing, to sell such number of additional Shares as is equal to 15% of the aggregate number of Shares issued pursuant to the Offering to cover over-allotment, if any, and for market stabilization purposes. If the Agents exercise the Over-Allotment Option in full, the total price to the public, Commission and net proceeds to the Corporation will be $5,750,000, $373,750, and $5,376,250, respectively, in the case of the Minimum Offering and $11,500,000, $747,500 and $10,752,500, respectively, in the case of the Maximum Offering.

This Prospectus also qualifies the distribution of the Over-Allotment Option. A purchaser who acquires Shares forming part of the Agents' over-allocation position acquires those Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Agents may over-allocate in order to stabilize the market price of the Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Agents at any time.

Pursuant to the Agency Agreement, the Corporation has agreed to indemnify and save harmless the Agents and their respective affiliates, and each of their directors, officers, employees, unitholders and agents, against certain liabilities, including liabilities under Canadian provincial securities legislation in certain circumstances, or to contribute to any payments the Agents may be required to make because of such liabilities.

The obligations of the Agents under the Agency Agreement are conditional and may be terminated by the Agents at their discretion on the basis of "market out", "material change out", "disaster out" and "breach out" conditions and may also be terminated upon the occurrence of certain stated events. While the Agents have agreed to use their best efforts to sell the Shares, the Agents are not obligated to purchase any Shares which are not sold.

FBC Holdings, indirectly through its subsidiary FBC Nalunaq, and Vatnar which currently hold 33.3% and 16.4%, respectively, of the issued and outstanding Shares, have committed to purchase $450,000 and $50,000 worth of Shares, respectively, if the Offering proceeds in the manner contemplated in this Prospectus, such that following completion of the Offering and prior to giving effect to the exercise of the Over-Allotment Option, FBC Holdings, indirectly through FBC Nalunaq, and Vatnar would hold, 28.04% and 13.02%, respectively, of the issued and outstanding Shares under the Minimum Offering and 23.04% and 10.69%, respectively, of the issued and outstanding Shares under the Maximum Offering, in each case on a non-diluted basis.

The securities offered under this Prospectus have not been, and will not be, registered under the U.S. Securities Act, or any state securities laws, and except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the U.S. or to, or for the account or benefit of, a U.S. Person, as defined in Regulation S under the U.S. Securities Act. This Prospectus does not constitute an offer to sell or solicitation of an offer to buy any of the securities offered hereby within the U.S.

On each Closing Date, registration of interest in and transfers of the Shares held through CDS or its nominee will be made electronically in the non-certificated inventory (NCI) system of CDS. On each Closing Date, the Corporation, via its transfer agent, will electronically deliver the Shares registered to CDS or its nominee. Shares held in CDS must be purchased, transferred and surrendered for redemption through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of shareholders who hold Shares in CDS must be exercised through, and all payments or other property to which such shareholders are entitled will be made or delivered by, CDS or the CDS participant through which the shareholder holds such Shares. A holder of a Share participating in the NCI system will not be entitled to a certificate or other instrument from the Corporation or the Corporation's transfer agent evidencing that person's interest in or ownership of Shares, nor, to the extent applicable, will such holder be shown on the records maintained by CDS, except through an agent who is a CDS participant. Except in limited circumstances, no certificates will be issued to purchasers of Shares.

Subject to applicable law and the provisions of the Agency Agreement, the Agents may offer the Shares outside of Canada.

Determination of Price

The Offering Price has been established through negotiation between the Corporation and the Agents based upon several factors, including the history of, and prospects for, the Corporation's business, and the industry in which it competes, and an assessment of the Corporation's management, operations and financial results all in accordance with the policies of the Exchange.

Listing of Shares

The Exchange has conditionally approved the listing of the Shares and the Agents' Warrant Shares, subject to the Corporation fulfilling all of the requirements of the Exchange.

IPO Venture Issuer

As at the date of this Prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the U.S. (other than the Alternative Investment Market of the London Stock Exchange of the PLUS markets operated by PLUS Markets Group plc).

Issuances of Shares and Lock-Up Agreements

Pursuant to the Agency Agreement, the Corporation has agreed that, for a period of 90 days following the Initial Closing, it will not sell or issue any securities of the Corporation at a price lower than the Offering Price, subject to certain conditions, and furthermore, the Corporation has agreed that it will use its commercially reasonable efforts to cause each of the officers and those directors of the Corporation holding Shares that were not acquired as part of the Offering, FBC Holdings, FBC Mining, FBC Nalunaq and Vatnar, to enter into lock-up agreements in favour of the Agents, in a form and in substance satisfactory to the Agents, acting reasonably, pursuant to which, for a period of one year from the Initial Closing, subject to certain conditions, each will not, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, any Shares or securities convertible into or exercisable or exchangeable for Shares.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Bennett Jones LLP, counsel to the Agents, the following is, as of the date hereof, a fair summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a purchaser who acquires as beneficial owner

Shares pursuant to the Offering. This summary is applicable only to a purchaser who, at all relevant times, deals at arm's length and is not affiliated with the Corporation or the Agents, and who will acquire and hold such Shares as capital property (each, a "**Holder**"), all within the meaning of the Tax Act. Any Shares will generally be considered to be capital property to a Holder unless the Holder holds such securities in the course of carrying on a business of buying and selling securities or has acquired them in a transaction or transactions considered to be an adventure in the nature of trade.

This summary does not apply to a Holder (i) that is a "financial institution" for purposes of the mark-to-market rules contained in the Tax Act; (ii) an interest in which is or would constitute a "tax shelter investment" (as defined in the Tax Act); (iii) that is a "specified financial institution" (as defined in the Tax Act); (iv) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency; or (v) that has entered or will enter into, with respect to the Shares, a "derivative forward agreement" (as defined in the Tax Act). Such Holders should consult their own tax advisors with respect to an investment in Shares.

This summary is based on the provisions of the Tax Act and the regulations thereto (the "**Regulations**") in force as of the date hereof, and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing by the CRA and publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies or assessing practices of the CRA, whether by way of judicial, legislative or governmental decision or action. This summary is not exhaustive of all possible Canadian federal income tax considerations, and does not take into account other federal or any provincial, territorial or foreign income tax legislation or considerations, which may differ materially from those described in this summary.

This summary is of a general nature only and is not, and is not intended to be, and should not be construed to be, legal or tax advice to any particular Holder, and no representations concerning the tax consequences to any particular Holder are made. The tax consequences of acquiring, holding and disposing of Shares will vary according to the Holder's particular circumstances. Holders should consult their own tax advisors regarding the tax considerations applicable to them having regard to their particular circumstances.

Residents of Canada

The following portion of this summary is applicable to a Holder who, for the purposes of the Tax Act and any applicable tax treaty or convention and at all relevant times, is or is deemed to be resident in Canada (a "**Resident Holder**"). A Resident Holder to whom the Shares might not constitute capital property may make, in certain circumstances, the irrevocable election permitted by subsection 39(4) of the Tax Act to have the Shares, and all other Canadian securities held by such person, treated as capital property. Resident Holders considering making such election should first consult their own tax advisors.

Taxation of Dividends

Dividends received or deemed to be received on a Share will be included in computing a Resident Holder's income for purposes of the Tax Act. Dividends received by a Resident Holder who is an individual will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations. To the extent that the Corporation designates the dividends as "eligible dividends" within the meaning of the Tax Act in the prescribed manner, such dividends will be eligible for the enhanced gross-up and dividend tax credit. Dividends received by individuals (other than certain trusts) may give rise to alternative minimum tax under the Tax Act, depending on the individual's circumstances.

Dividends received or deemed to be received by a Resident Holder that is a corporation will be included in computing the corporation's income and will generally be deductible in computing its taxable income. In

certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as a gain from the disposition of capital property or proceeds of disposition. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances. A Resident Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income. A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act), including any dividends or deemed dividends that are not deductible in computing the Resident Holder's taxable income.

Disposition of Shares

Upon a disposition or a deemed disposition of a Share (other than in a disposition to the Corporation that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market), a Resident Holder will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Share to the Resident Holder. The cost to the Resident Holder of a Share acquired pursuant to this Offering will, at any particular time, be determined by averaging the cost of such share with the adjusted cost base of all Shares owned by the Resident Holder as capital property at that time, if any.

One-half of any such capital gain (a "**taxable capital gain**") realized by a Resident Holder will be required to be included in computing the Resident Holder's income, and one-half of any such capital loss (an "**allowable capital loss**") realized by a Resident Holder must generally be deducted against taxable capital gains realized by the Resident Holder in the year of disposition. Allowable capital losses not deductible in the taxation year in which they are realized may ordinarily be deducted by the Resident Holder against taxable capital gains realized in any of the three preceding taxation years or any subsequent taxation year, subject to the detailed rules contained in the Tax Act in this regard. Capital gains realized by an individual (other than certain trusts) may be subject to alternative minimum tax.

If the Resident Holder is a corporation, the amount of any capital loss realized on the disposition or deemed disposition of a Share by the Resident Holder may be reduced by the amount of dividends received or deemed to have been received by the Resident Holder on such Shares to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or beneficiary of a trust that owns Shares, or where a partnership or trust is itself a member of a partnership or a beneficiary of a trust that owns Shares.

If the Resident Holder is a "Canadian-controlled private corporation" (as defined in the Tax Act), the Resident Holder may also be liable to pay a refundable tax on its "aggregate investment income", which is defined to include an amount in respect of taxable capital gains.

Non-Residents of Canada

The following portion of this summary is applicable to a Holder who, for the purposes of the Tax Act and any applicable tax treaty or convention and at all relevant times, is not resident or deemed to be resident in Canada and who does not use or hold (and is not deemed to use or hold) the Shares in connection with a business carried on in Canada (a "**Non-Resident Holder**"). This part of the summary is not applicable to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada.

Taxation of Dividends

Dividends paid or credited or deemed to be paid or credited by the Corporation to a Non-Resident Holder will generally be subject to Canadian withholding tax at the rate of 25%, subject to any applicable reduction in the

rate of such withholding under an income tax treaty between Canada and the country where the Holder is resident. For example, under the *Canada-United States Income Tax Convention (1980)* (the "**Treaty**"), the withholding tax rate in respect of a dividend paid to a person who is the beneficial owner of the dividend and is resident in the United States for purposes of, and entitled to full benefits under, the Treaty, is generally reduced to 15%. Non-Resident Holders are urged to consult their own tax advisors to determine their entitlement to relief under an applicable income tax treaty or convention.

Disposition of Common Shares

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Share, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Share constitutes "taxable Canadian property" to the Non-Resident Holder for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Provided the Shares are listed on a designated stock exchange, which currently includes the Exchange, at the time of disposition, the Shares generally will not constitute taxable Canadian property of a Non-Resident Holder, unless, at any time during the 60 month period immediately preceding the disposition, (i) 25% or more of the issued shares of any class or series of the Corporation's capital stock were owned by any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm's length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the fair market value of the Shares was derived, directly or indirectly, from one or any combination of real or immovable property situated in Canada, Canadian resource property, timber resource property, or any option in respect of, or interest in, such properties. A Non-Resident Holder's Shares can also be deemed to be taxable Canadian property in certain circumstances set out in the Tax Act.

Even if a Share is taxable Canadian property to a Non-Resident Holder, any capital gain realized upon the disposition of such Share may not be subject to tax under the Tax Act if such capital gain is exempt from Canadian tax pursuant to the provisions of an applicable income tax treaty or convention.

If a Non-Resident Holder to whom Shares are taxable Canadian property is not exempt from tax under the Tax Act by virtue of a tax treaty or convention, the consequences described under "*Residents of Canada*" will generally apply.

RISK FACTORS

An investment in the Shares is speculative and involves a high degree of risk due to the nature of the Corporation's business and the present stage of exploration and development of its mineral properties. The following risk factors, as well as risks not currently known to the Corporation, could materially adversely affect the Corporation's future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to the Corporation. Prospective investors should carefully consider the following risk factors along with the other matters set out in this Prospectus and should not invest any funds in the Offering unless they can afford to lose their entire investment.

Risks Related to the Corporation and the Mining Industry

The Corporation is an exploration stage company.

The Corporation currently has no development projects. While the Nalunaq Property has an operating history, the exploration potential that may represent the long-term future of the Nalunaq Property is at an early stage. Future mining and processing methods may differ to those used historically and thus historical operating costs, capital spending, site remediation costs or asset retirement obligations may not be applicable as benchmarks.

The Tartoq Property is an early stage exploration project that has no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations. The Corporation has no experience in placing mineral interests into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with major mining companies that can provide such expertise. There can be no assurance that the Corporation will have available to it the necessary expertise when and if it places any of its mineral interests into production.

The Corporation's liquidity and capital resources are uncertain.

The exploration and development of the Corporation's mineral properties depends upon the Corporation's ability to obtain financing through joint ventures, offerings of equity securities or offerings of debt securities, or by obtaining financing through a bank or other entity. The Corporation has not established a limit as to the amount of debt it may incur nor has it adopted a ratio of its equity to debt allowance. If the Corporation needs to obtain additional financing, there is no assurance that financing will be available from any source, that it will be available on terms acceptable to the Corporation, or that any future offering of securities will be successful. Volatile markets for precious metals may make it difficult or impossible for the Corporation to obtain debt financing or equity financing on favourable terms or at all. If additional funds are raised through the issuance of equity securities, there may be a significant dilution in the value of the Corporation's outstanding Shares. The Corporation could suffer adverse consequences if it is unable to obtain additional capital, which would cast substantial doubt on its ability to continue its operations and growth.

In addition, the Corporation does not expect to generate material revenue or achieve self-sustaining operations in the near future. To the extent the Corporation has negative cash flows in future periods, the Corporation may use a portion of its general working capital to fund such negative cash flow.

The Corporation requires substantial funds merely to determine whether commercial mineral deposits exist on its Properties.

Any potential development and production of the Corporation's exploration properties depends upon the results of exploration programs and/or feasibility studies and the recommendations of duly qualified engineers and geologists. Such programs require substantial additional funds. Any decision to further expand the Corporation's operations on these exploration properties is anticipated to involve consideration and evaluation of several significant factors including, but not limited to:

- costs of bringing a property into production, including exploration work, preparation of production feasibility studies, and construction of production facilities;
- availability and costs of financing;
- ongoing costs of production;
- market prices for the minerals to be produced;
- environmental compliance regulations and restraints; and
- political climate and/or governmental regulation and control.

Gold price volatility may adversely affect the Corporation.

If the Corporation commences production, profitability will be dependent upon the market price of gold. Gold prices historically have fluctuated widely and are affected by numerous external factors beyond the Corporation's control, including industrial and retail demand, central bank lending, sales and purchases of

gold, forward sales of gold by producers and speculators, levels of gold production, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the U.S. dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events.

Title to the Corporation's mineral properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers or claims and other defects.

The Corporation cannot guarantee that title to its mineral properties will not be challenged. Title insurance is generally not available for mineral properties and the Corporation's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. The Corporation's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. The Corporation has not conducted surveys of all of the mineral rights in which it holds direct or indirect interests. A successful challenge to the precise area and location of these mineral rights could result in the Corporation being unable to operate on its Properties as permitted or being unable to enforce its rights with respect to its Properties.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure.

Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Corporation's inability to secure adequate water and power resources, as well as other events such as unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

Exploration activities are influenced, amongst others, by the location, its climate and terrain.

The Nalunaq Exploration Project and the Tartoq Exploration Project are in remote locations in a global context, although not in a Greenlandic context. The costs of logistics and staffing are high. The climatic conditions allow a relatively short period for surface exploration activities, although this should not affect underground exploration.

The Nalunaq Gold Mine and areas of exploration potential lie within a steep mountain. Regularised surface diamond drilling for structure is impractical in many parts, resulting in a greater reliance on underground exploration.

The Corporation is an exploration stage company, and there is no assurance that a commercially viable deposit or "reserve" exists on any properties for which the Corporation has or might obtain an interest.

The Corporation is an exploration stage company and cannot give assurance that a commercially viable deposit, or "reserve", exists on any properties for which the Corporation currently has or may have (through potential future joint venture agreements or acquisitions) an interest. Therefore, determination of the existence of a reserve depends on appropriate and sufficient exploration work and the evaluation of legal, economic and environmental factors. If the Corporation fails to find a commercially viable deposit on any of its properties, its operations, financial condition and results of operations will be materially adversely affected.

Mineral exploration and development activities are speculative in nature.

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may

be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return on investment capital.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that funds required for development can be obtained on a timely basis. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short-term factors relating to reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

The Corporation depends on the Nalunaq Property and Tartoq Property

The Nalunaq Property and the Tartoq Property are the only material properties of the Corporation. Any material adverse development affecting the progress of the Nalunaq Property or the Tartoq Property, or both, will have a material adverse effect on the Corporation's financial condition and results of operations.

There is no assurance that the Corporation will be able to acquire other properties.

If the Corporation loses or abandons its interest in its Properties, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Corporation, whether by way of option or otherwise, should the Corporation wish to acquire any additional properties.

The Corporation's insurance does not cover all of its potential losses, liabilities and damage related to its business.

Exploration, development and production operations on mineral properties involve numerous risks, including:

- unexpected or unusual geological operating conditions;
- rock bursts, cave-ins, ground or slope failures;
- fires, floods, earthquakes and other environmental occurrences;
- political and social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage;
- delays in mining caused by industrial accidents or labour disputes;
- changes in regulatory environment;

- monetary losses; and
- possible legal liability.

It is not always possible to obtain insurance against all such risks and the Corporation may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Corporation.

Competition may hamper the Corporation's ability to acquire attractive mineral properties.

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Corporation, the Corporation may be unable to acquire attractive mineral properties on terms it considers acceptable. The Corporation also competes with other companies for the recruitment and retention of qualified employees and other personnel.

Insofar as certain directors and officers of the Corporation hold similar positions with other mineral resource companies, conflicts may arise between the obligations of these directors and officers to the Corporation and to such other mineral resource companies.

Certain directors and officers of the Corporation are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Corporation. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors and officers may conflict with the interests of the Corporation. Directors and officers of the Corporation with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

The loss of certain key individuals could have an adverse effect on the Corporation.

The Corporation's success depends to a certain degree upon certain key members of the management. These individuals are a significant factor in the Corporation's growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Corporation.

The Corporation does not maintain key man insurance to compensate the Corporation for the loss of certain key individuals.

The Corporation does not have key man insurance in place in respect of any of its directors or officers.

The Corporation may experience difficulty attracting and retaining qualified management to meet the needs of its anticipated growth.

The Corporation's prospects depend in part on the ability of its executive officers and senior management to operate effectively, both independently and as a group. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors. Recruiting and retaining qualified personnel is critical to the Corporation's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. To manage its growth, the Corporation may have to attract and retain additional highly qualified management, financial and technical personnel and continue to implement and improve operational, financial and management information systems. Although the Corporation believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Estimates and assumptions used in preparing the Corporation's financial statements and actual amounts could differ.

Preparation of its financial statements requires the Corporation's management to use estimates and assumptions. Accounting for estimates requires the Corporation's management to use its judgment to determine the amount to be recorded on its financial statements in connection with these estimates. If the estimates and assumptions are inaccurate, the Corporation could be required to write down its recorded values. On an ongoing basis, the Corporation re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

Investors may not be able to enforce judgments against foreign persons.

Alopex`s principal assets, as well as three of its directors, namely Eldur Ólafsson, Georgia Quenby and Graham Stewart, and three of Alopex's non-director officers, namely Justinas Matusevičius, William Kellaway and Joan Plant, either are located or reside outside of Canada. It may therefore not be possible for investors to enforce judgements obtained in Canada against Alopex or such directors and officers, notwithstanding the fact that, as regards such directors and officers, each has appointed Blakes Extra-Provincial Services Inc. as his or her agent for service of process in Canada.

Following the completion of the Offering, the Corporation will have significant shareholders.

Immediately following the completion of the Offering, FBC Holdings, Crossroads and Vatnar will hold a minimum of 28.04%, 12.8% and 13.02% of the issued and outstanding Shares, respectively, assuming the Minimum Offering, and 23.04%, 10.51% and 10.69% of the issued and outstanding Shares, respectively, assuming the Maximum Offering, without giving effect to the exercise of the Over-Allotment Option. As a result, FBC Holdings, Crossroads and Vatnar will have significant influence over all matters requiring shareholder approval. Circumstances may occur in which the interests of such significant shareholders could be in conflict with the interests of other holders of Shares. There is no assurance that the interests of FBC Holdings, Crossroads and Vatnar will always be aligned with the Corporation's interests and those of the Corporation's other shareholders, and there is no assurance that such significant shareholders would not make decisions with regard to their holdings of Shares or how they vote those Shares in a manner that is adverse to the Corporation or the Corporation's other shareholders. While FBC Holdings, Crossroads and Vatnar will have limitations on their ability to dispose of their Shares in the near term due to the Escrow Agreement, this may not prevent FBC Holdings, Crossroads and Vatnar from selling some or all of their Shares in the future. If FBC Holdings, Crossroads and Vatnar dispose of a significant number of Shares in the future, the market price of the Shares may be negatively impacted by the resulting additional trading volume.

The Corporation is subject to the risks and liabilities associated with possible accidents, injuries or deaths on its properties.

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licences, affect the reputation of the Corporation and its ability to obtain further licences, damage community relations and reduce the perceived appeal of the Corporation as an employer.

There is no assurance that the Corporation has been or will at all times be in full compliance with all laws and regulations or hold, and be in full compliance with, all required health and safety permits. The potential costs and delays associated with compliance with such laws, regulations and permits could prevent the Corporation from proceeding with the development of a project or the operation or further development of a project, and any non-compliance therewith may adversely affect the Corporation's operations, financial condition and results of operations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

Risks Related to the Political and Economic Climate of Greenland and its Legislative Regime

The Corporation's operations depend on permits and government regulations

The Corporation's future operations on the Properties, including exploration and any development activities or commencement of production on its properties, require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, protection of endangered and protected species, treatment of indigenous people, mine safety and other matters. To the extent that such permits are required and not obtained, the Corporation may be delayed or prohibited from proceeding with planned exploration or development of its mineral properties. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws may have a material adverse effect on the operations, financial condition and results of the Corporation.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

The Greenland Government may from time to time change the *Mineral Resources Act*, the Greenland Exploration Standard Terms and the royalties imposed on proceeds from mineral exploitation.

The Corporation's operations are subject to compliance with environmental laws and regulation

The Corporation's operations are subject to environmental regulations in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations.

The Corporation's exploration programs on the Properties will, in general, be subject to approval by the MLSA and the EAMRA. Development of the mineral properties located in Greenland will be dependent on the project meeting environmental regulations and guidelines set by governmental agencies in Greenland and, where required, being approved by governmental authorities.

The Corporation may lose its interests in licences.

Interests in licences in Greenland are for specific terms and carry with them estimated annual expenditure and reporting commitments, as well as other conditions requiring compliance. The Corporation could lose title to or its interest in licences relating to the Nalunaq Property or the Tartoq Property, or both, if licence conditions are not met.

In particular, the Nalunaq Exploration Project is currently within the Nalunaq Licence. Under the current terms of this licence, Nalunaq A/S is required to commence mine production by January 1, 2021, although the scale

of this production is not specified. There is no guarantee that this will be possible within this timeframe, and the government has reserved the right to revoke the licence if these conditions are not met.

Failure to satisfy any of the conditions set forth in the addendums to the Nalunaq Licence (for example, the commitment to perform specific exploration activities as set out in Addendum No. 3) may result in the MLSA revoking the Nalunaq Licence without further notice. To the extent the Minimum Offering is raised and the first phase of the planned overall work program described under the heading "*Use of Proceeds – Business Objectives and Milestones*" is completed, the Corporation estimates that exploration expenditures in the amount of approximately $5,100,000 (prior to giving effect to the multiplier factor discussed under the heading "*Use of Proceeds - Business Objectives and Milestones*") will remain to be incurred by December 31, 2018 to satisfy the conditions of the Nalunaq Licence. To the extent the Maximum Offering is raised and the second phase of the planned overall work program described under the heading "*Use of Proceeds – Business Objectives and Milestones*" is completed, the Corporation estimates that exploration expenditures in the amount of approximately $100,000 (prior to giving effect to the multiplier factor discussed under the heading "*Use of Proceeds - Business Objectives and Milestones*") will remain to be incurred by December 31, 2018 to satisfy the conditions of the Nalunaq Licence.

Moreover, under the Tartoq Licence, Nalunaq A/S is required to expend a total of $202,975 in 2017 and $182,850 in 2018 on exploration activties. Such exploration obligations will be fully met by the Corporation only if the Maximum Offering is raised. In the event that the Minimum Offering is raised, it is expected that the Corporation will either roll over any unspent amount to the next period or reduce the area of the Tartoq Licence.

The Corporation is exposed to fluctuation in exchange rates.

A portion of the Corporation's undertakings will be in Greenland. As a result, revenues, cash flows, expenses, capital expenditure and commitments will be primarily denominated in Danish Krone, Euros, Canadian dollars, U.S. dollars and UK Pound Sterling. This results in the income, expenditure and cash flows of the Corporation being exposed to fluctuations and volatilities in exchange rates, as determined in international markets. The amount of revenue generated by the Corporation in Canadian dollars to pay dividends and operating costs will fluctuate with changes in exchange rates. Changes in exchange rates are outside the Corporation's control.

The Corporation is subject to political risks.

The Corporation's underlying business interests will be located and carried out in Greenland. As a result, the Corporation may be subject to political and other uncertainties, including but not limited to, changes in politics or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual rights, foreign exchange restrictions, currency fluctuations, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which the Corporation's operations are conducted.

The Greenland Home Rule Government has responsibility for the mineral resources area in Greenland. The political condition in Greenland is generally stable; however, changes in exchange rates, control of fiscal regulations and regulatory regimes, labour unrest, inflation or economic recession could affect the Corporation's business. The management of the Corporation will closely monitor events and take advice, if necessary, from experts to prepare for any eventualities.

Risks Related to the Offering

The Board has the ability to issue preferred shares without shareholder approval.

The Corporation's charter documents authorize the Board to issue an unlimited number of preferred shares without the shareholders' approval and to determine the rights, privileges, restrictions and conditions granted

to or imposed on any unissued series of preferred shares. Those rights may be superior to those of the Shares. The issuance of preferred shares and the terms selected by the Board could decrease the amount of earnings and assets available for distribution to holders of Shares or adversely affect the rights and powers, including the voting rights, of the holders of Shares. Issuances of preferred shares, or the perception that such issuances may occur, could cause the trading price of the Shares to drop.

There is no current public market for the Shares.

There is no current public market for the Shares. If an active public market for the Shares does not develop, the trading price of the Shares may decline below the Offering Price of the Shares.

It is anticipated that the Shares will become publicly traded, and these Shares may be subject to various factors which may make the share price volatile.

The market price of publicly traded shares is affected by many variables not directly related to the success of the Corporation. These variables include macroeconomic developments in North America and globally, market perceptions of the attractiveness of particular industries, changes in financial estimates by securities analysts, changes in commodity prices, currency exchange fluctuation, the extent of analytical coverage available to investors concerning the business of the Corporation, the issuance of Shares in connection with acquisitions made by the Corporation or otherwise, and other factors.

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration and development stage companies, has experienced wide fluctuations which have not necessarily been related to operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Corporation's securities.

The Corporation has no dividend payment policy and does not intend to pay any cash dividends in the foreseeable future.

The Corporation does not currently have a policy on the payment of dividends. For the foreseeable future, the Corporation anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of any future dividends will depend upon earnings and the Corporation's financial condition, current and anticipated cash needs and such other factors as the directors of the Corporation consider appropriate.

Discretion in the use of proceeds.

Management will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditures. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Corporation's results of operations may suffer.

The shareholding of the holders of Shares may be diluted.

The Corporation has 36,000,000 Shares issued and outstanding. Upon completion of the Offering, there will be up to an additional 10,000,000 Shares issued and outstanding in the event of the Minimum Offering and 20,000,000 Shares in the event of the Maximum Offering (without giving effect to the exercise of the Over-Allotment Option). The Corporation may in the future grant to some or all of the Corporation's key employees and consultants options to purchase Shares at exercise prices equal to market prices at times when the public market is depressed. To the extent that significant numbers of such options are granted and exercised, the interests of then existing shareholders of the Corporation will be subject to additional dilution.

In addition, the Corporation may have further capital requirements and exploration expenditures as it proceeds to expand exploration activities at any of its Properties, develop any such Properties, or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. Such continued exploration and future development may require the issuance of Shares in the future and any such issuance will result in the then existing shareholders of the Corporation sustaining dilution to their relative proportion of the equity in the Corporation.

PROMOTERS

ARC and FBC Mining may be considered to be promoters of the Corporation under applicable Canadian securities laws. Prior to the date of the Prospectus, FBC Nalunaq, a wholly-owned subsidiary of FBC Mining, ARC and the Corporation completed the Pre-IPO Reorganization pursuant to which: (i) ARC distributed the shares of Nalunaq A/S held by it to its shareholders, (ii) in turn, Nalunaq A/S issued shares to each of ARC and FBC Nalunaq in settlement of outstanding debt obligations in the aggregate amount of $173,978 which was owed to them for advances made to fund the operations of Nalunaq A/S, and (iii) contemporaneously therewith, each of ARC, ARC's shareholders and FBC Nalunaq transferred to the Corporation all of the shares of Nalunaq A/S that they held in exchange for Shares.

As of the date of this Prospectus (without giving effect to the Offering), ARC and its shareholders and FBC Nalunaq hold 66.67% and 33.33%, respectively, of the issued and outstanding Shares.

Upon completion of the Offering, and after giving effect to the subscription of Shares under the Offering by FBC Mining, through FBC Nalunaq, and by Vatnar, ARC and ARC's shareholders will hold 24,100,000 Shares and FBC Mining, through FBC Nalunaq, will hold 12,900,000 Shares representing, respectively, 52.39% and 28.04% of this issued and outstanding Shares assuming the Minimum Offering, and 43.04% and 23.03% of the issued and outstanding Shares assuming the Maximum Offering, without giving effect to the Over-Allotment Option.

Pursuant to the Processing Plant and Royalty Agreement, FBC Nalunaq transferred the processing plant at the Nalunaq Property to Nalunaq A/S and granted the FBC Nalunaq Royalty to FBC Nalunaq. *See "Description of the Business – Nalunaq Property – Background".*

LEGAL PROCEEDINGS

Legal Proceedings

The Corporation is not the subject of any legal proceedings material to the Corporation to which the Corporation is a party or to which the Nalunaq Property or the Tartoq Property is subject, and no such proceedings are known to be contemplated.

Regulatory Actions

From incorporation to the date of this Prospectus, management knows of no:

(i) penalties or sanctions imposed against the Corporation by a court relating to provincial or territorial securities legislation or by a securities regulatory authority;

(ii) other penalties or sanctions imposed by a court or regulatory body against the Corporation necessary to be disclosed in order for this Prospectus to contain full, true and plain disclosure of all material facts relating to the Shares; or

(iii) settlement agreements the Corporation entered into before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this Prospectus, no director or executive officer of the Corporation or shareholder holding, on record or beneficially, directly or indirectly, more than 10% of the issued and outstanding securities of the Corporation, nor any of their respective associates or affiliates, had any material interest, directly or indirectly, in any material transaction with the Corporation from the date of incorporation of the Corporation to the date of this Prospectus or in any proposed transaction which has materially affected or would materially affect the Corporation.

RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENTS

The Corporation is neither a "connected issuer" nor "related issuer" to either of the Agents, as such terms are defined in NI 33-105.

AUDITORS

The auditors of the Corporation are PwC, a partnership of Chartered Professional Accountants, located at 1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Québec H3B 4Y1.

TRANSFER AGENT AND REGISTRAR

The Corporation's registrar and transfer agent for its Shares is Computershare Investor Services Inc. located at 100 University Avenue, Toronto, Ontario M5J 2Y1.

MATERIAL CONTRACTS

The only material contracts entered into by the Corporation within the period from incorporation until the date of this Prospectus, other than contracts entered into in the ordinary course of business, are as follows:

- Processing Plant and Royalty Agreement. See "*Description of the Business – Nalunaq Property - Background*".
- Agency Agreement. See "*Plan of Distribution – The Offering*".

A copy of any material contract and of the Nalunaq Report and the Tartoq Report may be inspected during distribution of the Shares being offered under this Prospectus and for a period of 30 days thereafter during normal business hours at the Corporation's offices at 123 Front Street West, Suite 905, Toronto Ontario M5J 2M2. Copies of these material contracts will also be available under the Corporation's profile on SEDAR at www.sedar.com.

LEGAL MATTERS

Certain legal matters in connection with this Offering have been passed upon on behalf of the Corporation by Blake, Cassels & Graydon LLP, and on behalf of the Agents by Bennett Jones LLP.

EXPERTS

The Nalunaq Report was prepared by or under the supervision of Fernando Saez, CIP Geol Eng, MAIG under the supervision of James Gilbertson, CGeol, each of SRK. The Tartoq Report was prepared by or under the supervision of James Gilbertson, CGeol of SRK. Each of Fernando Saez and James Gilbertson is a "qualified person" as such term is defined in NI 43-101 and is "independent" of Alopex and Nalunaq A/S as such term is defined in NI 43-101.

The following financial statements included in this Prospectus have been audited by PwC:

- the audited interim financial statements of the Corporation as at March 31, 2017;
- the Audited Nalunaq Financial Statements;
- the audited statement of exploration and evaluation and environmental monitoring expenses incurred by the previous owner on the Nalunaq Property for the period from January 1, 2015 to October 15, 2015; and
- the audited statements of exploration and evaluation expenses incurred by the previous owner on the Tartoq Property for the periods from May 4, 2015 to December 31, 2015 and January 1, 2016 to July 6, 2016.

PwC has advised that it is independent with respect to the Corporation and Nalunaq A/S within the meaning of the *Code of ethics of chartered professional accountants* (Québec).

There is no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion in this Prospectus, other than Blake, Cassels & Graydon LLP, on behalf of the Corporation, Bennett Jones LLP, on behalf of the Agents, and Fernando Saez, CIP Geol Eng, MAIG (Member of the Australian Institute of Geoscientists) and James Gilbertson CGeol (Chartered Geologist, Geological Society of London), the principal authors of the Nalunaq Report and the Tartoq Report (collectively, the "**Experts**").

There were no registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation or of one of its associates or affiliates: (i) held by an Expert or the designated professionals of an Expert when such Expert prepared the report, valuation, statement or opinion referred to herein as having been prepared by such Expert, (ii) received by an Expert or the designated professionals of an Expert, after the time specified above, or (iii) to be received by an Expert, except in each case, for the ownership of Shares which in respect of each Expert and its designated professionals as a group, has at all relevant times represented less than 1% of the issued and outstanding Shares. In addition, none of the Experts, and no director, officer or employee of any of the Experts, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

OTHER MATERIAL FACTS

Other than as disclosed in this Prospectus, there are no other material facts about the Shares being distributed pursuant to this Offering that are not disclosed under any other items and are necessary in order for this Prospectus to contain full, true and plain disclosure of all material facts relating to the Shares to be distributed.

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces in Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendments. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of such purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

LIST OF EXEMPTIONS

A. Nalunaq Licence

The Corporation has applied for relief from the requirement under Item 32.2 of Form 41-101F1 of NI 41-101 to include in this Prospectus carve-out financial statements with respect to the acquisition by Nalunaq A/S from Angel Mining Subco of the Nalunaq Licence pursuant to the sale and purchase agreement dated October 15, 2015. The Nalunaq Property will be the Corporation's principal property and, consequently, might be considered the primary business of the Corporation pursuant to section 32.1(b) of Form 41-101F1, which would require the Corporation to provide two years of carve-out financial statements with respect to the Nalunaq Property. Given that the Nalunaq Property is included in the audited financial statements of Nalunaq A/S since October 15, 2015, the Corporation has sought relief from the requirement to include unaudited carve-out financial statements with respect to the Nalunaq Property for the period from January 1, 2015 to October 15, 2015 and, in lieu thereof, this Prospectus includes an audited statement of exploration and evaluation and environmental monitoring expenses incurred by the previous owner on the Nalunaq Property for the period from January 1, 2015 to October 15, 2015 associated with the Nalunaq Licence, on the basis that:

i) Mining exploitation occurring at the Nalunaq Gold Mine ceased in October 2013, with the final closure work being successfully completed in the summer of 2014. Angel Mining Subco has not conducted any exploration on the Nalunaq Licence since at least October 2013, when the Nalunaq Gold Mine closed.

ii) As neither the Corporation nor Nalunaq A/S controlled Angel Mining Subco, it is not able to prepare Angel Mining Subco`s statements reliably, accurately and completely.

iii) Angel Mining Subco's overhead costs are not reflective of the true overhead costs the Corporation may have to incur on a going forward basis. For a breakdown of the estimated overhead costs of the Corporation on a going forward basis, see "*Use of Proceeds*".

iv) The royalties that may become payable in the future with respect to the Nalunaq Licence only become payable upon the mining project commencing the production of ore and generating revenues. Therefore, these are not currently contingent liabilities. For details with respect to these royalties, see "*Description of the Business – Nalunaq Property - Royalties*".

v) The assets acquired with the Nalunaq Licence include:

- The amounts remaining in an escrow bank account relating to environmental monitoring obligations which was acquired together with the Nalunaq Licence.

- Any remaining assets in the area of the Nalunaq Licence, except the former processing plant, which assets are essentially non-existent as the infrastructure of the Nalunaq Gold Mine was dismantled as part of the Closure Plan. Therefore, essentially no other assets have been transferred to Nalunaq A/S (other than the former processing plant discussed below) and no other assets are reflected in the carve-out financial statements of Angel Mining Subco with respect to the Nalunaq Licence.

- In March 2017, pursuant to the Processing Plant and Royalty Agreement, FBC Nalunaq transferred to Nalunaq A/S the former processing plant located underground in the former mining galleries of the Nalunaq Gold Mine in consideration of an initial payment of US$1 and a potential deferred consideration of up to US$1,999,999 on a pay as you can basis until the deferred consideration is paid in full, see "*Description of the Business – Nalunaq Property – Background*".

vi) Only one liability was assumed by Nalunaq A/S with the Nalunaq Licence, which is an environmental monitoring expense subject to the oversight of the Government of Greenland, to be funded from the escrow bank account referred to above. As at January 1, 2015, October 15, 2015, December 31, 2015 and December 31, 2016, the balance held in such escrow account was higher than the environmental monitoring provision.

vii) The Corporation has conducted satisfactory due diligence to determine that there are no other liabilities present on the Nalunaq Licence, including confirmation that there are no liens or encumbrances registered against the Nalunaq Licence.

viii) With the exception of the overhead costs that would have been allocated, the information that is provided in this audited statement of the exploration and environmental monitoring expenses is consistent with the information that would have been included in the carve-out financial statements otherwise required in respect of the Nalunaq Licence.

B. Tartoq Licence

The Corporation has applied for relief from the requirement under Item 32.2 of Form 41-101F1 of NI 41-101 to include in this Prospectus carve-out financial statements with respect to the acquisition by Nalunaq A/S from Nanoq of the Tartoq Licence pursuant to the sales and purchase agreement dated July 6, 2016. The Tartoq Property would be considered to be a component of the primary business of the Corporation pursuant to section 32.1(b) of Form 41-101F1, which would require the Corporation to provide two years of carve-out financial statements with respect to the Tartoq Property. Given that the Tartoq Property was created on May 4, 2015 and is included in the audited financial statements of Nalunaq A/S since July 6, 2016, the Corporation has sought relief from the requirement to include carve-out financial statements with respect to the Tartoq Property for the periods from May 4, 2015 to December 31, 2015 (unaudited) and January 1, 2016 to July 6, 2016 (audited) and, in lieu thereof, this Prospectus includes an audited statement of mineral property acquisition costs from May 4, 2015 to December 31, 2015 and from January 1, 2016 to July 6, 2016, on the basis that:

i) Due to financial difficulties, Nanoq did not complete any exploration activities on the Tartoq Licence. Other than the initial grant, the Tartoq Property has been dormant since said initial grant.

ii) Nanoq's overhead costs are not reflective of the true overhead costs the Corporation may have to incur on a going forward basis. For a breakdown of the estimated overhead costs of the Corporation on a going forward basis, see "*Use of Proceeds*".

iii) No assets other than the Tartoq Licence and the rights that are attached thereto have been transferred to Nalunaq A/S and therefore no assets other than those would be reflected in carve-out financial statements of Nanoq with respect to the Tartoq Licence.

iv) As part of the transfer of the Tartoq Licence from Nanoq, Nalunaq A/S agreed to assume any unfulfilled exploration expense obligations, which, in accordance with Greenland Exploration Standard Terms applicable thereto, have been rolled forward into 2017. See "*Description of the Business – Tartoq Property – Background*".

v) There are no other liabilities, contingent liabilities or asset retirement obligations that would be recorded or disclosed on the balance sheet or in the notes to the carve-out financial statements of Nanoq with respect to the Tartoq Licence.

vi) The Corporation has conducted satisfactory due diligence to determine that there are no other liabilities present on the Tartoq Licence, including confirmation that there are no liens or encumbrances registered against the Tartoq Licence.

vii) With the exception of the overhead costs that would have been allocated, the information that is provided in this audited statement of mineral property acquisition cost is consistent with what would have been included in the carve-out financial statements otherwise required in respect of the Tartoq Licence.

C. Vagar Licence

The Corporation has applied for relief from the requirement under Item 32.2 of Form 41-101F1 of NI 41-101 to include in this Prospectus carve-out financial statements with respect to the acquisition by Nalunaq A/S from NunaMinerals A/S, acting though its bankruptcy receiver, of the Vagar Licence, conditional upon the MLSA's approval on terms acceptable to Nalunaq A/S, pursuant to the sales and purchase agreement dated February 6, 2017. The Vagar Licence would be considered to be a component of the primary business of the Coporation pursuant to section 32.1(b) of Form 41-101F1, which would require the Corporation to provide two years of carve-out financial statements with respect to the Vagar Licence. The Corporation has sought relief from the requirement to include carve-out financial statements with respect to the Vagar Licence for years ended December 31, 2016 and 2015 and for the interim period ended March 31, 2017, on the basis that:

i) The conditions of the Vagar Licence sale and purchase agreement have not yet been met, the Vagar Licence has not yet been purchased and Nalunaq A/S will not make the purchase decision before the closing of the Offering, even if all the conditions are met.

ii) Due to financial difficulties, NunaMinerals A/S did not complete any exploration activities on the area covered by the Vagar Licence and therefore such property has been dormant since at least January 1, 2015.

(iii) NunaMinerals A/S' overhead costs are not reflective of the true overhead costs the Corporation may have to incur on a going forward basis. For a breakdown of the estimated overhead costs of the Corporation on a going forward basis, see "*Use of Proceeds*".

iv) The Corporation has conducted satisfactory due diligence to determine that there are no other liabilities present on the Vagar Licence, including confirmation that there are no liens or encumbrances registered against the Vagar Licence.

v) As the carve-out financial statements for the Vagar Licence would be nil statements, no additional information would be provided to shareholders of the Corporation by including such statements in this prospectus

The Corporation has been advised by staff of the Ontario Securities Commission that the issuance of a receipt for the final prospectus in respect of this distribution will evidence the granting of the above-mentioned relieves.

FINANCIAL STATEMENTS

Attached to and forming part of this Prospectus are the following financial statements:

- the audited interim financial statements of the Corporation as at March 31, 2017;
- the Nalunaq Financial Statements;
- the audited statement of exploration and evaluation and environmental monitoring expenses incurred by the previous owner on the Nalunaq Property for the period from January 1, 2015 to October 15, 2015; and

- the audited statements of exploration and evaluation expenses incurred by the previous owner on the Tartoq Property for the periods from May 4, 2015 to December 31, 2015 and January 1, 2016 to July 6, 2016.

APPENDIX A
AUDIT COMMITTEE CHARTER

I. Purpose

The Corporation's Board has established the Audit Committee, whose membership, authority and responsibilities shall be as set out in this Audit Committee Charter. The Audit Committee will provide independent review and oversight of the Corporation's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Corporation's external auditors. The Audit Committee will also assist the Board in fulfilling its responsibilities in reviewing the Corporation's process for monitoring compliance with laws and regulations and its own code of conduct. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. If asked to do so by the Board, the Audit Committee will also review the Corporation's financial strategies, its financing plans and its use of the equity and debt markets.

To perform his or her role effectively, each Audit Committee member will obtain an understanding of the responsibilities of Audit Committee membership as well as the Corporation's business, operations and risks.

II. Organization

The Audit Committee shall consist of at least three members at all times, each of whom must be a member of the Board and must be independent as defined by promulgated best practices by applicable law and applicable stock exchange listing rules (the "**Listing Rules**"), unless the Board determines that such independence is not required or not feasible.

The members of the Audit Committee shall satisfy the laws governing the Corporation and the financial literacy, expertise and experience requirements under applicable securities law, stock exchange requests and any other regulatory requirements applicable to the Audit Committee of the Corporation. In particular, all members of the Audit Committee shall have a practical knowledge of finance and accounting and be able to read and understand fundamental financial statements from the time of their respective appointments to the Audit Committee. In addition, members may be required to participate in continuing education if required by applicable law or the Listing Rules.

Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee as soon as such member ceases to be a Director.

The Audit Committee may form and delegate authority to subcommittees when appropriate.

III. Meetings

The Audit Committee shall meet as frequently as required, but at least quarterly. The Board shall appoint a Chair of the Audit Committee, who shall prepare and/or approve an agenda in advance of each meeting and shall preside over meetings of the Audit Committee. In the absence of the Chair, the Audit Committee shall select a chairperson for that meeting. A majority of the members of the Audit Committee shall constitute a quorum and the act of a majority of the members present at a meeting where a quorum is present shall be the act of the Audit Committee. The Audit Committee may also act by unanimous written consent of its members. The minutes of the Audit Committee will be in writing and duly entered into the books of the Corporation.

The Audit Committee shall, through its Chair, report regularly to the Board following the meetings of the Audit Committee, addressing such matters as the quality of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the outside auditors, the performance of any internal audit function and other matters related to the Audit Committee's functions and responsibilities.

The Audit Committee shall at least annually meet separately with each of the Corporation's senior executive group, including the Corporation's chief financial officer, and the Corporation's outside auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately.

IV. Responsibilities

The Audit Committee's principal responsibility is one of oversight. The Corporation's management is responsible for preparing the Corporation's financial statements, and the Corporation's outside auditors are responsible for auditing and/or reviewing those financial statements. In carrying out these oversight responsibilities, the Audit Committee is not providing any expert or special assurance as to the Corporation's financial statements or any professional certification as to the outside auditors' work.

The Audit Committee's specific responsibilities and powers are as set forth below:

General Duties and Responsibilities

● Periodically review with management and the outside auditors the applicable law and the Listing Rules relating to the qualifications, activities, responsibilities and duties of audit committees and compliance therewith, and also take, or recommend that the Board take, appropriate action to comply with such law and rules.

● Review and evaluate, at least annually, the adequacy of this charter and make recommendations to the Board for changes to it.

● Establish procedures for: (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

● Retain, at the Corporation's expense, independent counsel, accountants or others for such purposes as the Audit Committee, in its sole discretion, determines to be appropriate to carry out its responsibilities.

● Prepare annual reports of the Audit Committee for inclusion in the proxy statements for the Corporation's annual meetings, to the extent required.

● Investigate any matter brought to its attention related to financial, accounting and audit matters and have full access to all books, records, facilities and personnel of the Corporation.

● Undertake such additional responsibilities as from time to time may be delegated to it by the Board, required by the Corporation's articles or bylaws or required by law or Listing Rules.

Auditor Independence

● Be directly responsible for the appointment, compensation, retention, termination, and oversight, subject to the requirements of Canadian law, of the work of any outside auditor engaged by the Corporation for the purpose of preparing or issuing an audit report or performing other audit, review or attest services. The outside auditors shall report directly to the Audit Committee.

● Receive from the outside auditors, review and discuss, a formal written statement delineating all relationships between the outside auditors and the Corporation regarding relationships and services, which may affect the objectivity and independence of the outside auditors, and other applicable standards. The statement shall include a description of all services provided by the outside auditors and the related fees. The Audit Committee shall actively discuss any disclosed relationships or services that may affect the objectivity and independence of the outside auditors.

● Pre-approve all engagement letters and fees for all auditing services (including providing comfort letters in connection with securities underwritings) and non-audit services performed by the outside auditors. Pre-approval authority may be delegated to an Audit Committee member or a subcommittee, and any such member or subcommittee shall report any decisions to the full Audit Committee at its next scheduled meeting. The Audit Committee shall not approve an engagement of outside auditors to render non-audit services that are prohibited by law or the Listing Rules.

● Review with the outside auditors, at least annually, the auditors' internal quality control procedures and any material issues raised by the most recent internal quality peer review of the outside auditors.

● Review and approve hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

Internal Control

● Review annually the adequacy and quality of the Corporation's financial and accounting staffing, the need for and scope of internal audit reviews, and the plan, budget and the designations of responsibilities for any internal audit.

● Review the performance and material findings of internal audit reviews, if any.

● Review annually with the outside auditors any significant matters regarding the Corporation's internal controls and procedures over financial reporting ("internal controls") that have come to their attention during the conduct of their annual audit, and review whether internal controls recommendations made by the auditors have been implemented by management.

● Review major risk exposures (whether financial, operating or otherwise) and the guidelines and policies that management has put in place to govern the process of monitoring, mitigating and reporting such exposures.

● Review and evaluate at least annually the Corporation's policies and procedures for maintaining and investing cash funds and for hedging (foreign currency, etc.).

● Evaluate whether management is setting the appropriate tone at the top by communicating the importance of internal controls and ensuring that all supervisory and accounting employees understand their roles and responsibilities with respect to internal controls.

Annual and Interim Financial Statements

● Review, evaluate and discuss with the outside auditors and management the Corporation's audited annual financial statements and other information that is to be filed with Canadian Securities regulatory authorities and to be included in the Corporation's Proxy Solicitation and Information Circular, as applicable, including the disclosures under "Management's Discussion and Analysis", and the results of the outside auditors' audit of the Corporation's annual financial statements, including the accompanying footnotes and the outside auditors' opinion, and determine whether to recommend to the Board that the financial statements be included in the Corporation's Proxy Solicitation and Information Circular, if appropriate.

● Review, evaluate and discuss the nature and extent of any significant changes in Canadian accounting principles, or the application of accounting principles.

● Ensure that the Corporation's accounting policies are appropriate and that financial results are fairly presented.

- Discuss with management the Corporation's interim financial statements and other information to be included in the Corporation's quarterly reports, including the disclosures under "Management's Discussion and Analysis", prior to filing such reports on SEDAR.

- Review and discuss with the Corporation's management significant accounting and reporting principles, practices and procedures applied in preparing the financial statements and any major changes to the Corporation's accounting or reporting principles, practices or procedures, including those required or proposed by professional or regulatory pronouncements and actions, as brought to its attention by management and/or the outside auditors.

- Review and discuss all critical accounting policies identified by management and/or the outside auditors.

- Review significant accounting and reporting issues, including recent regulatory announcements and rule changes and Canadian GAAP matters and understand their effect on the financial statements.

- Discuss alternative treatments of financial information under generally accepted accounting principles, the ramifications of each treatment and the method preferred by the Corporation's outside auditors.

- Review the results of any material difficulties, differences or disputes with management encountered by the outside auditors during the course of the audit and be responsible for overseeing the resolution of such difficulties, differences and disputes.

- Review the scope, plan and procedures to be used on the annual audit and receive confirmation from the outside auditors that no limitations have been placed on the scope or nature of their audit scope, plan or procedures.

Related Party Transactions

- Review any transaction involving the Corporation and a related party (as such may be described from time to time by applicable legislation) at least once a year or upon any significant change in the transaction or relationship.

Earnings Press Releases

- Review and discuss with management and, if appropriate, the outside auditors, prior to release, all earnings press releases of the Corporation, as well as financial information and earnings guidance, if any, provided by the Corporation to analysts and rating agencies.

Compliance with Law and Regulations

- Ensure that management has the proper systems and review processes in place so that the Corporation's financial statements, financial reports and other financial information satisfy all legal, regulatory and professional standards requirements.

- Review with the Corporation's counsel, management and the independent auditors any legal or regulatory matter, including reports or correspondence, which could have a material impact on the Corporation's financial statements or compliance policies.

- Report regularly to the Board with respect to any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the performance and independence of the Corporation's independent auditors and internal audit function issues.

Administering Whistleblower Policy

- Review at least annually the Corporation's Whistleblower Policy.
- Deal with complaints made by employees and others in accordance with the Whistleblower Policy.

V. Authority

The Board authorizes the Audit Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to communicate directly with the external auditors, to retain outside legal or professional counsel and other experts and to request the attendance of the Corporation's officers at meetings as appropriate. The Corporation shall provide for appropriate funding, as determined by the Audit Committee in its sole discretion, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; (ii) compensation to independent counsel and other advisers, as the Audit Committee determines is necessary to carry out its duties; and (iii) ordinary administrative expenses of the Audit Committee that the Audit Committee determines are necessary or appropriate in carrying out its duties.

APPENDIX B
FINANCIAL STATEMENTS

AUDITED INTERIM FINANCIAL STATEMENTS OF ALOPEX GOLD INC.
AS AT MARCH 31, 2017

ALOPEX GOLD INC.

AUDITED INTERIM FINANCIAL STATEMENTS

For the initial 38-day period ended March 31, 2017

June 29, 2017

Independent Auditor's Report

To the Board of Directors of
Alopex Gold Inc.

We have audited the accompanying interim financial statements of Alopex Gold Inc., which comprise the statement of financial position as at March 31, 2017 and the statements of changes in equity and cash flows for the initial 38-day period ended March 31, 2017, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the interim financial statements
Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these interim financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.

Opinion
In our opinion, the interim financial statements present fairly, in all material respects, the financial position of Alopex Gold Inc. as at March 31, 2017 and its financial performance and its cash flows for the initial 38-day period ended March 31, 2017 in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 2 to the interim financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Alopex Gold Inc.'s ability to continue as a going concern.

PricewaterhouseCoopers LLP[1]

[1] CPA auditor, CA, public accountancy permit No A123642

ALOPEX GOLD INC.

Statement of Financial Position

(In Canadian Dollars)

	Notes	As at March 31, 2017
		$
ASSETS		
Current assets		
Cash		9,959
Sales tax receivable		12,144
Total current assets		22,103
Non-current assets		
Deferred share issuance costs	**6**	138,341
Total non-current assets		138,341
TOTAL ASSETS		**160,444**
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables		94,773
Payables to company under common control	**6**	65,670
Total current liabilities		160,443
Equity		
Capital stock	**5**	1
Total equity		1
TOTAL LIABILITIES AND EQUITY		**160,444**
Going concern	**2**	
Subsequent events	**6**	

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

Approved by the Board of Directors

(s) "George Fowlie"
George Fowlie
Director

(s) "Eldur Ólafsson"
Eldur Ólafsson
President, CEO and Director

ALOPEX GOLD INC.

Statements of Changes in Equity

For the initial 38-day period ended March 31, 2017

(In Canadian Dollars)

	Common Shares Number	Capital stock	Total equity
		$	$
Opening balance as at February 22, 2017	-	-	-
Share issuance in consideration of cash	1	1	1
Balance as at March 31, 2017	**1**	**1**	**1**

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

ALOPEX GOLD INC.

Statement of Cash Flows

For the initial 38-day period ended March 31, 2017

(In Canadian Dollars)

	2017
	$
Operating activities	
Changes in non-cash working capital items:	
Sales tax receivable	(12,144)
Trade and other payables	31,228
Payables to company under common control	2,653
Cash flow used in operating activities	21,737
Financing activities	
Share issuance	1
Deferred share issuance costs	(11,779)
Cash flow from financing activities	(11,778)
Change in cash during the period and Cash, end of period	9,959
Supplemental cash flow information	
Deferred share issuance costs included in trade and other payables	63,545
Deferred share issuance costs included in payables to company under common control	63,017

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

ALOPEX GOLD INC.
Notes to the Interim Financial Statements
For the initial 38-day period ended March 31, 2017
(In Canadian Dollars)

1. NATURE OF OPERATIONS

Alopex Gold Inc. (the "Corporation") was incorporated on February 22, 2017 under the *Canada Business Corporations Act*. The Corporation's head office is situated at 123 Front Street West, suite 905, Toronto, Ontario, Canada. The Corporation operates in one industry segment, being the acquisition, exploration and development of mineral properties. It plans to have interests in properties located in Greenland. The Corporation's financial year ends on December 31.

The Financial Statements for the initial 38-day period ended March 31, 2017 were reviewed and authorized for issue by the Board of Directors on June 29, 2017.

2. BASIS OF PREPARATION AND GOING CONCERN

The audited interim financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Separate statements of loss and comprehensive loss have not been presented as there have been no activities for the Corporation from the incorporation date of February 22, 2017 to March 31, 2017.

They were prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, senior management of the Corporation ("Management") takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Corporation's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption would not be appropriate. These adjustments could be material.

In addition to ongoing working capital requirements, Corporation must secure sufficient funding to meet its other obligations, existing commitments for the exploration and evaluation programs and pay general and administration costs. As at March 31, 2017, the Corporation had negative working capital of $138,340. These conditions indicate the existence of material uncertainties that may cast a significant doubt regarding the Corporation's ability to continue as a going concern.

The Corporation's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. The planned initial public offering of the Corporation discussed in the proposed transactions and initial public offering Note is intended to contribute to such financing. There can be no assurance that the Management can secured financing in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If Management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements and this could have a significant impact on the financial position of the Corporation, its financial performance and its cash flows.

The measurement of certain assets and liabilities is dependent on future events; therefore the preparation of these financial statements requires the use of estimates, which may vary from actual results. The success of the Corporation's exploration and evaluation activities is influenced by significant financial risks, legal and political risks, commodity prices, and the ability of the Corporation to discover economically recoverable reserves.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

The significant accounting policies used in the preparation of these financial statements are as follows.

Cash
Cash consist of cash on hand and is classified as loans and receivables.

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 measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Share issuance costs
Costs directly attributable to the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate to, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

The preparation of these financial statements requires Management to make judgments and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, Management evaluates its judgments in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments. Actual outcomes may differ from these estimates under different assumptions and conditions. Critical judgments exercised in applying accounting policies with the most significant effect on the amounts recognized in the financial statements are described below.

Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future cash flows from operations and events that are believed to be reasonable under the circumstances.

5. COMMON SHARES

Authorized
Unlimited number of common shares without par value.

6. FINANCIAL INSTRUMENTS

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation's management manages financial risks. The Corporation does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. The Corporation' main financial risks exposure and its financial policies are described below.

6.1 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 Corporation' cash is exposed to credit risk. Management believes the credit risk on cash is small because the counterparty is a Canadian chartered bank.

6.2 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its exploration, development, and operating obligations and cash on hand. The Corporation anticipates seeking additional financing in order to fund general and administrative costs. The Corporation's options to enhance liquidity include the issuance of new debt or equity instruments (refer to note 2 for going concern discussion).

The carrying amounts and contractual maturities of financial liabilities is within one year.

6.3 Fair value risk

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments. As at March 31, 2017, the Corporation's financial instruments are cash, trade and other payables and payables to company under common control. For all the financial instruments, the amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to their short-term nature.

7. MANAGEMENT OF CAPITAL

The capital of the Corporation is currently composed of a nominal amount of share capital. Active management of the Corporation's capital will commence only once the proposed IPO as discussed in note 8 or an alternative substantial financing is completed.

8. PROPOSED TRANSACTIONS AND INITIAL PUBLIC OFFERING

On February 22, 2017, the Corporation was incorporated with nominal assets and capital in preparation for an initial public offering ("IPO"). Immediately prior to and conditional upon the closing of the IPO, the current shareholders of Nalunaq A/S ("Nalunaq") will transfer their shares of Nalunaq to the Corporation in exchange for common shares of the Corporation, with Nalunaq thereby becoming a wholly-owned subsidiary of the Corporation. Nalunaq was incorporated on September 25, 2015 under the *Greenlandic Public Companies Act*.

8. PROPOSED TRANSACTIONS AND INITIAL PUBLIC OFFERING (COND'T)

Nalunaq's principal asset is the former Nalunaq mining site located in the southwest of Greenland. As at March 31, 2017, the Corporation has incurred deferred share issuance costs of $138,341 and has an amount payable of $65,670 to Nalunaq, who is a company under common control.

A prospectus is being filed by the Corporation to qualify the IPO of a minimum of 10,000,000 common shares in the share capital of the Corporation (the "Shares"), for total gross proceeds to the Corporation of $5,000,000, and a maximum of 20,000,000 shares, for total gross proceeds to the Corporation of $10,000,000, at a price of $0.50 per share.

The IPO is being made pursuant to the terms of an agency agreement dated June 29, 2017 (the "Agency Agreement") between the Corporation and Paradigm Capital Inc., acting as lead agent (the "Lead Agent") and Canaccord Genuity Corp. (together with the Lead Agent, the "Agents").

The Agents will receive a commission (the "Commission") of 6.5% of the gross amount raised in the IPO, payable in cash from the proceeds of the sale of the Shares. The Corporation has also agreed to pay the Lead Agent a work fee of $15,000 per month for four months, commencing January 1, 2017 (the "Work Fee"). Any Work Fee payable shall be creditable against any Commission that becomes payable. In addition, the Corporation has agreed to grant to the Agents, as additional compensation, non-transferable Share purchase warrants (each an "Agents' Warrant") that will entitle the Agents to purchase, at the Offering Price, such number of Shares as is equal to 6.5% of the aggregate number of Shares sold under the Offering at any time after August 31, 2017 and on or before the date which is 36 months following the date of closing of the Offering.

The Corporation has granted to the Agents an option (the "Over-Allotment Option") exercisable, in whole or in part in the sole discretion of the Agents, at any time for a period of 30 days following the date of closing of the Offering, to sell up to an aggregate number of additional Shares as is equal to 15% of the aggregate number of Shares issued pursuant to the Offering to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full by the Agents, the total offering to the public will be $1,500,000. The purchase price of each additional Share sold under the Over-Allotment Option will be equal to the Offering Price.

On June 26, 2017, Arctic Resources Capital S.à r.l. ("ARC"), FBC Mining (Nalunaq) Limited ("FBC Nalunaq") and the Corporation completed the Pre-IPO Reorganization. Pursuant to the Pre-IPO Reorganization, ARC transferred the shares of Nalunaq A/S held by ARC to its shareholders by way of a distribution in kind. Upon completion of such distribution, Nalunaq A/S issued shares to each of ARC and FBC Nalunaq in settlement of outstanding debt obligations in the aggregate amount of $173,978 which was owed to them for advances made to fund the operations of Nalunaq A/S, and contemporaneously therewith, each of ARC, ARC's shareholders and FBC Nalunaq transferred all of their respective shares of Nalunaq A/S to the Corporation in exchange for an aggregate of 35,999,999 common shares of the Corporation. As of June 26, 2017 (without giving effect to the prospectus offering), ARC and its shareholders and FBC Nalunaq hold 66.67% and 33.33%, respectively, of the issued and outstanding Shares.

AUDITED FINANCIAL STATEMENTS OF NALUNAQ A/S
FOR THE YEAR ENDED DECEMBER 31, 2016 AND THE 98 DAYS ENDED DECEMBER 31, 2015

NALUNAQ A/S

AUDITED FINANCIAL STATEMENTS

Year Ended December 31, 2016
and 98 days ended December 31, 2015

June 29, 2017

Independent Auditor's Report

To the Board of Directors of
Nalunaq A/S

We have audited the accompanying financial statements of Nalunaq A/S, which comprise the statements of financial position as at December 31, 2016 and 2015 and the statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2016 and for the 98 days ended December 31, 2015, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Nalunaq A/S as at December 31, 2016 and 2015 and its financial performance and its cash flows for the year ended December 31, 2016 and for the 98 days ended December 31, 2015 in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Nalunaq A/S' ability to continue as a going concern.

PricewaterhouseCoopers LLP[1]

[1] CPA auditor, CA, public accountancy permit No A123642

Nalunaq A/S
Statements of Financial Position
As at December 31, 2016 and 2015
(In Canadian Dollars)

	Notes	December 31, 2016	December 31, 2015
		$	$
ASSETS			
Current assets			
Cash		137,322	41,791
Escrow account for environmental monitoring	5	141,433	74,511
Total current assets		278,755	116,302
Non-current assets			
Non-current portion – escrow account for environmental monitoring	5	475,780	652,185
Mineral properties	6	17,618	1
Total non-current assets		493,398	652,186
TOTAL ASSETS		**772,153**	**768,488**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		156,464	-
Payables to shareholders	7	167,266	-
Current portion – environmental monitoring provision	8	137,075	74,511
Total current liabilities		460,805	74,511
Non-current liabilities			
Environmental monitoring provision	8	123,409	267,065
Deferred income tax liability	15	-	97,804
Total non-current liabilities		123,409	364,869
Total liabilities		**584,214**	**439,380**
Equity			
Capital stock	9	1,088,160	100,901
Contributed surplus		224,562	236,953
Accumulated other comprehensive income (loss)		27,145	(242)
Deficit		(1,151,928)	(8,504)
Total equity		187,939	329,108
TOTAL LIABILITIES AND EQUITY		**772,153**	**768,488**
Going concern	1		
Subsequent events	18		

The accompanying notes are an integral part of the financial statements.

Approved by the Board of Directors

(s) "Eldur Ólafsson"	*(s) "Justinas Matusevičius"*	*(s) "Joan Plant"*
Eldur Ólafsson	Justinas Matusevičius	Joan Plant
Director	Director	Director

NALUNAQ A/S

Statements of Comprehensive Loss

Year ended December 31, 2016 and 98 days ended December 31, 2015

(In Canadian Dollars)

	Notes	Year ended December 31, 2016	98 days ended December 31 2015
		$	$
Expenses			
Exploration and evaluation expenses	**12**	800,103	-
General and administrative	**13**	445,188	8,517
Foreign exchange		(11,990)	-
Operating loss		1,233,301	8,517
Other expenses (income)			
Interest income		-	(97)
Finance costs	**14**	8,031	3,728
Loss before income tax recovery		**(1,241,332)**	**(12,148)**
Deferred income tax recovery	**15**	97,908	3,644
Net loss for the period		**(1,143,424)**	**(8,504)**
Other comprehensive loss that may not be reclassified subsequently to net loss:			
Exchange rate differences on translation from functional to presentation currency		(12,083)	(242)
Other comprehensive loss		(12,083)	(242)
Comprehensive loss		**(1,155,507)**	**(8,746)**
Weighted average number of common shares outstanding - basic and diluted		598,455	501,000
Basic and diluted loss per common share		(1.91)	(0.02)

The accompanying notes are an integral part of the financial statements.

NALUNAQ A/S

Statements of Changes in Equity

Year ended December 31, 2016 and 98 days ended December 31, 2015

(In Canadian Dollars)

	Notes	Common Shares Number	Capital Stock	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total Equity
			$	$	$	$	$
Opening balance at September 25, 2015		-	-	-	-	-	-
Net loss		-	-	-	-	(8,504)	(8,504)
Other comprehensive loss		-	-	-	(242)	-	(242)
Comprehensive loss							(8,746)
Shares issued for private placement	9	501,000	100,901	-	-	-	100,901
Acquisition of the Nalunaq Licence, net of deferred income taxes of $101,552	6	-	-	236,953	-	-	236,953
Balance at December 31, 2015		**501,000**	**100,901**	**236,953**	**(242)**	**(8,504)**	**329,108**
Balance at January 1, 2016		**501,000**	**100,901**	**236,953**	**(242)**	**(8,504)**	**329,108**
Net loss		-	-	-	-	(1,143,424)	(1,143,424)
Other comprehensive loss		-	(26,764)	(12,706)	27,387	-	(12,083)
Comprehensive loss							(1,155,507)
Shares issued for private placement	9	501,000	1,014,023	-	-	-	1,014,023
Share-based payments	10	-	-	315	-	-	315
Balance at December 31, 2016		**1,002,000**	**1,088,160**	**224,562**	**27,145**	**(1,151,928)**	**187,939**

The accompanying notes are an integral part of the financial statements.

NALUNAQ A/S

Statements of Cash Flows

Year ended December 31, 2016 and 98 days ended December 31, 2015

(In Canadian Dollars)

	Notes	Year ended December 31, 2016	98 days ended December 31, 2015
		$	$
Operating activities			
Net loss for the period		(1,143,424)	(8,504)
Adjustments for:			
Share-based payments		315	-
Finance costs	**14**	8,031	3,728
Deferred income tax recovery	**15**	(97,908)	(3,644)
Payment from cash held in escrow account for environmental monitoring	**8**	(75,880)	-
Escrow account for environmental monitoring	**5**	75,880	(97)
Unrealized foreign exchange gain		(6,814)	-
		(1,239,800)	(8,517)
Changes in non-cash working capital items:			
Trade and other payables		131,633	-
Payables to shareholders	**7**	172,098	-
		303,731	-
Cash flow used in operating activities		**(936,069)**	**(8,517)**
Investing activities			
Acquisition of mineral properties	**6**	(968)	(47,175)
Cash flow used in investing activities		**(968)**	**(47,175)**
Financing activities			
Shares issued	**9**	1,014,023	100,901
Cash flow from financing activities		**1,014,023**	**100,901**
Change in cash during the period		76,986	45,209
Effect of exchange rate changes on cash		18,545	(3,418)
Cash, beginning of period		41,791	-
Cash, end of period		**137,322**	**41,791**
Supplemental cash flow information			
Interest received		-	97
Interest paid		97	-
Additions in mineral properties included in trade and other payables		16,665	-

The accompanying notes are an integral part of the financial statements.

NALUNAQ A/S

Notes to the Financial Statements

Year ended December 31, 2016 and 98 days ended December 31, 2015

(In Canadian Dollars, except as otherwise noted)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN

Nalunaq A/S was incorporated on September 25, 2015 and is governed by the *Greenland Public Companies Act.* Nalunaq A/S' head office is situated at Qullilerfik 2, 6, 3900 Nuuk, Greenland. The shareholders of Nalunaq A/S are Arctic Resources Capital S.à r.l. ("ARC") at 66.7% and FBC Mining (Nalunaq) Ltd. ("FBC (Nalunaq)") at 33.3%. Nalunaq A/S, an exploration and evaluation stage company, is in the business of exploring mineral properties in Greenland. Its focus is currently on the exploration and evaluation of its mineral properties in the Greenland for gold metal.

The financial statements of Nalunaq A/S for the fiscal year ended December 31, 2016 and the 98 days ended December 31, 2015 were reviewed, approved and authorized for issue by the Board of Directors on June 29, 2017.

1.1 Basis of presentation and going concern

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB'). They were prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, senior management of Nalunaq A/S ("Management") takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon Nalunaq A/S' ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption would not be appropriate. These adjustments could be material.

Nalunaq A/S recorded a loss of $1,143,424 for the year ended December 31, 2016 ($8,504 for the 98 days ended December 31, 2015) and has an accumulated deficit of $1,151,928 as at December 31, 2016 ($8,504 as at December 31, 2015). In addition to ongoing working capital requirements, Nalunaq A/S must secure sufficient funding to meet its other obligations, existing commitments for the exploration and evaluation programs and pay general and administration costs. As at December 31, 2016, Nalunaq A/S had negative working capital of $182,050 (positive working capital of $41,791 as at December 31 2015). These conditions indicate the existence of material uncertainty that may cast a significant doubt regarding Nalunaq A/S' ability to continue as a going concern.

Nalunaq A/S' ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. While Management has secured financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for Nalunaq A/S or that they will be available on terms which are acceptable to Nalunaq A/S. If Management is unable to obtain new funding, Nalunaq A/S may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements and this could have a significant impact on the financial position of Nalunaq A/S, its financial performance and its cash flows.

The measurement of certain assets and liabilities is dependent on future events; therefore the preparation of these financial statements requires the use of estimates, which may vary from actual results. The success of Nalunaq A/S' exploration and evaluation activities is influenced by significant financial risks, legal and political risks, commodity prices, and the ability of Nalunaq A/S to discover economically recoverable reserves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.2 Functional and presentation currency – Foreign currency transactions

The presentation currency is Canadian dollars ("CAD") while the functional currency is Danish Krone ("DKK"). The functional currency of Nalunaq A/S is measured using the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate rates of exchange prevailing on the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the net profit or loss.

For presentation purposes, the results of operations are translated to CAD at an appropriate average rate of exchange during the year and are included in net profit or loss. The assets, liabilities, capital stock and contributed surplus are translated to CAD at rates of exchange in effect at the end of the period. Gains or losses arising on translation to the presentation currency for assets, liabilities, capital stock and contributed surplus to CAD at period end are recognized in other comprehensive loss as a foreign currency translation adjustment. When a foreign operation is sold, such exchange differences are recognized in the statement of comprehensive loss as part of the gain or loss on sale.

2.3 Mineral properties and exploration and evaluation expenses

Mineral properties include rights in mining properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

All costs incurred prior to obtaining the legal rights to undertake exploration and evaluation on an area of interest are expensed as incurred.

Mining rights are recorded at acquisition cost or at its recoverable amount in the case of a devaluation caused by an impairment of value. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production. Proceeds from the sale of mineral properties are applied as a reduction of the related carrying costs and any excess or shortfall is recorded as a gain or loss in the statement of income (loss).

Exploration and evaluation expenses ("E&E expenses") also typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Generally, expenditures relating to exploration and evaluation activities are expensed as incurred. Capitalization of E&E expenses commences when a mineral resource estimate has been obtained for an area of interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E&E expenses include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for Nalunaq A/S' mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

When a mine project moves into the development phase, E&E expenses are capitalized to mine development costs. An impairment test is performed before reclassification and any impairment loss is recognized in the statement of income (loss).

E&E include overhead expenses directly attributable to the related activities.

Nalunaq A/S has taken steps to verify the validity of title to mineral properties on which it is conducting exploration activities and is acquiring interests in accordance with industry standards that apply to the current stage of exploration and evaluation of such property. However, these procedures do not guarantee Nalunaq A/S' title, as property title may be subject to unregistered prior agreements, aboriginal claims or noncompliance with regulatory requirements.

2.4 Impairment of non-financial assets

Mineral properties are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Mineral properties are reviewed by area of interest. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, Nalunaq A/S estimates the recoverable amount of the asset group to which the asset belongs.

An asset's 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 for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the statement of income (loss). Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

2.5 Environmental monitoring provision

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Nalunaq A/S is subject to laws and regulations relating to environmental matters, including land reclamation and discharge of hazardous materials and environmental monitoring. Nalunaq A/S may be found to be responsible for damage caused by prior owners and operators of its unproven mineral interests and in relation to interests previously held by Nalunaq A/S.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

On initial recognition, the estimated net present value of a provision is recorded as a liability and a corresponding amount is added to the capitalized cost of the related non-financial asset or charged to statement of income (loss) if the property has been written off. Discount rates using a pre-tax rate that reflects the time value of money and the risk associated with the liability are used to calculate the net present value. The provision is evaluated at the end of each reporting period for changes in the estimated amount or timing of settlement of the obligation.

2.6 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted by the date of the statement of financial position.

Deferred income taxes are provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement comprehensive loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

2.7 Equity

Capital stock represents the amount received on the issue of shares. Options represents the charges related to stock options until they are exercised. Contributed surplus includes charges related to stock options that are expired and not exercised. Contributed surplus also includes contributions from shareholders. Deficit includes all current and prior period retained profits or losses and share issue expenses.

Share and warrant issue expenses are accounted for in the year in which they are incurred and are recorded as a deduction to equity in the deficit in the year in which the shares are issued.

Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model.

2.8 Interest income

Interest income from financial assets is accrued, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.9 Share-based payments

Employees and consultants of Nalunaq A/S may receive a portion of their compensation in the form of share-based payment transactions, whereby employees or consultants render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued for goods or services, the transaction is measured at the fair value of the goods or services received by the entity. When the value of the goods or services cannot be specifically identified, they are measured at fair value of the share-based payment. The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects Nalunaq A/S' best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. During the years ended December 31, 2016 and December 31, 2015, all the outstanding common share equivalents were anti-dilutive.

2.11 Financial instruments

2.11.1 Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses recognized in other comprehensive loss except for losses in value that are considered significant or prolonged decline in the fair value of that investment below its cost, which are considered impairments resulting in a reclassification from other comprehensive loss to earnings.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

2.11.2 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently 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 expense 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, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of loss and comprehensive loss.

2.11.3 Impairment of financial assets

Nalunaq A/S assesses at each date of the statement of financial position whether a financial asset is impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11.4 Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in earnings.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in earnings.

2.11.5 Classification

Nalunaq A/S has classified its financial instruments as follows:

Category	Financial instrument
Loans and receivables	Cash and escrow account for environmental monitoring
Financial liabilities at amortized cost	Trade and other payables, payables to shareholders

2.12 Segment disclosures

Nalunaq A/S operates in one industry segment, being the acquisition, exploration and development of mineral properties. All of Nalunaq A/S' activities are conducted in Greenland.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Standards and interpretations not yet effective

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective:

a) IFRS 9 – Financial instruments, classification and measurement

In July 2014, the IASB issued IFRS 9 *Financial Instruments*. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and substantially completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

This standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only three classification categories: amortized cost and fair value through other comprehensive loss and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability.

The standard introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and it lowers the threshold for recognition of full lifetime expected losses. The new standard also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting more closely with risk management. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The extent of the impact of the adoption of IFRS 9 has not yet been determined.

b) IFRS 7 Financial instruments: disclosures
Effective on adoption of IFRS 9, *Financial Instruments*. Amended to require additional disclosure on transition from IAS 39 to IFRS 9.

c) IFRS 16 Leases
In January 2016, the IASB issued IFRS 16 which sets out the principles of the recognition, measurement, presentation and disclosure of leases for both parties to a contract, which is the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces IAS 17 *Leases*, and related interpretations. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize:

i. Assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
ii. Depreciation of lease assets separately from interest on lease liabilities in the statement of income.

The new standard is effective for annual period beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 *Revenue from Contracts with Customers* is also applied. Management has not yet evaluated the impact that this standard will have on its financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

The preparation of these financial statements requires Management to make judgments and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, Management evaluates its judgments in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments. Actual outcomes may differ from these estimates under different assumptions and conditions. Critical judgments exercised in applying accounting policies with the most significant effect on the amounts recognized in the financial statements are described below.

JUDGMENTS

4.1 Going concern

The assessment of Nalunaq A/S' ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future cash flows from operations and events that are believed to be reasonable under the circumstances.

4.2 Impairment of mineral properties

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS (CONT'D)

Determining whether to test for impairment of mineral properties requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the mineral properties is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to Nalunaq A/S' assets and earnings may occur during the next period.

4.3 Recognition of deferred income tax assets and the measurement of income tax expense

Periodically, Nalunaq A/S evaluates the likelihood of whether some portion of the deferred tax assets will not be realized. Once the evaluation is completed, if Nalunaq A/S believes that it is probable that some portion of the deferred tax assets will fail to be realized, Nalunaq A/S records only the remaining portion for which it is probable that there will be available future taxable profit against which the temporary differences can be utilized. Assessing the recoverability of deferred income tax assets requires Management to make significant judgment.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of Nalunaq A/S to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. Significant judgment is required in determining the income tax recovery as there are transactions and calculations for which the ultimate tax determination is uncertain.

ESTIMATES AND ASSUMPTIONS

4.4 Environmental monitoring costs

The provisions for environmental monitoring costs are based on estimated future costs using information available at the financial reporting date. Determining these obligations requires significant estimates and assumptions due to the numerous factors that affect the amount ultimately payable. Such factors include estimates of the scope and cost of restoration activities, legislative amendments, known environmental impacts, the effectiveness of reparation and restoration measures and changes in the discount rate. This uncertainty may lead to differences between the actual expense and the provision. At the date of the statement of financial situation, environmental monitoring costs represent management's best estimate of the charge that will result when the actual obligation is terminated.

5. ESCROW ACCOUNT FOR ENVIRONMENTAL MONITORING

On behalf of Nalunaq's licence holder, an escrow account has been set up with the holder of the licence as holder of the account and the Government of Greenland as beneficiary. The funds in the escrow account have been provided in favour of the Government of Greenland as security for fulfilling the environmental monitoring expenses following the closure of the Nalunaq mine.

	Year ended December 31, 2016	98 days ended December 31, 2015
	$	$
Balance beginning	726,696	-
Effect of translation	(33,603)	14,073
Acquisition of the Nalunaq Licence	-	712,526
Interest income	-	97
Payment for environmental monitoring work	(75,880)	-
Balance ending	617,213	726,696
Non-current portion – escrow account for environmental monitoring	(475,780)	(652,185)
Current portion - escrow account for environmental monitoring	**141,433**	**74,511**

6. MINERAL PROPERTIES

	December 31, 2015	Additions	December 31, 2016
	$	$	$
Nalunaq	1	-	1
Tartoq	-	17,617	17,617
Total mineral properties	**1**	**17,617**	**17,618**

	September 25, 2015	Additions	December 31, 2015
	$	$	$
Nalunaq	-	1	1
Total mineral properties	**-**	**1**	**1**

6.1 Nalunaq

Nalunaq A/S holds the gold exploitation licence number 2003/05 on the Nalunaq property (the "Nalunaq Licence") located in South West Greenland. The licence expires in April 2033 with an extension possible up to 50 years.

6.1.1 Purchase of the Nalunaq Licence

As per the October 15, 2015 sale and purchase agreement, Nalunaq A/S bought from Angel Mining (Gold) A/S for a total consideration of $47,175 the following assets, free and clear of any encumbrances and liabilities other than those described in note 6.1.2:

a) The Nalunaq Licence giving the right to carry out exploitation activities.
b) Any remaining assets in the area of the Nalunaq Licence, excluding the processing plant.
c) The amounts remaining in the escrow account relating to the environmental monitoring.
d) The environmental monitoring obligations attached to the Nalunaq Licence.

6. MINERAL PROPERTIES (CONT'D)

6.1.2 Collaboration agreement and project schedule

Cyrus Capital Partners LP was the main creditor of Angel Mining PLC, the parent company of Angel Mining (Gold) A/S. Angel Mining PLC went into administration in February 2013 and as part of the Administrator's restructuring process, FBC Mining (Holdings) Ltd. ("FBC Mining") and ARC agreed to enter into a collaboration agreement ("Collaboration Agreement") (signed July 15, 2015) to progress the Nalunaq exploration project. FBC Mining is a 100% subsidiary of FBC Holdings S.à r.l which is managed by Cyrus Capital Partners LP.

In addition, ARC, FBC Mining and FBC (Nalunaq) (a 100% subsidiary of FBC Mining) signed on July 17, 2015 the Nalunaq project schedule ("2015 Project Schedule") which was continued following the signature with Nalunaq A/S on March 31, 2017 of the 2016-2017 Nalunaq Project Schedule ("2016-2017 Project Schedule"), (collectively "Project Schedules"). Under the Project Schedules, the following collaboration conditions are defined:

a) ARC shall undertake an exploration program in the summer of 2015.
b) The activities will consist of progressing the work programs approved by the Mineral Licence and Safety Authority in Greenland ("MLSA") in respect of the Nalunaq Licence in 2015 and 2016, providing assistance as may be required in connection with an initial public offering ("IPO") and manage Nalunaq A/S.
c) The Project Schedules are in effect up to the earliest of i) the completion of the IPO, ii) June 30, 2017 and iii) the date on which the 2016-2017 Project Schedule is terminated in accordance with the Collaboration Agreement.

Finally, the conditions relating to a processing plant located on the Nalunaq Licence ("Processing Plant") and a royalty payment were outlined in the 2015 Project Schedule and formalized in the processing plant and royalty agreement ("Processing Plant and Royalty Agreement") signed on March 31, 2017 and the conditions are as follows:

- FBC Nalunaq transfers the Processing Plant to Nalunaq A/S under the following conditions:
  - i) An initial purchase price of US$1;
  - ii) A deferred consideration of US$1,999,999 ("Deferred Consideration") on a pay as you go basis until the Deferred Consideration is paid in full. If only part of the Processing Plant is used, then the Deferred Consideration payable shall be reduced by an amount to be agreed by the parties to reflect the value of the part of the Processing Plant used.
  - iii) The Deferred Consideration may be reduced to the extent that the Processing Plant or any part which is being used requires repairs, is not in good working conditions or will not be capable of doing the work for which it was designed.
  - iv) Nalunaq A/S may dispose or otherwise deal with the Processing Plant or any part of it at its own cost. If any disposal proceeds (defined as proceeds received minus costs of dealing with the disposal) are received, that disposal proceeds shall be paid to FBC Nalunaq and such amount shall be deemed to be Deferred Consideration. If there are any disposal proceeds remaining after the Deferred Consideration has been paid in full, the disposal proceeds remaining may be retained by Nalunaq A/S.
- Nalunaq A/S shall pay to FBC Mining (Nalunaq) a 1% royalty on Nalunaq A/S' net revenue (total revenue minus production, transportation and refining costs), provided that in respect to the last completed calendar year, the operating profit per ounce of gold exceeded US$500. The cumulative royalty payments over the life of mine are capped at a maximum of US$1,000,000.

6.1.3 Government of Greenland royalty

The Nalunaq Licence and subsequent Addendums does not have a royalty clause. However, according to the Addendum 3 of the *Mineral Resources Act* enacted on July 1, 2014, the Greenland Government may set terms on the licensee's payment of royalty or consideration, if the Greenland Government and the license agree, since the Nalunaq Licence was granted before July 1, 2014. Nalunaq A/S may have to pay to the Government of Greenland a sales royalty of up to 2.5% of the value of the minerals. Nalunaq A/S may on certain terms offset an amount equal to paid corporate income tax and corporate dividend tax against the sales royalty to be paid.

6. MINERAL PROPERTIES (CONT'D)

6.1.4 Purchase price acquisition of the Nalunaq Licence

The details of the Nalunaq Licence acquisition, which was accounted for as an asset acquisition, are as follows:

	$
Escrow account for environmental monitoring	726,599
Mineral properties	1
Environmental monitoring provision	(337,848)
Total consideration paid	(47,175)
Contributed surplus	**341,577**

The 1% royalty and the US$2M deferred consideration will be recorded when they are paid to FBC Nalunaq, if ever.

6.1.5 Exploration commitments and exploitation milestones

Under Addendum No. 2 of the Nalunaq Licence dated March 2016 and as subsequently amended with Addendum No. 3 dated May 2016, Nalunaq A/S is committed to perform exploration activities for an estimated amount of US$1,75M in 2016 and US$9,6M from January 1, 2017 to December 31, 2018, for a total of US$11,35M.

On March 27, 2017, the MLSA confirmed that the Government of Greenland had approved that the outstanding exploration obligation initially scheduled to be incurred by December 31, 2016 (sub period 2) be carried forward to the ensuing licence period. As a result, Nalunaq A/S is committed to perform specific exploration activities stated in addendum No. 3 totaling an estimated amount of US$10,259,000 by no later than December 31, 2018 (sub period 3). This US$10,259,000 takes into account the Addendum No. 3 obligation totaling an estimated amount of US$11,350,000 less the US$1,091,000 expenditures of 2016 calculated in line with the MLSA guidelines. For the purpose of crediting expenditures for MLSA purposes, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. In the event the additional exploration expenditures totaling an estimated amount of US$10,259,000 are not made by December 31, 2018, Nalunaq A/S would request a roll over of any unspent amount to the next period (sub period 4), subject to approval from the MLSA. Failure to satisfy any of the conditions set forth in the addendums to the Nalunaq Licence may result in the MLSA revoking the Nalunaq Licence without further notice.

No later than December 31, 2019, the licensee shall submit a report on a bankable feasibility study, prepare an environmental impact assessment and social impact assessment and by December 31, 2020, perform an impact benefit agreement. The time limit for commencement of exploitation is January 1, 2021.

6.2 Tartoq

6.2.1 Purchase of the Tartoq Licence

Nalunaq A/S signed on July 6, 2016 a sale and purchase agreement, to purchase from Nanoq Resources Ltd. the Tartoq exploration licence number 2015/17 located in Southwest Greenland, for a total consideration of $7,221. The licence expires December 31, 2019 with a possible 5 year extension.

The total consideration is already payable and the licence transfer became effective January 16, 2017.

6.2.2 Exploration commitments

Under the exploration licence, Nalunaq A/S shall complete DKK 959,340 of exploration activities in 2017, adding the non-fulfilled exploration obligation 2016 of DKK 105,587 for a total of DKK 1,064,927 ($203,827 using the exchange rate as at March 31, 2017) exploration obligation in 2017. However, for the purpose of crediting expenditures against the amounts set forth in the Tartoq Licence, actual expenditures are multiplied by a factor of

6. MINERAL PROPERTIES (CONT'D)

between 1.5 and 3, depending upon the type of expenditures made. In the event the exploration obligation of DKK 1,064,927 is not met by December 31, 2017, Nalunaq A/S would request a roll over of any unspent amount to the next period or reduce the area of the Tartoq Licence, subject to approval from the MLSA.

7. PAYABLES TO SHAREHOLDERS

Amounts payable to shareholders for cost recoveries related to management and professional services are detailed as follow:

	December 31, 2016	December 31, 2015
	$	$
Shareholders		
ARC	111,439	-
FBC Mining (BA) Ltd.	55,827	-
	167,266	-

FBC Mining BA Ltd. ("FBC BA") is a subsidiary of FBC Mining (75%) and ARC (25%). Amounts due to shareholders are unsecured, non-interest bearing.

8. ENVIRONMENTAL MONITORING PROVISION

	Year ended December 31, 2016	98 days ended December 31, 2015
	$	$
Balance beginning	341,576	-
New obligation following the acquisition of the Nalunaq Licence (note 6.1)	-	331,202
Effect of translation	(13,243)	6,646
Payment from cash held in escrow account for environmental monitoring	(75,880)	-
Accretion expense	9,989	3,182
Change in estimates	(1,958)	546
Balance end	**260,484**	341,576

The estimated undiscounted cash flows required to settle the environmental monitoring obligations attached to the Nalunaq Licence are DKK 1,468,250 ($279,848) as at December 31, 2016. Nalunaq A/S is reviewing, at each period, the amount and the expected timing of payment of the cash flows required to settle the obligations and adjusts the environmental monitoring provision accordingly. The key assumptions applied to determine the environmental monitoring provision is a discount rate of 4.19% (3.76% as at December 31, 2015) and the calculation uses the assumption that the disbursements necessary to settle the obligations would be made in 2017 and 2019, the years as estimated in the environmental monitoring program produced for the Ministry of Environment and Nature of the Government of Greenland.

9. COMMON SHARES

9.1 Authorized

As at December 31, 2016, there are 1,002,000 shares authorized and issued without any special rights. Each share has a nominal value of 1 Danish Krone ("DKK"). Each share of DKK 1 has one vote at general meetings.

9. COMMON SHARES (CONT'D)

9.2 Share issuance

On September 25, 2015, 501,000 shares were issued at a value of $100,901 (DKK 501,000).

On October 21, 2016, 501,000 shares were issued at a value of $1,014,023 (DKK 5,208,128).

10. SHARE-BASED PAYMENTS

On July 6, 2016, Nalunaq A/S signed a service agreement with a consultant complemented with a share option agreement whereby Nalunaq A/S granted 165 share options at an exercise price of $0.19 (DKK 1) per share option, with an expiry date of August 30, 2018. Notwithstanding, Nalunaq A/S is entitled to, instead of issuing shares, make a cash payment of $77.87 (US$ 59.88) per share option.

Total stock-based compensation costs amounts to $315 for an estimated fair value of $1.91 per share option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 100% expected volatility, 0.65% risk-free interest rate and 2.25 years options expected life. These expected life and volatility were estimated by benchmarking comparable situations for companies that are similar to Nalunaq A/S.

11. CAPITAL MANAGEMENT

The capital of Nalunaq A/S consists of the items included in equity. Total capital as at December 31, 2016 was $187,939 ($329,004 as at December 31, 2015).

Nalunaq A/S' objectives are to safeguard Nalunaq A/S' ability to continue as a going concern in order to pursue its exploration and evaluation activities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. Nalunaq A/S manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. As Nalunaq A/S does not have cash flow from operations, to maintain or adjust the capital structure, Nalunaq A/S may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts and to continue operations, Nalunaq A/S does not pay out dividends. Also see note 6.1.2 on dividend distribution restriction.

12. EXPLORATION AND EVALUATION EXPENSES

Year ended December 31, 2016	Nalunaq	Tartoq	Total
	$	$	$
Geochemistry	-	694	694
Geology	306,079	26,546	332,625
Logistics and mobilization	212,649	21,497	234,146
Analysis	14,652	15,248	29,900
Infrastructure	169,742	-	169,742
Supplies and equipment	23,514	8,132	31,646
Taxes and permits	-	1,035	1,035
Share-based payments	-	315	315
Exploration and evaluation expenses	**726,636**	**73,467**	**800,103**

NALUNAQ A/S

Notes to the Financial Statements

Year ended December 31, 2016 and 98 days ended December 31, 2015

(In Canadian Dollars, except as otherwise noted)

13. GENERAL AND ADMINISTRATION

	Year ended December 31, 2016	98 days ended December 31, 2015
	$	$
Management fees	205,378	-
Professional fees	121,043	8,517
Marketing and industry involvement	5,858	-
Insurance	42,481	-
Travel and other expenses	70,428	-
General and administration	**445,188**	**8,517**

14. FINANCE COSTS

	Year ended December 31, 2016	98 days ended December 31, 2015
	$	$
Accretion expense - environmental monitoring provision	9,989	3,182
Change in estimates - environmental monitoring provision	(1,958)	546
Finance costs	**8,031**	**3,728**

15. INCOME TAXES

Tax expense differs from the amount computed by applying the combined Greenlandic income tax rates, applicable to Nalunaq A/S, to the loss before income taxes due to the following:

	Year ended December 31, 2016	98 days ended December 31, 2015
	$	$
Loss before income taxes	(1,241,332)	(12,148)
Income tax rates	30%	30%
Income tax recovery based on Greenlandic income tax rates	(372,400)	(3,644)
Increase (decrease) attributable to:		
Changes in unrecognized deferred tax assets	274,492	-
Tax recovery	**(97,908)**	**(3,644)**

The Corporation has recorded deferred income tax assets to the extent that it is probable that sufficient taxable income will be realized during the carry-forward period to utilize these net future tax assets.

15. INCOME TAXES (CONT'D)

The significant components of deductible temporary differences and unused tax losses for which the benefits have not been recorded on the statement of financial position as at December 31, 2016 are as follows:

	Year ended December 31, 2016	98 days ended December 31, 2015
	$	$
Non-capital losses carry forwards	902,827	-

As the Corporation is a mineral licence holder, the non-capital losses have no expiration dates.

16. RELATED PARTY TRANSACTION AND KEY MANAGEMENT COMPENSATION

Up to December 31, 2016, Nalunaq A/S' key management personnel are the members of the board of directors. The only officer is also a director. Key management compensation is as follows:

	Year ended December 31, 2016	98 days ended December 31, 2015
	$	$
Short-term benefits		
Management fees	205,378	-
Total compensation	**205,378**	**-**

The management fees of one of the directors are charged through FBC BA for $27,216.

ARC charged a fixed management fee of $178,162 for the year ended December 31, 2016 (none in the 98 days ended December 31, 2015). These management fees included management services from two directors and other services.

Key management employees are subject to employment agreements which provide for market standard payments on termination of employment without cause or following a change of control providing for payments up to twice base salary.

17. FINANCIAL INSTRUMENTS

Nalunaq A/S is exposed to various financial risks resulting from both its operations and its investment activities. Nalunaq A/S' Management manages financial risks. Nalunaq A/S does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. Nalunaq A/S' main financial risks exposure and its financial policies are described below.

17.1 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. Nalunaq A/S' cash and escrow account for environmental monitoring are exposed to credit risk. Management believes the credit risk on cash and escrow account for environmental monitoring is small because the counterparties are chartered Greenlandic banks.

NALUNAQ A/S

Notes to the Financial Statements

Year ended December 31, 2016 and 98 days ended December 31, 2015

(In Canadian Dollars, except as otherwise noted)

17. FINANCIAL INSTRUMENTS (CONT'D)

17.2 Liquidity risk

Liquidity risk is the risk that Nalunaq A/S will encounter difficulty in meeting obligations associated with financial liabilities. Nalunaq A/S seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its exploration, development, and operating obligations and cash on hand. Nalunaq A/S anticipates seeking additional financing in order to fund general and administrative costs, loan service costs and exploration and evaluation costs. Nalunaq A/S' options to enhance liquidity include the issuance of new debt or equity instruments (refer to note 1.1 for going concern discussion).

The following table summarizes the carrying amounts and contractual maturities of financial liabilities as at December 31, 2016:

	Trade and other payables	Payables to shareholders
	$	$
Within 1 year	156,464	167,266
1 to 5 years	-	-
Total	**156,464**	**167,266**

17.3 Currency risk

Nalunaq A/S is exposed to currency risk to the extent that monetary assets and liabilities held by Nalunaq A/S are not denominated in DKK. Nalunaq A/S has not entered into any foreign currency contracts to mitigate this risk.

Nalunaq A/S' cash, escrow account for environmental monitoring, trade and other payables and payables to shareholders are held in DKK, Euros, United States Dollars (USD) and British Pounds (GBP); therefore, Euros, USD and GBP accounts are subject to fluctuation against the DKK.

Nalunaq A/S had the following balances in currencies other than DKK as follows:

As at December 31, 2016	In Euros	In USD	In GBP
Cash	3,331	97,583	-
Trade and other payables	-	(80,183)	(21,343)
Receivables (payables) from (to) shareholders	60,626	(88,287)	-
	63,957	(70,887)	(21,343)
Exchange rate	1.4169	1.3427	1.6564
Equivalent to Canadian dollars	**90,621**	**(95,180)**	**(35,353)**

Based on the above net exposures as at December 31, 2016, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the DKK against the Euro, USD and GBP by 10% would increase/ decrease profit or loss by $3,991.

As at December 31, 2015, all monetary balances were denominated in DKK.

17. FINANCIAL INSTRUMENTS (CONT'D)

17.4 Fair value risk

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments. As at December 31 2016, Nalunaq A/S' financial instruments are cash, escrow account for environmental monitoring, trade and other payables and payables to shareholders. For all the financial instruments, the amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to their short-term nature.

18. SUBSEQUENT EVENTS

On February 22, 2017, Alopex Gold Inc. (the "Corporation") was incorporated under the *Canada Business Corporations Act*, with nominal assets and capital. Immediately prior to and conditional upon the closing of the initial public offering ("IPO") of the Corporation, the current shareholders of Nalunaq A/S will transfer their shares of Nalunaq A/S to the Corporation in exchange for common shares of the Corporation, with Nalunaq A/S thereby becoming a wholly-owned subsidiary of the Corporation.

A prospectus is being filed by the Corporation to qualify the IPO of a minimum of 10,000,000 common shares in the share capital of the Corporation (the "Shares"), for total gross proceeds to the Corporation of $5,000,000, and a maximum of 20,000,000 Shares, for total gross proceeds to the Corporation of $10,000,000, at a price of $0.50 per share. The IPO is being made pursuant to the terms of an agency agreement dated June 29, 2017 (the "Agency Agreement") between the Corporation and Paradigm Capital Inc., acting as lead agent (the "Lead Agent") and Canaccord Genuity Corp. (together with the Lead Agent, the "Agents").

The Agents will receive a commission (the "Commission") of 6.5% of the gross amount raised in the IPO, payable in cash from the proceeds of the sale of the Shares. The Corporation has also agreed to pay the Lead Agent a work fee of $15,000 per month for four months, commencing January 1, 2017 (the "Work Fee"). Any Work Fee payable shall be creditable against any Commission that becomes payable. In addition, the Corporation has agreed to grant to the Agents, as additional compensation, non-transferable Share purchase warrants (each an "Agents' Warrant") that will entitle the Agents to purchase, at the Offering Price, such number of Shares as is equal to 6.5% of the aggregate number of Shares sold under the Offering at any time after August 31, 2017 and on or before the date which is 36 months following the date of closing of the Offering.

The Corporation has granted to the Agents an option (the "Over-Allotment Option") exercisable, in whole or in part in the sole discretion of the Agents, at any time for a period of 30 days following the date of closing of the Offering, to sell up to an aggregate number of additional Shares as is equal to 15% of the aggregate number of Shares issued pursuant to the Offering to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full by the Agents, the total offering to the public will be $11,500,000. The purchase price of each additional Share sold under the Over-Allotment Option will be equal to the Offering Price.

As per an agreement signed on February 12, 2017, Nalunaq A/S will pay $12,728 (US$9,735) to a consultant in lieu of issuing shares according to the consultant's July 6, 2016 share option agreement.

Nalunaq A/S entered into a sale and purchase agreement with NunaMinerals A/S, acting through its bankruptcy receiver, on February 6, 2017 to acquire the Vagar exploration licence number 2006/10 ("Vagar Licence") located in Western Greenland, along with all mineral exploration and mining-related data, maps and reports pertaining to the Vagar Licence, studies and reports, for a purchase price of $9,465 (DKK 50,000) conditional upon the approval of the Greenland authorities.

18. SUBSEQUENT EVENTS (CONT'D)

On March 30, 2017, April 10, 2017 and April 19, 2017, the Corporation signed loan agreements with ARC and FBC BA whereby ARC and FBC BA agreed to make available US$80,000 and US$106,707 respectively to the Corporation. The loans bear no interest and are payable in one installment upon request when the Corporation has sufficient cash reserves.

On June 26, 2017, ARC, FBC Nalunaq and the Corporation completed the Pre-IPO Reorganization. Pursuant to the Pre-IPO Reorganization, ARC transferred the shares of Nalunaq A/S held by ARC to its shareholders by way of a distribution in kind. Upon completion of such distribution, Nalunaq A/S issued 2 shares to ARC and 1 share to FBC Nalunaq in settlement of outstanding debt obligations in the aggregate amount of $173,978 which was owed to them for advances made to fund the operations of Nalunaq A/S, and contemporaneously therewith, each of ARC, ARC's shareholders and FBC Nalunaq transferred all of their respective shares of Nalunaq A/S to the Corporation in exchange for an aggregate of 35,999,999 Shares of the Corporation. As of June 26, 2017 (without giving effect to the prospectus offering), ARC and its shareholders and FBC Nalunaq hold 66.67% and 33.33%, respectively, of the issued and outstanding Shares.

Also, in preparation for the Pre-IPO Reorganization, an agreement was signed on May 30, 2017 between ARC, FBC Nalunaq, FBC Mining and Nalunaq A/S whereby the 2016-2017 Project Schedule effective date is extended up to July 31, 2017.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF NALUNAQ A/S FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND MARCH 31, 2016

NALUNAQ A/S

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2017 and March 31, 2016

Nalunaq A/S
Statements of Financial Position
(Unaudited, in Canadian Dollars)

	Notes	As at March 31, 2017	As at December 31, 2016
		$	$
ASSETS			
Current assets			
Cash		58,999	137,322
Escrow account for environmental monitoring		142,026	141,433
Receivables from company under common control	**10**	65,670	-
Prepaid expenses and others	**3**	23,146	-
Total current assets		289,841	278,755
Non-current assets			
Non-current portion – escrow account for environmental monitoring		477,777	475,780
Mineral properties	**3**	17,692	17,618
Total non-current assets		495,469	493,398
TOTAL ASSETS		**785,310**	**772,153**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		139,809	156,464
Payables and loan to shareholders	**4**	414,934	167,266
Current portion – environmental monitoring provision		139,074	137,075
Total current liabilities		693,817	460,805
Non-current liabilities			
Environmental monitoring provision		125,209	123,409
Total non-current liabilities		125,209	123,409
Total liabilities		**819,026**	**584,214**
Equity (deficiency)			
Capital stock		1,092,727	1,088,160
Contributed surplus		225,188	224,562
Accumulated other comprehensive income		20,350	27,145
Deficit		(1,371,981)	(1,151,928)
Total equity (deficiency)		(33,716)	187,939
TOTAL LIABILITIES AND EQUITY		**785,310**	**772,153**

Going concern	**1**
Subsequent events	**10**

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

Approved by the Board of Directors

(s) "Eldur Ólafsson"	*(s) "Justinas Matusevičius"*	*(s) "Joan Plant"*
Eldur Ólafsson	Justinas Matusevičius	Joan Plant
Director	Director	Director

NALUNAQ A/S

Statements of Comprehensive Loss

(Unaudited, in Canadian Dollars)

	Notes	Three months ended March 31, 2017	2016
		$	$
Expenses			
Exploration and evaluation expenses	6	46,346	-
General and administrative	7	172,171	84,649
Foreign exchange		(1,144)	(630)
Operating loss		217,373	84,019
Other expenses (income)			
Finance costs		2,680	2,526
Loss before income tax recovery		**(220,053)**	**(86,545)**
Deferred income tax recovery		-	25,964
Net loss for the period		**(220,053)**	**(60,581)**
Other comprehensive loss that may not be reclassified subsequently to net loss:			
Exchange rate differences on translation from functional to presentation currency		(1,302)	(3,634)
Other comprehensive loss		(1,302)	(3,634)
Comprehensive loss		**(221,355)**	**(64,215)**
Weighted average number of common shares outstanding - basic and diluted		1,002,000	501,000
Basic and diluted loss per common share		(0.22)	(0.12)

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

NALUNAQ A/S

Statements of Changes in Equity

(Unaudited, in Canadian Dollars)

	Notes	Common Shares Number	Capital Stock	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total Equity (deficiency)
			$	$	$	$	$
Balance at January 1, 2016		**501,000**	**100,901**	**236,953**	**(242)**	**(8,504)**	**329,108**
Net loss		-	-	-	-	(60,581)	(60,581)
Other comprehensive loss		-	(1,553)	(3,647)	1,566	-	(3,634)
Comprehensive loss							(64,215)
Balance at March 31, 2016		**501,000**	**99,348**	**233,306**	**1,324**	**(69,085)**	**264,893**
Balance at January 1, 2017		**1,002,000**	**1,088,160**	**224,562**	**27,145**	**(1,151,928)**	**187,939**
Net loss		-	-	-	-	(220,053)	(220,053)
Other comprehensive loss		-	4,567	926	(6,795)	-	(1,302)
Comprehensive loss							(221,355)
Share-based payments	5	-	-	(300)	-	-	(300)
Balance at March 31, 2017		**1,002,000**	**1,092,727**	**225,188**	**20,350**	**(1,371,981)**	**(33,716)**

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

NALUNAQ A/S

Statements of Cash Flows

(Unaudited, in Canadian Dollars)

	Notes	Three months ended March 31, 2017	2016
		$	$
Operating activities			
Net loss for the period		(220,053)	(60,581)
Adjustments for:			
Share-based payments	5	(300)	-
Finance costs		2,680	2,526
Deferred income tax recovery		-	(25,964)
Payment from cash held in escrow account for environmental monitoring		-	(75,880)
Escrow account for environmental monitoring		-	75,880
Unrealized foreign exchange gain		(2,310)	(615)
		(219,983)	(84,634)
Changes in non-cash working capital items:			
Receivables from company under common control		(65,052)	-
Prepaid expenses and others		(22,918)	-
Trade and other payables		(8,888)	-
Payables to shareholders		155,228	83,776
		58,370	83,776
Cash flow used in operating activities		**(161,613)**	**(858)**
Investing activities			
Acquisition of mineral properties		(3,800)	-
Cash flow used in investing activities		**(3,800)**	**-**
Financing activities			
Loan from shareholders	4	88,827	-
Cash flow from financing activities		**88,827**	**-**
Change in cash during the period		(76,586)	(858)
Effect of exchange rate changes on cash		(1,737)	(638)
Cash, beginning of period		137,322	41,791
Cash, end of period		**58,999**	**40,295**
Supplemental cash flow information			
Interest received		-	-
Interest paid		-	-
Additions in mineral properties included in trade and other payables		12,869	-

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

NALUNAQ A/S

Condensed Notes to the interim Financial Statements
Three months ended March 31, 2017 and 2016
(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN

Nalunaq A/S was incorporated on September 25, 2015 and is governed by the *Greenland Public Companies Act.* Nalunaq A/S' head office is situated at Qullilerfik 2, 6, 3900 Nuuk, Greenland. The shareholders of Nalunaq A/S are Arctic Resources Capital S.à r.l. ("ARC") at 66.7% and FBC Mining (Nalunaq) Ltd. ("FBC (Nalunaq)") at 33.3%. Nalunaq A/S, an exploration and evaluation stage company, is in the business of exploring mineral properties in Greenland. Its focus is currently on the exploration and evaluation of its mineral properties in the Greenland for gold metal.

1.1 Basis of presentation and going concern

These unaudited interim condensed financial statements (the "Financial Statement") have been prepared in accordance International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB') applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS') 34, Interim Financial Reporting. The Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year.

The Financial Statements for the three months ended March 31, 2017 were reviewed and authorized for issue by the Board of Directors on June 29, 2017.

They were prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, senior management of Nalunaq A/S ("Management") takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon Nalunaq A/S' ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption would not be appropriate. These adjustments could be material.

Nalunaq A/S recorded a loss of $220,053 for the three months ended March 31, 2017 and has an accumulated deficit of $1,371,981 as at March 31, 2017. In addition to ongoing working capital requirements, Nalunaq A/S must secure sufficient funding to meet its other obligations, existing commitments for the exploration and evaluation programs and pay general and administration costs. As at March 31, 2017, Nalunaq A/S had negative working capital of $403,976. These conditions indicate the existence of material uncertainties that may cast a significant doubt regarding Nalunaq A/S' ability to continue as a going concern.

Nalunaq A/S' ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. The planned initial public offering of Alopex Gold Inc. discussed in subsequent events Note, of which Nalunaq A/S is an essential component, is intended to contribute to such financing. While Management has secured financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for Nalunaq A/S or that they will be available on terms which are acceptable to Nalunaq A/S. If Management is unable to obtain new funding, Nalunaq A/S may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements and this could have a significant impact on the financial position of Nalunaq A/S, its financial performance and its cash flows.

The measurement of certain assets and liabilities is dependent on future events; therefore the preparation of these financial statements requires the use of estimates, which may vary from actual results. The success of Nalunaq A/S' exploration and evaluation activities is influenced by significant financial risks, legal and political risks, commodity prices, and the ability of Nalunaq A/S to discover economically recoverable reserves.

NALUNAQ A/S

Condensed Notes to the interim Financial Statements
Three months ended March 31, 2017 and 2016
(Unaudited, in Canadian Dollars)

2. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

The preparation of these financial statements requires Management to make judgments and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, Management evaluates its judgments in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments. Actual outcomes may differ from these estimates under different assumptions and conditions.

In preparing the financial statements, the significant judgements made by Management in applying the Nalunaq A/S accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended December 31, 2016.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. MINERAL PROPERTIES

	December 31, 2016	Effect of translation	March 31, 2017
	$	$	$
Nalunaq	1	-	1
Tartoq	17,617	74	17,691
Total mineral properties	**17,618**	**74**	**17,692**

	December 31, 2015	Additions	December 31, 2016
	$	$	$
Nalunaq	1	-	1
Tartoq	-	17,617	17,617
Total mineral properties	**1**	**17,617**	**17,618**

3.1 Nalunaq

Nalunaq A/S holds the gold exploitation licence number 2003/05 on the Nalunaq property (the "Nalunaq Licence") located in South West Greenland. The licence expires in April 2033 with an extension possible up to 50 years.

3.1.2 Collaboration agreement and project schedule

Cyrus Capital Partners LP was the main creditor of Angel Mining PLC, the parent company of Angel Mining (Gold) A/S. Angel Mining PLC went into administration in February 2013 and as part of the Administrator's restructuring process, FBC Mining (Holdings) Ltd. ("FBC Mining") and ARC agreed to enter into a collaboration agreement ("Collaboration Agreement") (signed July 15, 2015) to progress the Nalunaq exploration project. FBC Mining is a 100% subsidiary of FBC Holdings S.à r.l which is managed by Cyrus Capital Partners LP.

In addition, ARC, FBC Mining and FBC (Nalunaq) (a 100% subsidiary of FBC Mining) signed on July 17, 2015 the Nalunaq project schedule ("2015 Project Schedule") which was continued following the signature with Nalunaq A/S on March 31, 2017 of the 2016-2017 Nalunaq Project Schedule ("2016-2017 Project Schedule"), (collectively "Project Schedules"). Under the Project Schedules, the following collaboration conditions are defined:

a) ARC shall undertake an exploration program in the summer of 2015.

3. MINERAL PROPERTIES (CONT'D)

b) The activities will consist of progressing the work programs approved by the Mineral Licence and Safety Authority in Greenland ("MLSA") in respect of the Nalunaq Licence in 2015 and 2016, providing assistance as may be required in connection with an initial public offering ("IPO") and manage Nalunaq A/S.
c) The Project Schedules are in effect up to the earliest of i) the completion of the IPO, ii) June 30, 2017 and iii) the date on which the 2016-2017 Project Schedule is terminated in accordance with the Collaboration Agreement.

Finally, the conditions relating to a processing plant located on the Nalunaq Licence ("Processing Plant") and a royalty payment were outlined in the 2015 Project Schedule and formalized in the processing plant and royalty agreement ("Processing Plant and Royalty Agreement") signed on March 31, 2017 and the conditions are as follows:

a) FBC Nalunaq transfers the Processing Plant to Nalunaq A/S under the following conditions:
   i) An initial purchase price of US$1;
   ii) A deferred consideration of US$1,999,999 ("Deferred Consideration") on a pay as you go basis until the Deferred Consideration is paid in full. If only part of the Processing Plant is used, then the Deferred Consideration payable shall be reduced by an amount to be agreed by the parties to reflect the value of the part of the Processing Plant used.
   iii) The Deferred Consideration may be reduced to the extent that the Processing Plant or any part which is being used requires repairs, is not in good working conditions or will not be capable of doing the work for which it was designed.
   iv) Nalunaq A/S may dispose or otherwise deal with the Processing Plant or any part of it at its own cost. If any disposal proceeds (defined as proceeds received minus costs of dealing with the disposal) are received, that disposal proceeds shall be paid to FBC Nalunaq and such amount shall be deemed to be Deferred Consideration. If there are any disposal proceeds remaining after the Deferred Consideration has been paid in full, the disposal proceeds remaining may be retained by Nalunaq A/S.
b) Nalunaq A/S shall pay to FBC Mining (Nalunaq) a 1% royalty on Nalunaq A/S' net revenue (total revenue minus production, transportation and refining costs), provided that in respect to the last completed calendar year, the operating profit per ounce of gold exceeded US$500. The cumulative royalty payments over the life of mine are capped at a maximum of US$1,000,000.

3.1.3 Exploration commitments and exploitation milestones

Under Addendum No. 2 of the Nalunaq Licence dated March 2016 and as subsequently amended with Addendum No. 3 dated May 2016, Nalunaq A/S is committed to perform exploration activities for an estimated amount of US$1,75M in 2016 and US$9,6M from January 1, 2017 to December 31, 2018, for a total of US$11,35M.

On March 27, 2017, the MLSA confirmed that the Government of Greenland had approved that the outstanding exploration obligation initially scheduled to be incurred by December 31, 2016 (sub period 2) be carried forward to the ensuing licence period. As a result, Nalunaq A/S is committed to perform specific exploration activities stated in addendum No. 3 totaling an estimated amount of US$10,259,000 by no later than December 31, 2018 (sub period 3). This US$10,259,000 takes into account the Addendum No. 3 obligation totaling an estimated amount of US$11,350,000 less the US$1,091,000 expenditures of 2016 calculated in line with the MLSA guidelines. For the purpose of crediting expenditures for MLSA purposes, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. In the event the additional exploration expenditures totaling an estimated amount of US$10,259,000 are not made by December 31, 2018, Nalunaq A/S would request a roll over of any unspent amount to the next period (sub period 4), subject to approval from the MLSA. Failure to satisfy any of the conditions set forth in the addendums to the Nalunaq Licence may result in the MLSA revoking the Nalunaq Licence without further notice.

3. MINERAL PROPERTIES (CONT'D)

No later than December 31, 2019, the licensee shall submit a report on a bankable feasibility study, prepare an environmental impact assessment and social impact assessment and by December 31, 2020, perform an impact benefit agreement. The time limit for commencement of exploitation is January 1, 2021.

3.2 Tartoq

3.2.1 Purchase of the Tartoq Licence

Nalunaq A/S signed on July 6, 2016 a sale and purchase agreement, to purchase from Nanoq Resources Ltd. the Tartoq exploration licence number 2015/17 located in Southwest Greenland, for a total consideration of $7,221. The licence expires December 31, 2019 with a possible 5 year extension.

The total consideration is already payable and the licence transfer became effective January 16, 2017.

3.2.2 Exploration commitments

Under the exploration licence, Nalunaq A/S shall complete DKK 959,340 of exploration activities in 2017, adding the non-fulfilled exploration obligation 2016 of DKK 105,587 for a total of DKK 1,064,927 ($203,827 using the exchange rate as at March 31, 2017) exploration obligation in 2017. However, for the purpose of crediting expenditures against the amounts set forth in the Tartoq Licence, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. In the event the exploration obligation of DKK 1,064,927 is not met by December 31, 2017, Nalunaq A/S would request a roll over of any unspent amount to the next period or reduce the area of the Tartoq Licence, subject to approval from the MLSA.

3.3 Vagar

Nalunaq A/S entered into a sale and purchase agreement with NunaMinerals A/S, acting through its bankruptcy receiver, on February 6, 2017 to acquire the Vagar exploration licence number 2006/10 ("Vagar Licence") located in Western Greenland, along with all mineral exploration and mining-related data, maps and reports pertaining to the Vagar Licence, studies and reports, for a purchase price of $9,465 (DKK 50,000) conditional upon the approval of the Greenland authorities. All costs related to Vagar are shown in prepaid expenses and others.

4. PAYABLES AND LOAN TO SHAREHOLDERS

Amounts payable and loan to shareholders for cost recoveries related to management and professional services are detailed as follow:

	March 31, 2017	December 31, 2016
	$	$
Shareholders payables		
ARC	173,748	111,439
FBC Mining (BA) Ltd.	94,768	55,827
FBC Mining (Nalunaq) Ltd.	57,514	-
	326,030	167,266
Shareholders loan		
FBC Mining (BA) Ltd.	88,904	-
	414,934	**167,266**

FBC Mining BA Ltd. ("FBC BA") is a subsidiary of FBC Mining (75%) and ARC (25%). FBC (Nalunaq) is a 100% subsidiary of FBC Mining. Amounts due to shareholders are unsecured, non-interest bearing.

NALUNAQ A/S

Condensed Notes to the interim Financial Statements
Three months ended March 31, 2017 and 2016
(Unaudited, in Canadian Dollars)

4. PAYABLES AND LOAN TO SHAREHOLDERS (CONT'D)

On March 1, 2017, March 30, 2017, April 10, 2017 and April 19, 2017, Nalunaq A/S signed loan agreements with ARC and FBC BA whereby ARC and FBC BA agreed to make available US$80,000 and US$106,707 respectively to Nalunaq A/S. The loans bear no interest and are payable in one installment upon request when Nalunaq A/S has sufficient cash reserves.

5. SHARE-BASED PAYMENTS

On July 6, 2016, Nalunaq A/S signed a service agreement with a consultant complemented with a share option agreement whereby Nalunaq A/S granted 165 share options at an exercise price of $0.19 (DKK 1) per share option, with an expiry date of August 30, 2018. Notwithstanding, Nalunaq A/S is entitled to, instead of issuing

As per an agreement signed on February 12, 2017, Nalunaq A/S will pay $12,728 (US$9,735) to a consultant in lieu of issuing shares according to the consultant's July 6, 2016 share option agreement.

6. EXPLORATION AND EVALUATION EXPENSES

Three months ended March 31, 2017	Nalunaq	Tartoq	Total
	$	$	$
Geology	20,670	25,059	45,729
Analysis	489	185	674
Taxes and permits	-	(57)	(57)
Exploration and evaluation expenses	**21,159**	**25,187**	**46,346**

7. GENERAL AND ADMINISTRATION

	Three months ended March 31,	
	2017	**2016**
	$	$
Management fees	60,161	52,146
Professional fees	92,359	18,229
Marketing and industry involvement	2,006	4,042
Insurance	4,384	9,502
Travel and other expenses	13,261	730
General and administration	**172,171**	**84,649**

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Up to March 31, 2017, Nalunaq A/S' key management personnel are the members of the board of directors. The only officer is also a director. Key management compensation is as follows:

	Three months ended March 31,	
	2017	**2016**
	$	$
Short-term benefits		
Management fees	60,161	52,146
Total compensation	**60,161**	**52,146**

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (CONT'D)

The management fees of one of the directors are charged through FBC BA for $11,500 for the three months ended March 31, 2017.

ARC charged a fixed management fee of $48,661 for the three months ended March 31, 2017. These management fees included management services from two directors and other services.

Key management employees are subject to employment agreements which provide for market standard payments on termination of employment without cause or following a change of control providing for payments up to twice base salary.

9. FINANCIAL INSTRUMENTS

Nalunaq A/S is exposed to various financial risks resulting from both its operations and its investment activities. Nalunaq A/S' Management manages financial risks. Nalunaq A/S does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. Nalunaq A/S' main financial risks exposure and its financial policies are described below.

9.1 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. Nalunaq A/S' cash and escrow account for environmental monitoring are exposed to credit risk. Management believes the credit risk on cash and escrow account for environmental monitoring is small because the counterparties are chartered Greenlandic banks.

9.2 Liquidity risk

Liquidity risk is the risk that Nalunaq A/S will encounter difficulty in meeting obligations associated with financial liabilities. Nalunaq A/S seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its exploration, development, and operating obligations and cash on hand. Nalunaq A/S anticipates seeking additional financing in order to fund general and administrative costs, loan service costs and exploration and evaluation costs. Nalunaq A/S' options to enhance liquidity include the issuance of new debt or equity instruments (refer to note 1.1 for going concern discussion).

The following table summarizes the carrying amounts and contractual maturities of financial liabilities as follows:

	As at March 31, 2017		As at December 31, 2016	
	Trade and other payables	Payables and loan to shareholders	Trade and other payables	Payables and loan to shareholders
	$	$	$	$
Within 1 year	139,809	414,934	156,464	167,266
1 to 5 years	-	-	-	-
Total	**139,809**	**414,934**	**156,464**	**167,266**

9.3 Currency risk

Nalunaq A/S is exposed to currency risk to the extent that monetary assets and liabilities held by Nalunaq A/S are not denominated in DKK. Nalunaq A/S has not entered into any foreign currency contracts to mitigate this risk.

9.3 Currency risk (CONT'D)

Nalunaq A/S' cash, escrow account for environmental monitoring, receivables from company under common control, trade and other payables and payables and loan to shareholders are held in DKK, Euros, Canadian Dollars (CAD), United States Dollars (USD) and British Pounds (GBP); therefore, Euros, CAD, USD and GBP accounts are subject to fluctuation against the DKK.

9. FINANCIAL INSTRUMENTS

Nalunaq A/S had the following balances in currencies other than DKK as follows:

As at March 31, 2017	In Euros	In CAD	In USD	In GBP
Cash	3,331	-	39,365	-
Receivables from company under common control	-	32,655	-	-
Trade and other payables	(478)	-	(58,596)	(7,748)
Receivables (payables) and loan from (to) shareholders	60,626	-	(228,259)	-
	63,479	32,655	(247,490)	(7,748)
Exchange rate	1.4237	1.0000	1.3328	1.6645
Equivalent to Canadian dollars	**90,372**	**32,655**	**(329,844)**	**(12,896)**

Based on the above net exposures as at March 31, 2017, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the DKK against the Euro, CAD, USD and GBP by 10% would increase/ decrease profit or loss by $21,971.

As at December 31, 2016	In Euros	In USD	In GBP
Cash	3,331	97,583	-
Trade and other payables	-	(80,183)	(21,343)
Receivables (payables) and loan from (to) shareholders	60,626	(88,287)	-
	63,957	(70,887)	(21,343)
Exchange rate	1.4169	1.3427	1.6564
Equivalent to Canadian dollars	**90,621**	**(95,180)**	**(35,353)**

Based on the above net exposures as at December 31, 2016, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the DKK against the Euro, USD and GBP by 10% would increase/ decrease profit or loss by $3,991.

9.4 Fair value risk

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments. As at March 31 2017, Nalunaq A/S' financial instruments are cash, escrow account for environmental monitoring, receivables from company under common control, trade and other payables and payables and loan to shareholders. For all the financial instruments, the amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to their short-term nature.

10. SUBSEQUENT EVENTS

On February 22, 2017, Alopex Gold Inc. (the "Corporation") was incorporated under the *Canada Business Corporations Act*, with nominal assets and capital. Immediately prior to and conditional upon the closing of the initial public offering ("IPO") of the Corporation, the current shareholders of Nalunaq A/S will transfer their shares of Nalunaq A/S to the Corporation in exchange for common shares of the Corporation, with Nalunaq A/S thereby becoming a wholly-owned subsidiary of the Corporation. As at March 31, 2017, Nalunaq A/S had an amount receivable of $65,670 from the Corporation.

A prospectus is being filed by the Corporation to qualify the IPO of a minimum of 10,000,000 common shares in the share capital of the Corporation (the "Shares"), for total gross proceeds to the Corporation of $5,000,000, and a maximum of 20,000,000 Shares, for total gross proceeds to the Corporation of $10,000,000, at a price of $0.50 per share. The IPO is being made pursuant to the terms of an agency agreement dated June 29, 2017 (the "Agency Agreement") between the Corporation and Paradigm Capital Inc., acting as lead agent (the "Lead Agent") and Canaccord Genuity Corp. (together with the Lead Agent, the "Agents").

The Agents will receive a commission (the "Commission") of 6.5% of the gross amount raised in the IPO, payable in cash from the proceeds of the sale of the Shares. The Corporation has also agreed to pay the Lead Agent a work fee of $15,000 per month for four months, commencing January 1, 2017 (the "Work Fee"). Any Work Fee payable shall be creditable against any Commission that becomes payable. In addition, the Corporation has agreed to grant to the Agents, as additional compensation, non-transferable Share purchase warrants (each an "Agents' Warrant") that will entitle the Agents to purchase, at the Offering Price, such number of Shares as is equal to 6.5% of the aggregate number of Shares sold under the Offering at any time after August 31, 2017 and on or before the date which is 36 months following the date of closing of the Offering.

The Corporation has granted to the Agents an option (the "Over-Allotment Option") exercisable, in whole or in part in the sole discretion of the Agents, at any time for a period of 30 days following the date of closing of the Offering, to sell up to an aggregate number of additional Shares as is equal to 15% of the aggregate number of Shares issued pursuant to the Offering to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full by the Agents, the total offering to the public will be $1,500,000. The purchase price of each additional Share sold under the Over-Allotment Option will be equal to the Offering Price.

On June 26, 2017, ARC, FBC Nalunaq and the Corporation completed the Pre-IPO Reorganization. Pursuant to the Pre-IPO Reorganization, ARC transferred the shares of Nalunaq A/S held by ARC to its shareholders by way of a distribution in kind. Upon completion of such distribution, Nalunaq A/S issued 2 shares to ARC and 1 share to FBC Nalunaq in settlement of outstanding debt obligations in the aggregate amount of $173,978 which was owed to them for advances made to fund the operations of Nalunaq A/S, and contemporaneously therewith, each of ARC, ARC's shareholders and FBC Nalunaq transferred all of their respective shares of Nalunaq A/S to the Corporation in exchange for an aggregate of 35,999,999 Shares of the Corporation. As of June 26, 2017 (without giving effect to the prospectus offering), ARC and its shareholders and FBC Nalunaq hold 66.67% and 33.33%, respectively, of the issued and outstanding Shares.

Also, in preparation for the Pre-IPO Reorganization, an agreement was signed on May 30, 2017 between ARC, FBC Nalunaq, FBC Mining and Nalunaq A/S whereby the 2016-2017 Project Schedule effective date is extended up to July 31, 2017.

AUDITED STATEMENT OF EXPLORATION AND EVALUATION AND ENVIRONMENTAL MONITORING EXPENSES INCURRED BY THE PREVIOUS OWNER ON THE NALUNAQ PROPERTY
FOR THE PERIOD FROM JANUARY 1, 2015 TO OCTOBER 15, 2015

Nalunaq A/S

Audited statement of exploration and evaluation and environmental monitoring expenses incurred by the previous owner

Nalunaq Property

For the period from January 1, 2015 to October 15, 2015

June 29, 2017

Independent Auditor's Report

To the Directors of Nalunaq A/S

We have audited the accompanying statement of exploration and evaluation and environmental monitoring expenses incurred by the previous owner on the Nalunaq Property for the period from January 1, 2015 to October 15, 2015, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the statement
Management is responsible for the preparation and fair presentation of this statement in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on this statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.

Opinion
In our opinion, the statement presents fairly, in all material respects, the statement of exploration and evaluation and environmental monitoring expenses incurred by the previous owner on the Nalunaq Property for the period from January 1, 2015 to October 15, 2015 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP[1]

[1] CPA auditor, CA, public accountancy permit No A123642

Nalunaq A/S

Statement of exploration and evaluation and environmental monitoring expenses incurred by the previous owner
Nalunaq Property
For the period from January 1, 2015 to October 15, 2015
(In Canadian dollars)

	From January 1, 2015 to October 15, 2015
	$
Exploration and evaluation expenses incurred	
Geology	111,815
Logistics and mobilization	117,838
Infrastructure	2,701
Analysis	3,070
Supplies and equipment	54,300
Total expenses incurred during the period	**289,724**

	Escrow account for environmental monitoring	Environmental monitoring provision
	$	$
Balance as at January 1, 2015	735,150	356,057
Effect of translation	47,111	22,147
Environmental monitoring expenses incurred	(55,662)	(55,662)
Accretion expense	-	11,111
Change of estimates	-	4,195
Balance as at October 15, 2015	**726,599**	**337,848**

Approved by the Board of Directors

(s) "Eldur Ólafsson"	*(s) "Justinas Matusevičius"*	*(s) "Joan Plant"*
Eldur Ólafsson	Justinas Matusevičius	Joan Plant
Director	Director	Director

Nalunaq A/S

Statement of exploration and evaluation and environmental monitoring expenses incurred by the previous owner
Nalunaq Property
From January 1, 2015 to October 15, 2015
(In Canadian dollars)

1 NATURE OF OPERATIONS AND DESCRIPTION OF THE INITIAL PUBLIC OFFERING

Nalunaq A/S was incorporated on September 25, 2015 and is governed by the *Greenland Public Companies Act*. Nalunaq A/S' head office is located at Qullilerfik 2, 6, 3900 Nuuk, Greenland.

Nalunaq A/S, an exploration and evaluation stage company, is in the business of acquiring and exploring mineral properties in Greenland. Its focus is currently on the exploration and evaluation of its mineral properties for precious metals.

On February 22, 2017, Alopex Gold Inc. (the "Corporation") was incorporated under the *Canada Business Corporations Act*, with nominal assets and capital. Immediately prior to and conditional upon the closing of the Corporation's initial public offering ("IPO"), the current shareholders of Nalunaq A/S will transfer their shares of Nalunaq A/S to the Corporation in exchange for common shares of the Corporation, with Nalunaq A/S thereby becoming a wholly-owned subsidiary of the Corporation.

2 BASIS OF PREPARATION

The statement of exploration and evaluation and environmental monitoring expenses incurred by the previous owner on the Nalunaq Property (the "Statement") is prepared to assist the Corporation to comply with the financial reporting requirements of an IPO on the TSX Venture Exchange.

On October 15, 2015, Nalunaq A/S acquired the Nalunaq licence (2003/05) from Angel Mining (Gold) A/S (the previous owner; "Angel Mining"). The Statement includes the exploration and evaluation and environmental monitoring expenses incurred by Angel Mining and the related escrow account for environmental monitoring for the period from January 1, 2015 to October 15, 2015.

The Statement has been prepared on an accrual basis in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Statement was approved and authorized for issue by the Board of Directors of Nalunaq A/S on June 29, 2017.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Functional and presentation currency – Foreign currency transactions

The presentation currency is Canadian dollars ("CAD") while the functional currency of the Nalunaq Property is the Danish Krone ("DKK"). The functional currency of the Nalunaq Property is determined based on the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate rates of exchange prevailing on the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Escrow account for environmental monitoring

On behalf of the Nalunaq Property's licence holder, an escrow deposit account has been set up at GrønlandsBANKEN with the holder of the licence as holder of the account and the Government of Greenland as beneficiary. The funds in the escrow account have been provided in favour of the Government of Greenland as security for fulfilling the environmental monitoring expenses following the closure of the Nalunaq mine. The account bears interest at a rate of nil.

3.3 Mineral properties and exploration and evaluation expenses

Exploration and evaluation expenses ("E&E expenses") are comprised of mineral properties acquisition costs and exploration and evaluation expenditures.

Mineral properties include rights in mining properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits. Mining rights are recorded at acquisition cost.

E&E expenses also typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies.

E&E expenses include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E expenses include the costs of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for Nalunaq A/S' mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

E&E expenses include overhead expenses directly attributable to the related activities.

Nalunaq A/S

Statement of exploration and evaluation and environmental monitoring expenses incurred by the previous owner
Nalunaq Property
From January 1, 2015 to October 15, 2015
(In Canadian dollars)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Environmental monitoring provision

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Nalunaq A/S is subject to laws and regulations relating to environmental matters, including land reclamation and discharge of hazardous materials and environmental monitoring. Nalunaq A/S may be found to be responsible for damage caused by previous owners and operators of its unproven mineral interests and in relation to interests previously held by Nalunaq A/S.

On initial recognition, the estimated net present value of a provision is recorded as a liability and a corresponding amount is added to the capitalized cost of the related non-financial asset or charged to statement of income (loss) if the property has been written off. Discount rates using a pre-tax rate that reflects the time value of money and the risk associated with the liability are used to calculate the net present value. The provision is evaluated at the end of each reporting period for changes in the estimated amount or timing of settlement of the obligation. In this case, Nalunaq A/S is not exposed to foreign exchange risk to the extent that the monetary assets and liabilities held by Nalunaq A/S are denominated in DKK, which is the functional currency.

The estimated undiscounted cash flows required to settle the environmental monitoring obligations attached to the Nalunaq Licence are DKK 1,838,216 ($363,048) as at October 15, 2015. Nalunaq A/S is reviewing, at each period, the amount and the expected timing of payment of the cash flows required to settle the obligations and adjusts the environmental monitoring provision accordingly. The key assumptions applied to determine the environmental monitoring provision is a discount rate of 3.84% as at October 15, 2015 (4.38% as at January 1, 2015) and the calculation uses the assumption that the disbursements necessary to settle the obligations would be made in 2015, 2017 and 2019, the years as estimated in the environmental monitoring program produced for the Ministry of Environment and Nature of the Government of Greenland.

AUDITED STATEMENTS OF EXPLORATION AND EVALUATION EXPENSES INCURRED BY THE PREVIOUS OWNER ON THE TARTOQ PROPERTY FOR THE PERIODS FROM MAY 4, 2015 TO DECEMBER 31, 2015 AND JANUARY 1, 2016 TO JULY 6, 2016

Nalunaq A/S

Audited statements of exploration and evaluation expenses
incurred by the previous owner

Tartoq Property

For the periods from May 4, 2015 to December 31, 2015
and January 1, 2016 to July 6, 2016

June 29, 2017

Independent Auditor's Report

To the Directors of Nalunaq A/S

We have audited the accompanying statements of exploration and evaluation expenses incurred by the previous owner on the Tartoq Property for the periods from May 4, 2015 to December 31, 2015 and January 1, 2016 to July 6, 2016, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the statements
Management is responsible for the preparation and fair presentation of these statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.

Opinion
In our opinion, the statements present fairly, in all material respects, the statements of exploration and evaluation expenses incurred by the previous owner on the Tartoq Property for the periods from May 4, 2015 to December 31, 2015 and January 1, 2016 to July 6, 2016 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP[1]

[1] CPA auditor, CA, public accountancy permit No A123642

Nalunaq A/S

Statements of exploration and evaluation expenses incurred by the previous owner
Tartoq Property
For the periods from May 4, 2015 to December 31, 2015 and January 1, 2016 to July 6, 2016
(In Canadian dollars)

Tartoq property	From May 4, 2015 to December 31, 2015	From January 1, 2016 to July 6, 2016
	$	$
Mineral property acquisition cost	6,433	-
Total expenses incurred during the period	6,433	-

Approved by the Board of Directors

(s) "Eldur Ólafsson"
Eldur Ólafsson
Director

(s) "Justinas Matusevičius"
Justinas Matusevičius
Director

(s) "Joan Plant"
Joan Plant
Director

Nalunaq A/S

Notes to the Statements of exploration and evaluation expenses incurred by the previous owner
Tartoq Property
For the periods from May 4, 2015 to December 31, 2015 and January 1, 2016 to July 6, 2016
(In Canadian dollars)

1 NATURE OF OPERATIONS AND DESCRIPTION OF THE INITIAL PUBLIC OFFERING

Nalunaq A/S was incorporated on September 25, 2015 and is governed by the *Greenland Public Companies Act*. Nalunaq A/S's head office is located at Qullilerfik 2, 6, 3900 Nuuk, Greenland.

Nalunaq A/S, an exploration and evaluation stage company, is in the business of acquiring and exploring mineral properties in Greenland. Its focus is currently on the exploration and evaluation of its mineral properties for precious metals.

On February 22, 2017, Alopex Gold Inc. (the "Corporation") was incorporated under the *Canada Business Corporations Act*, with nominal assets and capital. Immediately prior to and conditional upon the closing of the Corporation's initial public offering ("IPO"), the current shareholders of Nalunaq A/S will transfer their shares of Nalunaq A/S to the Corporation in exchange for common shares of the Corporation, with Nalunaq A/S thereby becoming a wholly-owned subsidiary of the Corporation.

2 BASIS OF PREPARATION

The statements of exploration and evaluation expenses incurred by the previous owner on the Tartoq Property (the "Statements") are prepared to assist the Corporation to comply with the financial reporting requirements of an IPO on the TSX Venture Exchange (the "Exchange").

The Mineral Licence and Safety Authority of Greenland granted the newly created Tartoq licence (2015/17) to Nanoq Resources Ltd. (the previous owner; "Nanoq") on May 4, 2015 and Nalunaq A/S acquired the property from the previous owner on July 6, 2016. Therefore, the Statements include the exploration and evaluation expenses incurred by Nanoq for the periods from May 4, 2015 to December 31, 2015 and January 1, 2016 to July 6, 2016.

The Statements have been prepared on an accrual basis in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Statements were approved and authorized for issue by the Board of Directors of Nalunaq A/S on June 29, 2017.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Functional and presentation currency – Foreign currency transactions

The presentation currency is Canadian dollars ("CAD") while the functional currency of the Tartoq Property is the Danish Krone ("DKK"). The functional currency of Nalunaq A/S is determined based on the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate rates of exchange prevailing on the dates of such transactions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Exploration and evaluation expenses

Exploration and evaluation expenses ("E&E expenses") are comprised of mineral properties acquisition costs and exploration and evaluation expenditures.

Mineral properties include rights in mining properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits. Mining rights are recorded at acquisition cost.

E&E expenses also typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies.

E&E expenses include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E expenses include the costs of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for Nalunaq A/S's mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

E&E expenses include overhead expenses directly attributable to the related activities.

CERTIFICATE OF THE CORPORATION

June 29, 2017

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of all of the provinces of Canada other than the Province of Québec.

Signed "*Eldur Ólafsson*"
Eldur Ólafsson
President and Chief Executive Officer

Signed "*Ingrid Martin*"
Ingrid Martin
Chief Financial Officer

On behalf of the Board of Directors of Alopex Gold Inc.

Signed "*George Fowlie*"
George Fowlie
Chairman of the Board of Directors

Signed "*Robert Menard*"
Robert Menard
Director

CERTIFICATE OF THE PROMOTERS

June 29, 2017

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of all of the provinces of Canada other than the Province of Québec.

ARCTIC RESOURCES CAPITAL S.À R.L.

Per: (Signed) "*Justinas Matusevicius*"
Justinas Matusevicius

FBC MINING (HOLDINGS) LIMITED

Per: (Signed) "*Joan Plant*"
Joan Plant

CERTIFICATE OF THE AGENTS

June 29, 2017

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of all of the provinces of Canada other than the Province of Québec.

PARADIGM CAPITAL INC.

Per: (Signed) "*Andrew Partington*"
Andrew Partington

CANACCORD GENUITY CORP.

Per: (Signed) "*Craig Warren*"
Craig Warren